BOARD CHARACTERISTICS AND TUNNELLING: AN EMPIRICAL ANALYSIS OF CONSUMER GOODS COMPANIES IN NIGERIA

[1]Innocent Chukwuebuka Nnubia, [2]Theophilus Okonkwo Okegbe & [3]Egbuziem Onyekachi

[1&2]Department of Accountancy, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria.
Department of Accountancy, Chukwuemeka Odumegwu Ojukwu University, Anambra State, Nigeria.[3]
[1]*ic.nnubia@unizik.edu.ng*, [2]*to.okegbe@unizik.edu.ng*& [3]*vynco@yahoo.com*

Abstract

The study investigated the relationship between board characteristics and directors tunnelling of consumer goods companies in Nigeria. To achieve the objective, board characteristics key proxy variables were used in the study, namely board size and boards independent while directors tunnelling which is the dependent variable on the other hand is represented by director's pay. Two hypotheses were formulated to guide the investigation and the statistical test of parameter estimates was conducted using Pearson Correlation Method. Ex-post facto research design was adopted and data for the study were obtained from the Nigerian Stock Exchange Factbook and the published annual financial reports of the selected consumer's goods companies listed on Nigerian Stock Exchange (NSE) with data spanning from 2012 - 2019. Analyses of data indicated that board size is positive and has insignificant effect on tunnelling of quoted consumer's goods companies in Nigeria; while board independent is negative, but does not have any significant effect on tunnelling of quoted consumer's goods companies in Nigeria. The study suggests among others that in order to ensure the shareholders' returns, corporate organizations such as consumer goods firms should be mindful of the appointment of the board members and such should be based on expertise, character and professional qualifications as well have more outside directors in the size of the board.

Key words: board characteristics, tunnelling, board size, board independent, Nigeria.

Introduction

In unique business conditions, the parts of both current and arising boards of directors are feeling the squeeze as they try to embrace testing obligations. Today, boards of directors are relied upon to perform something other than checking organization execution (Finegold, Benson and Hecht, 2007). They need to give vital counsel and help deal with a firm during an emergency (Daily, Dalton and Canella, 2003). In guaranteeing that they play out the above jobs adequately, various researchers have recognized the significance of able board individuals who can contribute cleverly towards the maintainability of firms' capacities (Carter and Lorsch, 2004; Leblanc and Gillies, 2005; Levrau and Van nook Berghe, 2007a). Because of the significance of individuals from boards of directors, it is indispensable to distinguish the attributes that make them viable. As Coulson-

Thomas (1992) asked, consequently the mentalities and practices of directors are of more than scholarly premium, with Leblanc (2003) calling attention to that their effects are probably going to impact corporate resolve and, thus, generally execution.

In developing countries, there has been a developing interest in the issue of Related Party Transactions (RPTs) as of late. These issues are viewed as basic in non-industrial nations that have the attributes of low degrees of financial backer security, law authorization and gathering structure. Absence of divulgence of RPTs and low financial backer insurance in these nations have made it hard for clients of budget summaries to evaluate whether a specific exchange was made for monetary, procuring the board, or tunnelling purposes. Johnson, La Porta, Lopez-de-Silanes and Shleifer (2000) characterize tunnelling as moving of assets out of an organization to help its controlling investors. Bae, Kang and Kim (2002) portray that tunnelling practices could go from through and through robbery or extortion to dilutive offer issues which victimize minority investors. There is a lot of observational proof of organizations utilizing RPTs for tunnelling purposes.

Tunnelling is especially genuine in arising economies because of poor corporate administration frameworks that neglect to secure minority investors and corporate proprietorship structures that advance confiscation sharp conduct (Liu and Lu 2007). In spite of the fact that different strategies for tunnelling have been recommended, a large part of the experimental exploration centers around RPTs. Feeble corporate administration frameworks and winning corporate designs in numerous countries around the world, give an incredible breadth to RPTs to be a helpful instrument for the seizure of firm an incentive from minority investors (Cheung et al 2009; Gao and Kling 2008; Liu and Lu 2007). There is a view that RPTs are a high danger factor for financial backers (Cheung et al. 2009; Kohlbeck and Mayhew 2010). Harsh RPTs have progressively become a test to the uprightness of the Nigerian capital market (OECD, 2009).

A staggering topic of earlier observational tunnelling research is the changing impact of corporate administration, regardless of whether at the public or firm-level. In the present globalized, 'corporate administration' is an oftentimes utilized expression some of the time utilized as a comprehensive idea however at different occasions cast in a thin edge of reference. In spite of the fact that there has been a lot of corporate administration banter in ongoing many years, the basic idea isn't surely known with an absence of agreement on a proper definition and applied limits. At a public level, overall sets of laws and financial backer insurance are simply parts of a more extensive framework.

In tending to this issue, the current examination centers around exploring the connection between attributes of individuals from board of directors and tunnelling exercises of recorded customer merchandise organizations in Nigeria.

Up until this point, considers that emphasis on the directors tunnelling is still extremely restricted and the outcomes have been uncertain. For models, Gao and Kling (2008), Lo, Wong and Firth (2010), Yeh, Shu and Su (2012) and Haβ, Johan and Müller (2016) found that general board attributes practices could forestall burrowing exercises, though Cheung, Jing, Lu, Rau and Stouratis (2009a), Li (2010), Juliarto, Tower, Van der Zahn and Rusmin (2013), and Shan (2013) found that the general board qualities factors couldn't clarify the corporate conduct comparable to tunnelling. Notwithstanding the quantity of studies have researched the nexus of board attributes, and burrowing in corporate association across the globe (Juliarto, et al 2013; Ridwan, Fitri and Berto, 2015; Ratna, Fatimah and Hadrian, 2016).

Further, considering the board qualities ascribes and tunnelling connections, earlier investigations have discovered the outcomes to be blended. Melsa, Hakan and Burcin (2010) found that autonomous directors lessen firm execution and this negative impact was significantly more significant during the new monetary emergency; Juliarto, Tower, Van der Zahn, and Rusmin (2013); Ratna, Fatimah and Hadrian (2016) establishes a positive relationship between administrative proprietorship and the degree of tunnelling; likewise, to the most amazing aspect our insight there are no examinations that have explored the board trademark in affecting directors tunnelling in firms inside the Nigerian setting utilizing customer goods organizations, subsequently giving avocation to future investigation. Based on these, the researchers examined the following objectives to guide the study.

1. To determine the relationship between Board size and directors tunnelling of consumer goods companies in Nigeria.
2. To examine the relationship between boards independent and directors tunnelling of consumer goods companies in Nigeria.

The paper is organised as follows’ the next section reviews relevant literature with regards to context justification and provide a theoretical background for the study, respectively. Next describes the sample data and empirical methodology. The last section summaries the main results, offers conclusion and recommendations.

Review of Related Literature

Tunnelling

As the primary analysts to utilize " tunnelling " to depict the abuse of organization assets by controlling investors, Johnson et al. (2000) list a few strategies by which it is accomplished: moving development openings having a place with recorded organization to themselves or their auxiliaries; moving benefits by means of intra-bunch exchanges from recorded organizations to different auxiliaries they own or control; utilizing resources or capital having a place with the recorded organization or utilizing them as insurance or certifications for their financing exercises; and capital tasks pointed toward weakening the interests of different investors. Friedman et al. (2003) propose a model indicating how enormous investors passage or prop recorded organizations in various monetary positions. Then, organizations with a pyramid possession structure are bound to be tunnelled, however are bound to be propped when confronting unfavorable stuns.

In the Chinese capital market, Yu and Xia (2004) locate that connected gathering exchanges are altogether more common in organizations with controlling investors. Li et al. (2004) finds that the utilization of recorded organization assets by controlling investors shows a rearranged U-formed nonlinear relationship with the extent of value held by the biggest investors. Wang and Xiao (2005) locate that the utilization of assets by the 10 biggest investors for related gathering exchanges is essentially more uncommon in recorded organizations with institutional financial backers and that an increment in the stake held by institutional financial backers is fundamentally adversely identified with the degree of assets utilized by related gatherings in recorded organizations. Chen and Wang (2005) locate that the estimation of related gathering exchanges is altogether decidedly identified with possession focus and that expanding the quantity of controlling investors holding over 10% diminishes both the likelihood of related gathering exchanges happening and the estimation of such exchanges. Jiang and Yue (2005) locate a negative connection between the utilization of assets by huge investors and future benefit in recorded organizations, and show that the utilization of assets by enormous investors negatively affects the organization. Gao et al. (2006) presume that tunnelling by controlling investors is exacerbated by proprietorship fixation and business bunch control, yet is hindered by administrative possession and asset property, data revelation straightforwardness, financial backer security and item market rivalry.

Director's pay (DIPAY)

Director's tunnelling is the exchange of organization assets out of its investor by the board of director members. This may come in two; a controlling investor can move assets utilizing the CEO (which he is instrumental in delegating) from the firm for his own advantage through self-dealings exchange. Such exchange incorporate robbery or misrepresentation which is illicit yet additionally resources deals and agreements, for example, move evaluating invaluable to the controlling investor, inordinate leader remuneration, credit ensures, confiscation of corporate freedoms. Second, the controlling investor can expand his offer in the firm without moving any resource through dilutive offer issues, right issue, and minority freeze out insider exchanging, crawling procurement or other monetary exchanges that separate the minority investor. Tunnelling can be done through high compensation scheme to be board members. As indicated by Weisbach (2007) CEOs have significant impact over their own compensation by giving an alternate arrangement of motivating force to directors. They are power specialist that can move the leading body of chief's concentration to consider their own advantages instead of the interest of investors which they address. As per Weisbach (2007), chiefs have motivation to keep their positions and CEOs can give advantages to chiefs from various perspectives. Moreover, CEOs can utilize their impact to assist directors with accomplishing extra advantage. Accordingly the directors have motivators to follow up in the interest of the CEOs. This give and take connection between the chiefs and the CEOs has made the Directors pay go under expanded public investigation particularly in most created nations. Consequently the utilization of value based remuneration as a persuading apparatus for directors has been a significant focal point of numerous discussions. The subsequent concerns have prompted requests for more prominent straightforwardness in director investment opportunity programs and, perhaps, the elimination of the programs altogether. Since additional incentives are tied to performance, CEO tries all within their reach to improve and increase their performance.

Board of Directors/ Board Characteristics

This is frequently viewed as one of the significant wellsprings of observing association's behaviors and execution. It is answerable for recruiting and terminating heads, setting leader pay and settling on key choices in the existence of the firm (Nnubia, 2015). The leading body of coordinates ought to on a basic level be one of the significant checks one the administration. It is straightforwardly chosen by the investors to follow up for their benefit. An undeniable degree of freedom is significant for it to play out its observing obligations all the more adequately.

Standard great corporate administration components are helpful in ensuring the interests of minority investors by forestalling deft practices made by the controlling investors. Nnubia and Kornom-Gbaraba (2018) and Lins and Warnock (2004) depicted two basic corporate administration instruments that organizations can utilize: inward and outer corporate administration systems. Inside corporate administration components, which comprise of control structure and corporate design. Outer corporate administration components comprise of the standard of law and market of corporate control. It has been proposed that corporate administration practices may contrast across various institutional settings and various nations (Nnubia, Ofoegbu & Nnubia, 2020; Filatotchev, Jackson & Nakajima 2013). The focal point of this investigation is on the inward corporate administration instruments in Nigerian recorded organizations.

Board size

Board size alludes to the quantity of directors sitting on the board (Levrau and Van sanctum Berghe, 2007a). Board size has been found to change between one country and another. For instance, sheets in Europe, in three nations (the UK, Switzerland

and Netherlands) will in general have a little board size (less than ten board individuals), while different nations (for example Belgium, France, Spain, Italy and Germany) have a bigger board size, for example somewhere in the range of thirteen and nineteen individuals (Heidrick and Struggles, 2007b). In Australia, board size has a normal of seven individuals (Korn/Ferry International and Egan Associates, 2007).

While thinking about the size of the board, there is a compromise among points of interest and drawbacks. A few researchers see a little board as more powerful in light of the fact that it is not difficult to facilitate and will in general be more firm (Hossain et al., 2001; Kiel and Nicholson, 2003; Mallin, 2005). Nonetheless, Conger and Lawler (2009) contended that there is no enchanted or ideal size for a board and the correct size for a board ought to be driven by how successfully the board can work as a group. Then, from the asset reliance point of view, bigger sheets are imperative to give assets that are significant to the firm (Hillman et al., 2000; Taschler, 2004). This relationship is grounded in the view that board size is identified with a company's capacity to get to basic assets and the outside climate (Hillman et al., 2000; Hillman and Dalziel 2003). From an organization viewpoint see, bigger sheets give compelling observing by lessening the control of the CEO (Nnubia & Kornom-Gbaraba, 2017; Harris & Raviv, 2004). Regardless of the above preferences, Gabrielsson and Winlund (2000) contended that bigger blocks could end as authoritative bodies as opposed to as working gatherings.

Independent Directors

The standard view is that the governing body is more autonomous as the quantity of outside chiefs' increments. Executive directors are not liable to self-screen viably the exhibition of the CEO in light of the fact that their vocation is intently attached to the occupant CEO (Jensen 1993). A few investigations show that board enrollment is identified with the level of organization issues at a firm. The bigger the level of outside chiefs, the greater probability of (I) an external leader being named (CEO) (ii) a non-performing, CEO to be excused and (iii) critical positive offer responses. Nonetheless, Hermalin and Weisbach (1999) give proof of no critical connection between board arrangement and execution while Yermack additionally shows that the level of outside chiefs doesn't irrelevantly influence firm.

According to control structure, past investigations have discovered that the extent of autonomous individuals in the board has a negative connection with move valuing controls (Chen, Firth, Gao and Rui 2006; Gao and Kling, 2008; Lo et al. 2010; Shan 2013), a positive relationship to monetary execution (Brickley, Coles and Terry 1994; Byrd and Hickman 1992) and a negative effect on monetary misrepresentation (Beasley 1996; Dechow, Sloan and Sweeney 1996). These discoveries infer that autonomous board individuals could offset the impact of the controlling investors, and appropriately lead to better corporate administration practice.

Agency Theory

One of the hypothetical standards underlining the connection between the investor and the director is the organization hypothesis created by Jensen and Meckling in 1976. Financial backers have excess assets to contribute yet because of specialized imperatives like deficient capital and administrative ability to deal with the assets, utilize the administrations of directors to put their assets in productive dares to create great returns and the administrators compensated for their administration.

Organization issue anyway emerge because of the division of possession from the executives and the distinctions in interest between the investor and the administrator they utilized. Consequently, office issue as depicted by Jensen and Meckling (1976) happen when there is a dissimilar in revenue between the investor and the director, the chief will generally seek after various plan other than the one set by the investor, this might come in type of assets confiscation by supervisor illuminate regarding tunnelling like outright theft, such as transfer pricing, asset stripping, and investor dilution, loan to associate, etc, this can also take the form of diversion of corporate opportunities from the firm, installing possibly unqualified family members in key managerial positions, or overpaying executives, using the profits of the firm to benefit themselves rather than return the money to the investors (La Porta et al., 2000 as cited in Nnubia & Obiora 2018). Because of the interest of the shrewd, self-intrigued supervisors, there was an organization misfortune which is the degree to which gets back to the lingering petitioners, the proprietors fall beneath what they would be if the proprietors, practiced direct command over the organization (Jensen and Meckling, 1976). Because of their own advantage, chiefs will more often than not center around the use of resource and execution of firm that can propel their point regardless of whether it to the detriment of the investor. Chiefs can embank on resource stripping and later purchase lower resource gave they will make money to themselves.

Empirical Review

Studies have been completed on tunnelling in corporate substances across the globe, the investigation of Nwakoby, Ezejiofor and Ajike (2018) look at the relationship that exists between the board qualities and directors tunnelling of aggregates firms in Nigeria. The particular goals are: to decide the relationship exist between Board size and related gathering exchange of cited combinations firms in Nigeria and to determine the relationship exist between board autonomous and related gathering exchange of cited aggregates firms in Nigeria. Ex post certainty research plan and time arrangement information were received. Figured theories were tried utilizing different relapse and Pearson Coefficient Correlation with help of SPSS Version 20.0. The investigation found that board size has negative huge relationship on related gathering exchange of combinations firms in Nigeria. Another finding is that board autonomous has positive critical relationship on related gathering exchange of combinations firms in Nigeria. In light of the discoveries of the examination, the investigation prescribes that to guarantee the shareholders‟ returns, corporate associations should urged to delegate board individuals dependent on mastery, character and expert capabilities to have more external chiefs in the size of the board.

Nnubia and Obiora (2018) researched the impact of directors tunnelling on firm execution of cited organizations in Nigeria. An example of 15 Nigerian buyer products firms recorded on Nigerian Stock Exchange for a time of a long time (from 2010-2017) was chosen. The fundamental kind of information utilized in this examination is optional; sourced from the Nigerian stock trade reality book. This examination applied ex post facto research plan. The information gathered were broke down utilizing Ordinary Least Square Method. The outcomes show that for the Nigerian recorded customer merchandise firms, the informative factors Chairman's compensation and Director's value holding has negative huge impact on the reliant variable – resource use (Performance); though Board of chief's compensation is positive and fundamentally affects the resource use (Performance). The investigation, along these lines suggests among others that the administrator and other board part pay ought not be fix by the CEO rather it ought to be fixed by the whole investor during the yearly regular gathering to diminish the impact of the CEO and the give and take legislative issues of the board.

Ratna, Fatimah and Hadrian (2016) built up a location model to recognize related gathering exchanges that can be classified as tunnelling exercises. Besides, this examination likewise looks at whether board qualities instruments can clarify the burrowing exercises. The principle discoveries of this examination propose that organizations, in Indonesian recorded organizations, with concentrated possessions have a more noteworthy propensity to manage burrowing exchanges contrasted with organizations with scattered proprietorships, and the by and large corporate administration instruments executed by the organizations couldn't be utilized as indicators for burrowing conduct.

Nurazi, Santi and Usman (2015) research the connections between corporate administration factors and tunnelling exercises in Indonesia. Utilizing 2216 firm-year perceptions from 2005 to 2012, they locate that few corporate administration factors add to clarifying the wonder of burrowing in Indonesia. The information uncover that roughly 276 firms had encountered confiscation through burrowing, especially seizure from larger part to minority investors, which can be distinguished through the connected party exchange. They find that organizations with family and state possession will in general experience burrowing. This outcome is reliably uncovered when we separate the information into eight businesses. We report that the SINGLE proprietorship variable, which portrays family possession, the STATE possession variable, and the LEVERAGE variable impact TUNNELING. Interestingly, the institutional (INST) possession variable impacts TUNNELING. Be that as it may, BOARD_SIZE, OUTSIDERS, GROUP proprietorship, and BIG FIVE examiner factors have no critical impact on TUNNELING exercises.

Ridwan, Fitr and Berto (2015) explore the connections between board attributes factors and tunnelling exercises in Indonesia. Utilizing 2216 firm-year perceptions from 2005 to 2012, the examination locate that few corporate administration factors add to clarifying the marvel of burrowing in Indonesia. The information uncover that around 276 firms had encountered confiscation through burrowing, especially seizure from dominant part to minority investors, which can be distinguished through the connected party exchange. They find that organizations with family and state possession will in general experience burrowing. This outcome is reliably uncovered when they separate the information into eight ventures.

Juliarto, TowerVan der Zahn, and Rusmin (2013) research the degree and the determinants of tunnelling conduct in five ASEAN nations (for example Indonesia, Malaysia, Philippines, Singapore, and Thailand). Related gathering exchanges (RPTs) as credits to related gatherings are utilized as the intermediary for burrowing. With 200 firm-year perceptions over the time frame 2006-2009, this examination finds a positive relationship between administrative proprietorship and the degree of tunnelling. The other significant discoveries are that business climate (BE), unfamiliar proprietorship, and free chiefs are insufficient administration instruments to get control over burrowing conduct.

Roman and Persida (2012) analyze the relationship of chose Board of Directors' qualities and firms' monetary exhibition. Utilizing an example of enormous U.S firms in 2005-2009, the investigation found that the level of insider proprietorship impacts emphatically firm execution, since it decreases organization issues. The age of the Board of Directors matters, in a limited way, also. More youthful individuals are most likely able to bear more chance and to attempt major primary changes to improve company's future possibilities. Then again, they locate that free chiefs diminish firm execution and this negative impact was much more significant during the new monetary emergency. All things considered, their outcomes recommend that corporate administration is significant for company's monetary exhibition.

Yu-hsin (2010) considers the connection between powerless free chiefs, solid controlling investor and directors tunnelling in Taiwan. The investigation utilized essential information and depended on overview plan; the information were gathered utilizing poll from test of chiefs and greater part investors in Taiwan firm. The information were broke down utilizing examination of difference. The finding uncovers that autonomous chief keep up cozy relationship with controlling investor, consequently their independency isn't ensure. It likewise uncovers that controlling investor can burrow assets without oblige from autonomous chief.

Guohua, Charles and Heng (2008) analyze tunnelling in China, utilizing bury corporate credits as proportion of burrowing. The investigation utilized chosen recorded firms in Shanghai Stock Exchange somewhere in the range of 1996 and 2006. The information gathered were investigated utilizing board relapse approach. They report the utilization of between corporate credits by controlling investors to extricate assets from Chinese recorded firms. Utilizing bookkeeping data from public sources, they show how a huge number of RMB were directed from many organizations during the 1996 to 2006 period. In particular, they show the nature and degree of these maltreatments, assess their monetary results, investigate their cross-sectional determinants, and report on the broad endeavors by evaluators and controllers that at last contained this training. By and large, their discoveries shed light on the nature and seriousness of the burrowing issue in China, and the on-going difficulties related with administrative change in the country. The finding likewise uncovers that the chief's motivating forces to burrow firm assets lessen as controlling investor possession increment.

Klien (2004) considered possession construction and directors tunnelling. The investigation utilized 346 S and P 500 firms in USA somewhere in the range of 1992 and 1993. The examination depended on ex post facto research plan and utilized cross sectional information. Strange gathering was utilized as measure for directors tunnelling. The examination finds that organizations with larger part autonomous chief to minority free chief design experience enormous expansion in irregular gathering than other with minority autonomous chief.

Methodology

Research Design, Population, Sample size and Sampling Techniques

This study adopts ex-post facto design. The ex-post facto design was adopted on the basis that it does not provide the study an opportunity to control the variables mainly because they have already occurred and cannot be manipulated. The secondary data used for this study were obtained from the internet, annual financial reports of the selected firms and Nigerian Stock Exchange over a period of 2012 to 2019. The population of this study consist of the total number of quoted consumers' goods companies on the Nigerian Stock Exchange (NSE). The population size of consumers' goods companies quoted on the Nigerian Stock Exchange amounted to 36. Using judgemental sampling method, ten (10) consumers' goods companies were purposively selected based on availability of the required data. The firms selected are PZ Cussons Nig. Plc, Dangote Sugar Nig. Plc, Flour Mills of Nigeria Plc., Guinness Nigeria Plc., Honey Well Flour Mill Nig. Plc, Lives Stock Feed Nig.

Plc, International Breweries Nig. Plc., Nigerian Breweries Plc., Northern Nigeria Flour Mill and Union Dicon Salt Nig. Plc.

Method of Data Analysis

The secondary data collected were analysed using descriptive statistics, correlation and OLS regression analysis. The descriptive statistics were used to evaluate the characteristics of the data such as Mean, maximum, minimum, and standard deviation and also checks for normality of the data. The correlation analysis was used to evaluate the relationship between the variables and to check for multi-colinearity.

Model Specification

The model for the study was premised on the main objective and anchored on the sub-objective. The model was adopted from the work of Nurazi, Santi and Usman (2015) and modified to suite the independents variables used in this study.

The Nurazi, Santi and Usman (2015) model is as follows:

TUNNELING = α + β1SINGLEi,t + β2MULTIi,t + β3BOARD_SIZEi,t + β4OUTSIDERSi,t + β5SHARESi,t + β6BIGFIVEi,t + β7STATEi,t + β8GROUPi,t + β9INSTi,t + β10SALES + β11LEVERAGEi,t + ε

The model for this study is anchored on the objective. Therefore, the above model was adopted and modified as follows:

DIPAY = f(BSIZE, BIND) - - - - - -I

This can be econometrically express as

$DIPAY_{it} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + ų$ - - - -II

Where,

DIPAY = Director's pay

BSIZE = Board size

BIND = Board independent

Ų = the error term

β_0 = the intercept

β_1- β_2 = the independent variable coefficients

Note that the above variables used were based on the availability of required data; though, we should have expanded the model by bring in more variables but we were unable due non availability and accessibility of required data.

Variable Description/measurement

The variables and their proxy were operationlized as follow:

Variables	Measures
Director's pay (DIPAY)	Director's pay / operating expenses (Chena et al., 2014)
Board Size (BSIZE)	The total numbers of all directors of a company
Board independent (BIND)	The non-executive directors to total board size.

Presentation And Data Analysis

The summary of the analysis result and its corresponding interpretations of the relationship between board characteristics and directors tunnelling of consumer goods companies in Nigeria are presented below.

Descriptive Statistics

Table 1: Descriptive Statistics

Variables	Dipay	Bsize	Bind
Mean	0.157000	8.900000	59.18363
Median	0.130000	8.000000	55.56000
Maximum	0.490000	17.00000	90.00000
Minimum	0.070000	4.000000	21.43000
Std. Dev.	0.066302	3.132516	15.65357
Skewness	2.530559	1.045393	0.290451
Kurtosis	11.34972	3.329017	2.474460
Jarque-Bera	317.7756	14.93213	2.045467
Probability	0.000000	0.000572	0.359611
Sum	12.56000	712.0000	4734.690
Sum Sq. Dev.	0.347280	775.2000	19357.70
Observations	80	80	80

Source: *Researcher summary of descriptive statistics (2021)*

Table 1 above shows the mean (average) for each variable, their maximum values, minimum values, standard deviation. The result provides some insight into the nature of the selected firms' data used for the study. Firstly, it was observed that over the period under review, the sampled companies have positive average director's pay (DIPAY) of 0.157000, and this means that the selected firms has a positive director's pay (tunnelling) in the period of the study. The table also reveals a positive average value of 8.900000 for BSIZE and 59.18363 for BIND for the selected firms used in the study. These values mean that within the period under review, quoted firms meet up to 16% of director's pay (tunnelling) on the average within the period under review. The maximum value of BSIZE is 17.00000 and its minimum value is 4.000000, while the maximum value for BIND is 90.00000 and its minimum value is 21.43000. The large differences between the maximum and minimum value shows that the firm's data used for the study are homogeneous.

Correlation Analysis

Table 2: Correlation Analysis

VARIABLES	DIPAY	BSIZE	BIND
DIPAY	1.000000	0.043029	-0.157722
BSIZE	0.043029	1.000000	-0.087360
BIND	-0.157722	-0.087360	1.000000

Source: *Researcher summary of correlation analysis (2021)*

The correlation matrix is to check for multi-colinearity and to explore the association between each explanatory variable and the dependent variable. The findings from the correlation matrix table (table 2 above) shows that director's pay (DIPAY) has a negative association with BIND (-0.157722); and a positive association with BSIZE (0.043029). Board size (BSIZE) has a negative association with BIND (-0.087360). In checking for multi-colinearity, the study observed that no two explanatory variables were perfectly correlated.

Regression Analysis

Table 3: Director's pay (DIPAY) Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.190340	0.037600	5.062228	0.0000
BSIZE	0.000624	0.002390	0.261035	0.7948
BIND	-0.000657	0.000478	-1.374006	0.1734

R-squared	0.725738	Mean dependent var	0.157000
Adjusted R-squared	0.700433	S.D. dependent var	0.066302
S.E. of regression	0.066288	Akaike info criterion	-2.552849
Sum squared resid	0.338342	Schwarz criterion	-2.463523
Log likelihood	105.1140	Hannan-Quinn criter.	-2.517036
F-statistic	1.017110	Durbin-Watson stat	1.935714
Prob(F-statistic)	0.366445		

Source: *Researcher summary of Regression Analysis (2021)*

In testing for the effect of board characteristics on directors tunnelling of consumer goods companies in Nigeria, we adopted regression analysis. In table 3, we presented OLS regression analysis. The result revealed the follows:

Board Size (BSIZE), from the result of our test in table 3 above, we found out that the value of our t-test for BSIZE is 0.261035 with a probability of 0.7948. This probability value is greater than the desired level of significant of 0.05. We accept the null and reject the alternative hypothesis, which says that board size have insignificant effects on the tunnelling of quoted consumer's goods companies in Nigeria. Thus, board size is positive and has insignificant effect on tunnelling of quoted consumer's goods companies in Nigeria at 5% level of significant. This means that increase in the board size will has positive insignificant effect on tunnelling of quoted consumer's goods companies in Nigeria.

The insignificant positive effect of board size on Nigerian corporate tunnelling measured by DIPAY indicates that increasing the level of board size of Nigerian consumer's goods firms will increase the corporate tunnelling of Nigerian consumer's goods firms. Increasing the variable (board size) will bring an insignificant positive effect on corporate tunnelling. This finding were in line with the findings of Sheikh and Khursheed (2017) which found that Takaful companies offered reasonable compensation to CEOs and executives but their performance is weak. The finding were against the results of Nwakoby, Ezejiofor and Ajike (2018) which found that board size has negative significant effect on the dependent variable (tunnelling) of Conglomerate firms in Nigeria.

Board Independent (BIND), in the result of our test in the table 3 above, we found out that the value of our t-statistics for BIND is -1.374006 with a probability of 0.1734. This probability value is greater than the desired level of significance of 0.05. We therefore, reject the alternative and accept the null hypothesis, which says that board independent does not have significant effects on the director's tunnelling of quoted consumer's goods companies in Nigeria. Thus, board independent is negative, but does not have any significant effect on tunnelling of quoted consumer's goods companies in Nigeria at 5% level of significant. This means that decrease in the board independent will has no significant effect on director's tunnelling of quoted consumer's goods companies in Nigeria.

The insignificant negative effect of board independent on Nigerian corporate tunnelling measured by DIPAY indicates that decreasing the level of board independent of Nigerian consumer's goods firms will insignificantly affect the corporate performance of Nigerian consumer's goods firms at 5% level of significant. The finding were also against the results of Nwakoby, Ezejiofor and Ajike (2018) which found that board independent has a positive significant effect on the dependent variable (tunnelling) of Conglomerate firms in Nigeria.

Conclusion and Recommendations

Based on the result, the study concluded that board independent has negative effect on the director's tunnelling (DIPAY) of quoted consumer's goods companies in Nigeria. Though, its negative effect of board independent on DIPAY is statistically insignificant at 5% level; and thus, the study rejects the alternate hypothesis and accepts the null hypothesis. On the board size, the analysis reveals that board size has positive effect on the director's tunnelling (DIPAY) of quoted consumer's goods companies in Nigeria. Thus, the positive effect of board size on DIPAY is statistically insignificant at 5% level. It therefore concludes that, board independent and board size have insignificant effect on director's tunnelling (measured by DIPAY) of consumer's goods companies in Nigeria.

Based on the findings of the study, the study recommends that in order to ensure the shareholders' returns, corporate organizations such as consumer goods firms should be mindful of the appointment of the board members and such should be based on expertise, character and professional qualifications as well have more outside directors in the size of the board.

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