EFFECT OF CORPORATE GOVERNANCE ON PERFORMANCE OF SELECTED MANUFACTURING FIRMS IN ABIA STATE: EVIDENCE FROM NIGERIA

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ABSTRACT

The study focuses on effect of corporate governance on performance of selected manufacturing firms in Abia State: Evidence from Nigeria: Specifically the study sought to ascertain the effect of Board composition and Size on productivity of the selected manufacturing firms, determine the nature of the relationship between CEO duality and organizational commitment and ascertain the extent at which ownership structure affects employee performance.*The study has a population size of* 1453*, out from which a sample size of 313 was realised using Taro Yamane's formula at 5% error tolerance and 95% level of confidence. Instruments used for data collection weres primarily questionnaire and interview. Out of 313 copies of the questionnaire that were distributed, 286 copies were returned while 27 were not returned. The descriptive survey research design was adopted for the study. The hypotheses were tested using Pearson product moment correlation coefficient and simple linear regression statistical tools. The findings indicated that* Board composition and Size significantly negatively affect productivity of the selected manufacturing firms (r = 0. 831; F= 595.253; t = 24.389; p< 0.05).There was a negative relationship between CEO duality and organizational commitment (r =.868, P<.05). Ownership structure to a larger extent significantly affected employee performance (r = 0. 794; F = 453.413; t = 21.294; p< 0.05)*. The study concluded that* corporate governance stems from the fact that sound governance practices by Manufacturing firms inclusive results in higher firm's market value, lower cost of funds and higher profitability.*The study recommended that* Manufacturing firms should discourage CEO duality, because it will trigger issues of over-concentration of powers in the hands of an individual by assigning both management and supervisory or oversight functions, which in a long run hinders organizational success.

KEYWORDS: Corporate Governance, Performance, CEO Duality, Ownership structure, Board Composition

INTRODUCTION

The concept "corporate governance" was first used in 1980s to broadly describe "the general principles by which management of companies and businesses were directed and controlled" (Dor et al. 2011).In Nigeria, the term corporate governance has been recognized by all sectors of the economy. This is in line with the failure of the important role of corporate governance in the failure or success of companies (Ogbechie, 2006).Eroke (2007) states that corporate governance is tool that encourage creditors and investors to get confident of investing hung sum of fund and believing reasonable rate of return on investment. It enables a company to maximize the long term value of the company which can be show case in company performance (Pooja and Aarti, 2014). Corporate governance is about transparency, accountability, building credibility and as well as ensuring an effective channel of information disclosure that will foster good corporate performance (Ajala, Amuda and Arulogun, 2012). Kajola (2008) asserts that corporate governance is to make sure that share holders interest is protected at all times and businesses are well managed . Organization for Economic Cooperation and Development (OECD) (1999) claims corporate governance is a general practice. It defines corporate governance as the system by which business corporations are directed and controlled.

The concern over corporate governance stems from the fact that sound governance practices by organizations, banks inclusive results in lower cost of funds, higher profitability, and higher firm's market value(Claessen, 2006). Corporate governance is a tool or machinery that is employed to reduce the agency cost that arises as a result of the conflict of interest that exists between share holders and managers . The conflict emanates, almost naturally, because the separation of ownership from control of the modern day business places the managers at a privileged position that gives them the latitude to take decisions that could either converge with or entrench the value maximization objective of the firm (Shehu and Abubakar, 2012) . According to Core et al. (1999) assert that companies have week structure of corporate governance are bound to face higher problems of agency cost and in spite of achieving organizational goal managers of such firms overindulge in personal pursuits

Good corporate governance can help to prevent fraud, potential civil, corporate scandals and criminal liability of companies. Good corporate governance enhances image and reputation of a company and makes it more attractive to investors, suppliers, customers and other stakeholders (IGOR,2013). Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined" (OECD, 2004). Corporate governance comprises the long-term management and oversight of the company in accordance with the principles of responsibility and transparency (OECD, 2010). The improvement of corporate governance practices is widely recognized as one of the essential elements in strengthening the foundation for the long-term economic performance of countries and corporations (Ibrahim et al, 2010).

Shleifer and Vishny (1997) opine that effective corporate governance reduces control rights, shareholders and creditors confer on managers, increasing the probability that managers invest in positive net present value projects. The evidence indicate that there are differences between corporate governance mechanism for financial sectors such as banking firms and the non-financial corporation since they operate under different environments. Other evidence that was made was an issue of moral hazard in banking firm operations, such as transfer pricing, asset stripping, hiring family members, and an improper credit allocations that result negative impact on bank's performance (Zulkafli and Samad, 2007).

Corporate governance describes the structure of rights and responsibilities among the parties that have a stake in a firm (Aguilera and Jackson, 2003).A corporate governance system can be a set of processes and structures used to direct a corporation's business. A key objective of a corporate governance system should be the enhancement of shareholder wealth. Once implemented, an effective corporate governance system can help to ensure an appropriate division of power among shareholders, the board of directors, and management (Mcconomyet al.2000)

Black et al. (2002), companies with better corporate governance have better performance than companies with poor corporate governance. A sound corporate governance structure not only provides useful information to investors and creditors to reduce information asymmetry but also helps the company to improve performance. Corporate governance enables corporations to realize their corporate objectives, protect shareholder rights, meet legal requirements and demonstrate to a wider public how they are conducting their business. The advocates of corporate governance asserts, if a company is paying more attention to safeguard the interests of its owners, then resources of the firm will be employed in such a manner that maximize shareholders' return (Gompers et al. 2003)

Wolfgang (2003) observed that good corporate governance results to increased profitability of the firm, higher valuation and sales growth and it has the possibility of reducing capital expenditure. In general, it has been documented that good corporate governance increases confidence of stakeholders and promote goodwill of the organization (Gompers et al., 2003; Klapper and Love, 2004)

STATEMENT OF THE PROBLEM

Good corporate governance is essential for any company or country that is willing to compete effectively in the global market. The effect of corporate governance on the financial performance of firms was an important issue since the last financial distresses over the world. It is widely accepted that bad management practices have triggered the financial crises and company scandals that broke out in recent years. This has clarified the importance of the concept of sound corporate management practices. The internal control and operational procedures are often not followed thus rendering the system very weak and allowing fraudulent and self-serving practices among members of the board, management and staff. There is also deliberate manipulation or distortion of records to conceal the correct and true statement of affairs. These records which form the bedrock of supervisory oversight by the regulatory authorities in monitoring the soundness of the system has thus been undermined. The implications of these on our tottering economy are obviously negative. Consequently these have resulted in unprecedented rise in operating cost, drastic fall in share price, abuse of lending resulting in huge bad debts, weak risk management practices resulting in large quantum of non-performing credits including insider related credits, poor leadership and administrative ability, loss of public confidence and government patronage.

OBJECTIVES OF THE STUDY

The broad objective of the study focuses on effect of corporate governance on performance of selected manufacturing firms in Abia State, Evidence from Nigeria

The specific objectives were to:

i. ascertain the effect of Board composition and Size on productivity of the selected manufacturing firms
ii. determine the nature of the relationship between CEO duality and organizational commitment
iii. ascertain the extent at which ownership structure affects employee performance

Research Hypotheses

These hypotheses were proposed for the study

i. Board composition and Size significantly negatively affect productivity of the selected manufacturing firms
ii. There is a positive relationship between CEO duality and organizational commitment
iii. Ownership structure to a larger extent significantly affects employee performance

REVIEW OF RELATED LITERATURE

Conceptual framework

Cadbury (2000) defines "corporate governance as being concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources.

Board composition and Size

Alexander and Victoria (2006)found that there is strong dependence of the size of supervisory boards in Ukraine on the degree of concentration of corporate ownership and origin of the controlling shareholder. Size of the company has a very conditional influence on the board size, Mohamed (2009)asserts that the number of directors leaving the board and the number of those joining the board for the first time increase following a poor performance, but the net change in board size is not affected by past performance. Aminu, Aisha and Muhammad (2015) state that board size has significant negative impact on the performance of banks in Nigeria. This signifies that an increase in Board size would lead to a decrease in ROE and ROA. On the other hand, board composition has a significant positive effect on the performance of banks in Nigeria. This signifies that an increase in Board composition would lead to a decrease in ROE and ROA.

CEO duality and performance

Raluca (2015) shows that CEO duality is positively related with Return on Assets (ROA) which supports stewardship theory. Sekhar (2013)found to be significant at 5%level but CEO as a board member positively related with ROE and assets turnover but negatively related to ROA where as CEO as Chairman of the board is negatively related to all performance variables. Regression analysis reveals CEO duality has no significant effect on firms' performance measures. Ali , Nada and Hans (2015)found that CEO duality is positively correlated to firm performance and the effect varies across environmental dimensions of munificence, dynamism and complexity. Using quantile regression, we also show that the positive impact of CEO duality increases by firm performance.

Ownership structure

The ownership structure is defined by the distribution of equity with regard to votes and capital but also by the identity of the equity owners (Jensen and Meckling, 1976). Ownership structure, as a mechanism in corporate governance to facilitate increased efficiency of a firm, has been believed to effect firm performance for many years. Wanncherng (2003) states that there is a significant feedback relationship between institutional ownership and performance, consistent with the better expertise of institutional owners in monitoring and investment selection. Sophia (2006) suggests that a more concentrated ownership structure positively relates to higher firm profitability

Board Committees

Albert(2015)states that board committees had no statistical significant effect on the corporate financial performance of listed firms. Specifically, nomination committee regressed negatively on corporate financial performance but was statistically insignificant at the 5% level, with audit committee having no effect while remuneration committee predicted positively but also not statistically significant on corporate financial performance. Mohmmad, Rabiuiand Mohammad (2013) show that the frequencies of audit committee meetings and remuneration committee meetings are positively and significantly associated with return on equity and return on assets. The frequencies of risk committee meetings do not show any significant effects on the financial performance of Australian firms. Estimated results are found to be robust after controlling for internal as well as external governance mechanisms that might affect Australian firm performance. Yahya, Abdullah, Faudziah,and Ebrahim (2012)audit Committee size (ACSIZE) is found to have a significant relationship with firm performance (but in the opposite direction to expectation), other hypothesized variables, the proportion of non-executive directors (BODCOM), CEO Duality (DUAL), Board Size (BSIZE), Audit Committee Independence (ACIND), audit committee meeting (ACMEET) were found to be as expected directions but insignificantly related to firm performance measure except the direction of the proportion of non-executive directors (BODCOM) was opposite to the expectations.

Theoretical Framework

Agency Theory: The Agency theory having its roots in economic theory was exposited by Alchian and Demsetz in 1972 and further developed by Jensen and Meckling in 1976. The Agency theory is defined as the relationship between the principals, such as shareholders and agents such as the company executives and managers. In this theory, shareholders who are the owners or principals of the company, hire the agents to perform the work. Principals delegate the running of business to the directors or managers, who are the shareholder's agents (Clarke, 2004). Meanwhile, Daily, Dalton and Canella (2003) argue that two factors could influence the prominence of agency theory. First, the theory is conceptual and simple theory that reduces the corporation to two participants of managers and shareholders. Second, agency theory suggests that employees or managers in organizations can be self-interested. The agency theory states that shareholders expect the agents to act and make decisions in the principal's interest. On the contrary, the agent may not necessarily make decisions in the best interests of the principals (Padilla, 2000).

Empirical Review

Nadia and Saeed (2013) carried out a study on Impact of Corporate Governance Framework on the Organizational Performance. The relationships between corporate governance and performance of banks in Pakistan. Corporate governance is the formal mechanism and the system by which management is held accountable to shareholders for its practices and policies. The theoretical stance of study reveals that effective corporate governance system result in high performance of organizations which also prohibits the fraudulent activities followed in the organizations. The independent variables of study include director's remuneration, communication strategies, code of conduct and governance mechanism. 10 branches of five major banks of Pakistan have been selected in this study. Response rate of 89% had been achieved in survey of 100 management respondents of selected banks. Through statistical analysis, it had been found that performance of banks also depends on the type of communication strategies, executive remuneration and Governance Mechanism. On the other hand, code of conduct does not influence on banks' performance. The regulatory authorities need to develop strong and effective corporate governance mechanisms and policies for the entire sector because corporate governance directly influences organizational performance.

Tusubira and Isaac (2013) conducted a study Corporate Governance in Private Universities: Financial Performance Perspective**.** The purpose of the study was to examine the relationship between corporate governance and financial performance among private universities in Uganda. Methodology: A cross sectional descriptive survey design was used and data were gathered from four (4) private universities in Uganda. Findings: The study revealed that corporate governance variables negatively affected financial performance while policy and decision making are significant predictors of financial performance. Corporate governance variable are significant predictors of board roles, board roles are significant predictors of board effectiveness, and contingency is a significant predictor of board roles and effectiveness.

Ajala, Amuda and Arulogun (2012) examined the effects of corporate governance on the performance of Nigerian banking sector. The secondary source of data was sought from published annual reports of the quoted banks. In examining the level of corporate governance disclosure of the sampled banks, a disclosure index was developed and guided by the Central Bank of Nigeria code of governance. The Pearson Correlation and the regression analysis were used to find out whether there is a relationship between the corporate governance variables and firms performance. The study revealed that a negative but significant relationship exists between board size and the financial performance of these banks while a positive and significant relationship was also observed between directors' equity interest, level of corporate governance disclosure index and performance of the sampled banks. The study recommends that efforts to improve corporate governance should focus on the value of the stock ownership of board members and that steps should be taken for mandatory compliance with the code of corporate governance.

Zahid ,Haider and Asif (2005)Effect of Firm performance on corporate governance A panel data analysis .The purpose of this study was to investigate the impact of prior year firm's performance on subsequent year firm's corporate governance mechanism. They used board size, CEO–Chairman combined structure and audit expenditure as a firm level corporate governance mechanism. The panel data of fifty two companies listed on Karachi Stock Exchange covering the period from 2006 to 2010 was used for this study. Hypotheses were tested by using fixed effect model and random effect model. Our results revealed that prior year firm's performance has positive relationship with board size but negative relationship with audit expenditure. Furthermore, any change in prior year firm's performance causes change in CEO duality.

Sunday and James, (2010) conducted a study on Poor Corporate Governance and its consequences on the Nigerian Banking Sector. This study made use of structured questionnaire to elicit responses from conveniently selected respondents comprising of investment experts, academics, banks customers, public and policy analysts with-in Lagos metropolis. It was hypothesized and the study confirmed that poor governance culture and supervisory laxities were majorly responsible for the current banking crises. The study recommended an adherence to the execution of the tenets of good corporate governance in Nigerian banking sector and actions contrary to this should be dealt with appropriately by bringing offenders to book irrespective of their status in the society.

Yimka, Babatunde and Okezie (2014) conducted a study on corporate governance practices and firms' financial performance of selected manufacturing companies in Lagos State, Nigeria.The study also examined the relationship between corporate governance practices and firms' financial performance in the selected manufacturing companies in Lagos State, Nigeria. The study employed a comparative analysis to gauge the changes to corporate governance practice between the years 2003 to 2010 by manufacturing companies. The companies were selected based on availability of data from the stock exchange in terms of activities of trading and existence of reports on corporate governance in the companies' annual reports. The study used both descriptive statistics and econometrics method of analysis, using E-views 7 statistical software. The Panel data of the ten companies for the 8 years was used, employing ordinary least square (OLS) method of analysis. Consequently, the results of the descriptive statistics show that majority of the companies implemented the code of conduct that emphasizes appropriate composition of the board of directors and forecast of operations. Further analysis shows that there was positive relationship between the return of equity and legal compliance, though the relationship is weak given the value of R as 0.197. Also, there were weak relationships between return on equity (ROE) and board compliance as R = -0.4430 and proactive indicators R as - 0.2345. These imply that while the companies obey the regulations in terms of board composition, legal compliance and production projections, which are the major concerns of the study. Meanwhile, some other variables impacted more on ROE.

Joe, Kechi and George (2012) examined the relationship between corporate governance and organizational efficiency in courier service firms. Data for the study were obtained from 149 courier service companies, randomly selected from the 237 currently operating in that industry sub-sector of Nigeria. The ordinary least square (OLS) regression method was used in testing the degree of relationship between selected corporate governance variables used and organizational efficiency measured by output per staff, cost per service provided and cost per client served. It was found that corporate governance code, board size, internal audit, separation of board chair from CEO and the number of non-executive directors were positively associated with organizational efficiency. These results confirmed a number of findings from earlier studies and also showed that corporate governance is as critical to courier service firms as it is to other companies operating in sectors that provide essential business services. The findings formed the basis for recommending development of internally generated and company-specific code of governance, relatively small board size, and separation of offices of board chair and CEO for courier service firms.

Qaiser , Harry and Shazali(2011)examined the relationship between four important corporate governance mechanisms (board size, board composition, CEO/chairman duality and audit committee) and two firm performance measures (return on equity, ROE, and profit margin, PM), for a sample of 30 Pakistani listed firms between 2008 and 2009. The results provide evidence of a positive significant relationship between ROEand PM and three corporate governance mechanisms (board size, board composition and audit committee). The implication of this is that, the board size should be limited to a sizeable limit and board must be a right mixture of executive and non-executive directors. The study, however, could not provide a significant relationship between the two performance measures (ROE and PM) andCEO/Chairman duality. These results are consistent with prior empirical studies.

Giulia, Paola and Alessandra (2012) analyzed the interaction between corporate governance and performance in the Italian banking groups during the period 2006-2010. Using the fixed effect model on a panel dataset, They tested seven hypotheses concerning board size, board composition, existence of board committees, control and risk (audit) committee size and membership, board remuneration, and women directorship. The empirical research gave evidence of the influence board of directors' composition and structure exercise on banks' profitability in terms of ROE and ROA. They found that board size does not affect Italian bank holding companies' performance and that smaller audit committees charged with internal control activities perform better, increasing vigilance over board decisions and activities and, thus, concurring to enhance banks' profitability. We also find a significant negative relationship between the percentage of independent directors in the audit committee and banks' performance in terms of both ROE and ROA. The study showed also a significant positive relationship between the presence of women on the board of directors and both ROE and ROA, even if the representation of women in Italian bank holding companies' boards was still scarce. The other dimensions of corporate governance (board independence, board committees' existence, audit committee size, and board remuneration) do not have a statistically significant relationship with bank groups' profitability.

Danoshana and Ravivathani (2013) carried out the study on impact of corporate governance on the performance of listed financial institutions in Sri Lanka as main objective and recommend a suitable corporate governance practices for improving performance of listed financial institutions. To achieve these objectives, the research used and Return on equity, Return on assets, as the key variables that defined the performance of the firm. On the other hand, Board size, Meeting frequency and audit committee of the company were used as variables to measure the corporate governance. Twenty five listed financial institutions were selected as sample size for the sample period of 2008-2012. The data wer collected by using the secondary sources. According to the analysis, variables of corporate governance significantly impacted on firm's performance and board size and audit committee size had positive impact on firm's performance. However, meeting frequency had negative impact on firm's performance.

Akingunola, Adekunle and Adedipe (2013) conducted a study on Corporate Governance and Bank's Performance in Nigeria (Post – Bank's Consolidation. This had to do with what revolves round all the sectors of the economy – corporate governance. It dealt with the complex set of the relationships between the corporation and its board of Directors, Management, Shareholders and other Stakeholders. In the recent years, the regulators and legislators have intensified their focus on how business is been managed and run. This has led to creation of a template for new corporate governance and ethical standard which is beneficial for both the stakeholders and controllers. The study carried out some estimated models. Binary probity was adopted to test the covariance matrix computed on structured questionnaire to bank's clients and it was discovered that the variables such as independence, reliance, and fairness helps in the effective performance of banks but the major significant ones in this consolidation period are accountability and transparency of bank's staff. Also, least square regression analysis was adopted to convey the relationship between bank deposits with bank credit. The estimation of the developed model was found that banks total credit was positively related but not significantly determinant factors of bank's performance, and bank deposit was found to be positively related to bank performance but was insignificant in Nigerian economy. Based on the result therefore and views from bank's clients, it was cleared that corporate governance is needed for effective bank performance especially during the period of post consolidation in Nigeria. Hence, thestudy therefore summarised the highlights: discuss the impact of corporate governance in all the 24 Nigerian main stream banks. It is worthy of note that though corporate governance has been the heart beat of stakeholders and regulatory body yet the objective has not been fully achieved. The study recommend that, for better bank performance in Nigeria, banks should embrace the fiduciary element in financial services which include transparency, accountability, fairness, high ethical standard and they are to ensure that their top management officials are independent. These will promote corporate governance and lead to complete reliance of bank's clients on them.

Momoh, and Ukpong, (2013) carried out a study on corporate Governance and its effects on the Nigerian Insurance Industry. The paper examined the relationship between corporate governance and organizational profitability. It also investigates the level of profitability of the industry before and after the 2007 insurance recapitalization exercise in Nigeria. Data for this study were collected from five insurance companies listed on the Nigerian Stock Exchange. Reliability and statistical inference analytical tools were used. The result revealed that there is significant relationship between corporate governance and insurance industry financial performance. Also recapitalization of insurance industry does not have a significant effect on corporate governance. The study concludes that dividend yield of insurance industry is dependent on the return on equity and profit margin among other factors. Insurance companies in Nigeria should therefore adopt good corporate governance that will attract investment into the industry.

George and Karibo (2014) carried out a study on Corporate Governance Mechanisms and Financial Performance of Listed Firms in Nigeria: A Content Analysis to examine empirically the impact of corporate governance mechanisms on firm financial performance using listed firms in Nigeria as case study for two years 2010 and 2011. The study adopted a content analytical approach to obtain data through the corporate website of the respective firms and website of the Securities and Exchange Commission. A total of 33 firms were selected for the study cutting across three sectors: manufacturing, financial and oil and gas. The result of the study showed that most of the corporate governance items were disclosed by the case study firms. The result also showed that the banking sector has the highest level of corporate governance disclosure compared to the other two sectors. The result thus indicates that the nature of control over the sector have an impact on companies' decision to disclose online information about their corporate governance in Nigeria; and that there were no significant differences among firms with low corporate governance quotient and those with higher corporate governance in terms of their financial performance. The result also suggests an existence of variations between sectors with respect to their corporate governance reporting. Thus among others the study recommended that deliberate steps be taken in mandatory compliance with SEC code of best practice for all sectors in Nigeria. Furthermore, deliberate efforts should be made in setting up a follow-up and compliance team to make sure that all firms across Nigerian sectors do not only comply but meet up with the different expectations of the regulatory body as mandated in the code of corporate governance.

Hugh, Lorenzo, Lisa and Pisun (2011) carried out study on Corporate Governance and Performance in the Wake of the Financial Crisis: Evidence from US Commercial Banks.Research Findings/Insights**:** Findings revealed that corporate governance factors explained financial performance better than loan quality. the found strong support for a negative association between leverage and both financial performance and loan quality. CEO duality is negatively associated with financial performance. The extent of executive incentive pay is positively associated with financial performance but exhibits a negative association with loan quality in the long-run. The found a concave relationship between financial performance and both board size and average director age. The provided weak evidence of an association of anti-takeover devices, board meeting frequency, and affiliated nature of committees with financial performance.

Fatimoh (2011) did a study on impact of corporate governance on the performance of banks in Nigeria. The increased incidence of bank failure in the recent period generated the current debate on transparency and disclosure of financial information to the various users, as a means of appraising good governance in banks. The study made use of both primary and secondary data in ensuring that data obtained was sufficient for a reasonable conclusion. The secondary data obtained from the annual financial statement of the banks for a period of five accounting year was used in analyzing the financial ratios for the study. 158 questionnaire were retrieved from respondents out of the 200 questionnaire distributed. The primary data was analyzed through the chi-square analysis method. The findings indicated that there is positive relationship between corporate and management independence is positively related to effective corporate performance, Governance and financial performance. The study concludes that corporate governance significantly contributes to positive performance in the banking sector. It therefore recommends that corporate governance codes should be adapted to meet the need of Nigerian business environment.

METHOD AND MATERIAL

The study was carried out primarily through the survey method and interview of staff from the three manufacturing firms in AbiaState, Nigeria which include: Arms Industry Ltd, Ultimate Industrial Ltd and KekoInterbuz Ltd. Secondary data were obtained through books, journals, and internet. A sample size of 313 was obtained from the population of 1453 at 5% error tolerance and 95% degree of freedom using Taro Yamane's statistical formular. 286 (91%) of the questionnaire distributed were returned while 27 (9%) of the questionnaire distributed were not returned / mutilated. The questionnaire was designed in likert scale format. (SA) representing strongly agree, (A) representing agree, (U) representing undecided (D) representing disagree while (SD) representing strongly disagree. The research conducted a pre-test on the questionnaire to ensure the validity of the instrument by giving to management experts who modified and made necessary correction for the instrument to measure what it ought to measure. The reliability test was done using test-retest method with the help of spearman ranking correlation coefficient. The result gave a reliability coefficient of 0.77, indicating a high degree of internal consistency. Data collected were presented in frequency tables. Simple linear regression and Pearson product moment correlation coefficient statistical tools were used to test the hypotheses.

Ho: Board composition and Size significantly do not affect productivity of the selected manufacturing firms

Hi: Board composition and Size significantly affect productivity of the selected manufacturing firm

Table 4.1: Board composition and Size significantly affect productivity of the selected manufacturing firms

	Options	**SA**	**A**	**D**	**SD**	**Total**
1	Increase in board composition decrease organizational output	119 (151.33)	159 (119)	4 (9)	4 (6.67)	286
2.	Productivity can drop as a result of poor board composition	134 (151.33)	125 (119)	15 (9)	12 (6.67)	286
3	Board size negatively affect performance in an organization	201 (151.33)	73 (119)	8 (9)	4 (6.67)	286
	Total	**454**	**357**	**27**	**20**	**858**

Source: Field Survey, 2019

Table 4. 1a Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.831[a]	.691	.690	.37694	.242

a. Predictors: (Constant), Board composition and Size

b. Dependent Variable: Productivity

Table 4.1b ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.575	1	84.575	595.253	.000[b]
	Residual	37.794	284	.142		

Total	122.369	285				

a. Dependent Variable: Productivity

b. Predictors: (Constant), Board composition and Size

Table 4.1c Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.043	.066		.655	.513
	Board composition and Size	.938	.038	.831	24.398	.000

a. Dependent Variable: Productivity

R = 0. 831

R^2 = 0. 691

F = 595.253

T = 24.389

DW = 0. 242

Interpretation:

The regression sum of squares (84.575) is greater than the residual sum of squares (37.794), which indicates that more of the variation in the dependent variable is not explained by the model. The significance value of the F statistics (0.000) is less than 0.05, which means that the variation explained by the model is not due to chance.

R, the correlation coefficient which has a value of 0.831, indicates that there is positive relationship between Board composition /Sizeand productivity in the selected manufacturing firms. R square, the coefficient of determination, shows that 69.1% of the variation in productivity in selected manufacturing firms is explained by the model.

With the linear regression model, the error of estimate is low, with a value of about .37694. The Durbin Watson statistics of 0.242, which is not more than 2, indicates there is no autocorrelation. The Board composition/Size coefficient of 0.831 indicates a positive significance between Board composition/Size and productivity in the selected manufacturing firms, which is statistically significant (with t = 24.398). Therefore, the null hypothesis should be rejected and the alternative hypothesis accordingly accepted. Thus, board composition and Size significantly negativity affected productivity of the selected manufacturing firms.

Hypothesis two

Ho: Board composition and Size do not significantly negatively affect productivity of the selected manufacturing firms

Hi: Board composition and Size significantly negatively affect productivity of the selected manufacturing firms

Table 4.2 The nature of the relationship between CEO duality and organizational commitment

	Options	**SA**	**A**	**D**	**SD**	**Total**
1	CEO duality lack focus on directing employee on how to achieve organizational goal	157 (162.27)	124 (117.33	3	2 (2.67)	286
2.	Organizational commitment can undermine through CEO duality	101 (162.27)	180 (117.33)	1	4 (2.67)	286
3	There is a negative link between CEO duality and organizational commitment	230 (162.27)	49 (117.33)	4	3 (2.67)	286
	Total	**488**	**353**	**8**	**9**	**858**

Source: Field Survey, 2019

Table 4.2a Descriptive Statistics

	Mean	Std. Deviation	N
CEO duality	1.7015	.78878	286
Organizational commitment	1.6157	.80591	286

Table 2.4b Correlations

		CEO duality	Organizational commitment
CEO duality	Pearson Correlation	1	.868**
	Sig. (2-tailed)		.000
	N	286	286
Organizational commitment	Pearson Correlation	.868**	1
	Sig. (2-tailed)	.000	
	N	286	286

**. Correlation is significant at the 0.01 level (2-tailed).

Table (4.2a) shows the descriptive statistics of the CEO duality and organizational commitment with a mean response of 1.7015and std. deviation of .78878for CEOduality and a mean response of 1.6157 and std. deviation of .80591 for organizational commitment and number of respondents (286). By careful observation of standard deviation values, there is not much difference in terms of the standard deviation scores. This implies that there is about the same variability of data points between the dependent and independent variables.

Table (4.2b) is the Pearson correlation coefficient for CEO duality and organizational commitment in the selected manufacturing firms. The correlation coefficient shows 0.868. This value indicates that correlation is significant at 0.05 level (2tailed) and implies that there is a significant positive relationship between CEO duality and organizational commitment in the selected manufacturing firms. (r = .868). The computed correlations coefficient is greater than the table value of r = .195 with 284 degrees of freedom (df. = n-2) at alpha level for a two-tailed test (r = .868, p< .05). However, since the computed r = .868, is greater than the table value of .195 we reject the null hypothesis and conclude that There is a negative relationship between CEO duality and organizational commitment. (r =.868, P<.05).

Hypothesis three

Ho: Ownership structure to a larger extent does not significantly affect employee performance

Hi: Ownership structure to a larger extent significantly affects employee performance

Table 4.3 The extent at which ownership structure affect employee performance

	Options	SA	A	D	SD	Total
1	Proper supervision by owners encourage employee performance	179 (212.33)	99 (68)	4 (3.33)	4 (2.33)	286
2.	Promoting efficiency through ownership structure increase employee performance	204 (212.33)	75 (68)	5 (3.33)	2 (2.33)	286
	Better expertise of institutional owners in monitoring activities employees induce employee performance	254 (212.33)	30 (68)	1 (3.33)	1 (2.33)	286
	Total	**637**	**204**	**10**	**7**	**858**

Source: Field Survey, 2019

Table 4.3a Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.794[a]	.630	.629	.52739	.096

a. Predictors: (Constant), Ownership structure

b. Dependent Variable: Employee performance

Table 4.3b ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	126.114	1	126.114	453.413	.000[b]
	Residual	73.986	284	.278		
	Total	200.101	285			

a. Dependent Variable: Employee performance

b. Predictors: (Constant), Ownership structure

Table 4.3c Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.248	.074		3.362	.001
	Ownership structure	.809	.038	.794	21.294	.000

a. Dependent Variable: Employee performance

R = 0. 794

R^2 = 0. 630

F = 453.413

T = 21.294

DW = 0. 096

Interpretation:

The regression sum of squares (126.114) is greater than the residual sum of squares (73.986), which indicates that more of the variation in the dependent variable is not explained by the model. The significance value of the F statistics (0.000) is less than 0.05, which means that the variation explained by the model is not due to chance.

R, the correlation coefficient which has a value of 0.794, indicates that there is positive relationship between ownership structure and employee performance in the selected manufacturing firms. R square, the coefficient of determination, shows that 85.9% of the variation in employee performance in the selected manufacturing firms is explained by the model.

With the linear regression model, the error of estimate is low, with a value of about .52739. The Durbin Watson statistics of 0.096, which is not more than 2, indicates there is no autocorrelation. The ownership structure coefficient of 0.794 indicates a positive significance between ownership structure and employee performance in the selected manufacturing firms, which is statistically significant (with t = 21.294). Therefore, the null hypothesis was rejected and the alternative hypothesis accordingly accepted. Thus, ownership structure to a larger extent significantly affects employee performance

Summary of Findings, Conclusion and Recommendations

5.1 Summary of Findings

The findings at the end of this study include the following

i. Board composition and Size significantly negatively affected productivity of the selected manufacturing firms ($r = 0.831$; $F = 595.253$; $t = 24.389$; $p < 0.05$)

ii. There was a negative relationship between CEO duality and organizational commitment($r = .868$, $P < .05$).

iii. Ownership structure to a larger extent significantly affected employee performance($r = 0.794$; $F = 453.413$; $t = 21.294$; $p < 0.05$)

CONCLUSION

The study concluded that Good corporate governance are rules and practices that govern the relationship between managers and shareholders of companies as well as how other stakeholders Contribute not only to the growth and financial stability of corporate enterprises, but also promote financial market integrity and economic efficiency. The concern over corporate governance stems from the fact that sound governance practices by Manufacturing firms inclusive results in higher firm's market value, lower cost of funds and higher profitability

RECOMMENDATIONS

Based on the findings of this study and the conclusions drawn there- from, the following recommendations were made

Manufacturing firms should discourage CEO duality, because it will trigger issues of over-concentration of powers in the hands of an individual by assigning both management and supervisory or oversight functions, which in a long run hinders organizational success

Manufacturing firms are encouraged to mention board composition/size because it helpfully focuses on the role of the board, and how the board can ensure it is effective in the overall corporate governance framework of the organization. This involves the board being principally concerned with the development and promotion of how it envisions the purpose of the company, and the message it projects in relation to the values, behaviours and culture of how it goes about its critically important role.

Manufacturing firms should effectively design their ownership structure so that it will not attract attention that wake scandals in corporate governance but it should serve as an *important* instrument for corporate governance to resolve the conflict of interests between shareholders and managers .

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