JOGA
JOURNAL OF GLOBAL ACCOUNTING
10 (2) July, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

CORPORATE GOVERNANCE COMMITTEE AND FINANCIAL PERFORMANCE OF TELECOMMUNICATION FIRMS IN NIGERIA

Raymond A. Ezejiofor[1] **Chidinma M. Nwachukwu[2]**

[1&2]Department of Accountancy, Faculty of Management Sciences, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria.

1. Email: ra.ezejiofor@unizik.edu.ng
2.nwachukwuchidimmamaryann100@gmial.com

Correspondence: ra.ezejiofor@unizik.edu.ng

CITATION: Ezejiofor, R.A. & Nwachukwu, C.M. (2024). Corporate governance committee and financial performance of telecommunication firms in Nigeria, *Journal of Global Accounting*, 10(2), 258 - 280.

Available:https://journals.unizik.edu.ng/joga

Key words: *Audit committee size, Corporate governance, Net profit margin, Remuneration committee.*

ABSTRACT

This study examined the effect of the corporate governance committee and the financial performance of telecommunication firms in Nigeria. The specific objectives are to: find out the significant effect between audit committee size and the net profit margin of listed telecommunication firms in Nigeria, and examine the effect between the remuneration committee and the net profit margin of listed telecommunication firms in Nigeria and Ex-Post Fact research design was employed for this study. Data were extracted from annual reports and accounts of the telecommunication firms listed in Nigeria Exchange Group from, 2013 to 2022. The data were analysed comparatively via both descriptive and inferential analyse. The descriptive statistics was first conducted in order to gain understanding of the sample characteristics as regards the selected variables. Inferential statistical analysis was carried out using Panel Least Square (PLS) regression analysis via E-Views 9.0 statistical software. The study revealed that audit committee size and remuneration committee have a positive significant effect on net profit margin of telecommunication firms in Nigeria. The study thereby recommended among others that firm should sustain audit committee, so as to ensure that the committee has enough time to take decisions that are efficient and effective in enhancing better firm performance, as well make sure that the businesses are adherence to policies, rules, procedures code of conduct and regulations.

1. INTRODUCTION

Corporate governance refers to the interactions that exist among a company's management, board of directors, shareholders, and other stakeholders (Tricker, 2022). The purpose of corporate governance is to facilitate the monitoring and regulation of business processes. Its essence is based on fairness and transparency of operations and enhanced disclosure to protect the interests of numerous stakeholders (Akshita & Shernaz, 2018). Corporate governance is an organization's power structure, accountability structure, and decision-making process. Corporate Governance prioritizes the role and responsibilities of the Board of Directors and interaction with stakeholders to improve performance. The Corporate Governance Committee develops and recommends a set of Corporate Governance Principles to the Board of Directors and reviews ongoing developments that will help the Board to ensure that shareholders, potential shareholders, and the Investment Committee help you fulfil your responsibilities. A corporate governance committee is established to monitor and evaluate the performance of the board of directors, conduct evaluations of board committees, recruit and appoint board members, conduct annual audits, and meet compliance and regulatory requirements, Corporate Governance Committee Member, Stays Updated on Board Governance Trends (Adam, 2022). The measures of corporate governance committee are: Audit committee, remuneration committee, nomination committee, risk committee. Audit committee refers to appointed members who take active roles in supervising accounting and financial disclosure practices of companies (Kibiya, et al 2016). The main character of audit committee is to screen the integrity of financial statements delivered by management (Hashim, Ahmed, & Heuy, 2019; Azubike & Nweze, 2019; Alabdullah, Ahmed & nor, 2018; Eyenubo, Mohammed & Ali 2017).

Financial performance is a measure of a company's policies and operations in monetary terms. It is a general measure of a firm's overall financial health over a given period and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. This construct entails the measurement of a company's policies and operations from a monetary standpoint. It indicates the company's general financial soundness over a certain period (Ezeana, Okoye & Nwoye, 2022) and it is utilized as comparison points between companies of the same industry or between industries as a whole. There are several ways to measure a company's financial performance, among which is through return on investment (ROI) and return on asset (ROA), which subjectively measure how the company can use its primary business assets to produce profits (Kimutai Ng 'ethich , 2017; Kinyua et al., 2015; Okudo, Ezechukwu & Amahalu, 2022). Telecommunications provides critical infrastructure for national security. Whether it is recovering from natural disasters, homeland security, conveying vital intelligence, or maintaining military superiority, telecommunications plays a central role. When fighting an enemy, it is necessary not only to maintain telecommunications capabilities but also to have superior capabilities.

Most of the related studies were conducted in the banking industry, service firms, consumer goods industry, industrial goods and other manufacturing companies. Several authors and researchers have written on different areas that involve corporate governance and financial performance such as (Bayelign, Ayalew & Sitotaw, 2022; Olayiwola, 2018); Audit committee impact on corporate profitability (Tariq & Essia 2019); risk committee indicator and financial performance indicator of quoted firms (Odubuasi, Ofor & Ugbah 2022) ; Impact of audit and remuneration committee on firm performance of cement and textile firms (Muhammad, Muhammad, Zujaj & Gohar 2021); corporate governance and firm performance (Eglyi 2022); remuneration committee and profitability (Onipe 2022). This study observed dearth of research on corporate governance and financial performance in Nigerian telecommunication firms. This established a sectorial gap, which buttresses the fact that there is a limited study on corporate governance committee and firm financial performance in Nigerian telecommunication firms. More so, prior studies were not added nomination committee in their various studies of this nature, thereby establish a variable gap. This has been considered as another motivation to execute this study in telecommunication network/firms Nigeria. Consequently, this present study seek to ascertain the effect of more corporate governance committee on financial performance of telecommunication firms in Nigeria from 2013 to 2022 to fill the sectorial and variable gaps.

1.1 Objective of the Study

This research aims to examine the effect of the Corporate Governance Committee and the financial performance of telecommunication firms in Nigeria.

The specific objectives are to:

1. Find out the significant effect between audit committee size and the net profit margin of listed telecommunication firms in Nigeria.
2. Examine the significant effect between the remuneration committee and the net profit margin of listed telecommunication firms in Nigeria.

1.2 Hypotheses

The following hypotheses were formulated to guide the research analyses:

H_{01}: Audit committee does not significantly affect the net profit margin of listed telecommunication firms in Nigeria.

H_{02}: There is no significant effect between the remuneration committee and the net profit margin of listed telecommunication firms in Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Corporate Governance

Corporate governance is the system of rules, practices, and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, which can include shareholders, senior management, customers, suppliers, lenders, the government, and the community. The A set of guidelines and rewards known as "CG" are used to direct and regulate an organization's administration (Ehiedu, 2022; Adeusi, Akeke, Aribaba & Adebisi, 2017). Ehiedu and Ogbeta, (2014) opined that corporate governance is an institutional setup that restrains the excesses of commanding managers. Ensuring that the company is operated effectively and investors earn a fair return is the core purpose of corporate governance (Kajola, 2018). If a company is run with diligence, openness, accountability, and responsibility with the goal of maximising shareholders' wealth, that company is considered to have complied with the CG rule (Pandy, 2018). A method by which governing bodies and all other organisations interact with their communities and stakeholders to raise their standard of living is also a key component of excellent community governance (Ato, 2012). Based on a company's accountability, openness, and adherence to ethical principles, corporate governance is determined (Isah, Abdu and Nuruddeen, 2018). Therefore, establishing an efficient corporate governance framework could increase the effectiveness and transparency of the Nigerian financial system (Babatunde and Folorunsho, 2020). A crucial idea in business is called "corporate performance," which refers to how well an institution uses its resources (human, technological, and financial) to achieve its ultimate corporate goal (Adegbemi, Donald & Ismail, 2012). Simply put, an organization's capacity to use its resources well and make sure that both the economic resource providers and its manager's profit from their utilisation is what keeps it in business (Babatunde, et al, 2020 & Adekoya, 2012).

2.1.2 Remuneration Committee

Remuneration is a form of salary, allowances incentives, or bonuses that employees receive. Generally, earned compensation includes cash and other stock-based compensation tied to short-term performance and long-term executive compensation. Remuneration can be in the form of money or salary, fixed allowances, variable allowances, incentives, and other facilities. Remuneration is the total compensation received by the employees in return for the services he or she has done (Augustinians et al. 2016) The Remuneration committee (RC) is evolving to become one of the most prominent issues of the global economy. The RC is recognizing the importance of growth and profitability of a company by focusing on the RC of the company and reporting its' performance, there have been many discoveries of the possible benefits that companies may receive (Chung & Wei, 2017; Mintah, 2015). Many studies show that in firms with better governance, there are less instances of opportunistic behaviour by managers. Better governance, indeed, helps to align the interests of managers and shareholders boosting the corporate financial performance. RC is very important to any organization, particularly quoted companies. Concerns for corporations to make profit have received several attentions based on the numerous amount of scholarly works available, directed at improving firms' profitability. Yahaya (2006) examined the effect of size on profitability. Further, Yahaya (2014) examined social disclosure and profitability. Igbal and Kakakhel (2016) examined the role of remuneration committee in financial performance. Also, Agyemang-Mintah (2016) examined the role of RC in firm performance. Yahaya, Kutigi, and Ahmed (2014) examined country-specific characteristics and profitability. Gregory-Smith (2012) examined CEO pay and RC. Yahaya and Lamidi (2015) investigated profitability of Islamic bank in Nigeria. Khan, Shinwari, Ahmed, & Sulaiman, (2021) compared RC with firm financial performance.

Yahaya and Ogwiji (2021) related risk committee traits with profitability among banks in Nigeria. Rahayu, Harymawan, Nasih, and Nowland, (2022) looked at the influence of remuneration committee in firm financial performance and directors' pay. Opeyemi, Popoola and Yahaya, (2020) related firm specific characteristics with profitability among listed consumer goods firms in Nigeria. Brian and Jackson (2007) examined the influence of remuneration committee in strategic human resource management. Yahaya and Yusuf (2020) related ethical behavioural disclosure with profitability among industrial goods companies in Nigeria. Akbar and Ramadhan (2020) examined the influence of remuneration committee in payment of audit fees. Yahaya, Onyabe, and Tijjani, (2019) financial mix with profitability among consumer goods firms in Nigeria.

2.1.3 Audit Committee Size

The Audit Committee is considered one of the functional subcommittees of the board of directors of organizations with the mandate to oversee and enforce accounting and reporting policies. Authentic and reliable financial information provides the basis for current and potential investors to make informed economic decisions. Therefore, the size of the audit committee affects the quality of financial reporting. However, Bansal and Sharma (2016)

JOGA
JOURNAL OF GLOBAL ACCOUNTING
10 (2) July, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

suggest that misreporting of financial information and earnings management can be minimized if the organization's audit committee structure is appropriate.

The main character of audit committee is to screen the integrity of financial statements delivered by management (Hashim, Ahmed, & Huey, 2019; Azubike, &Nweze, 2019; Alabdullah, Ahmed, &Nor, 2018; Eyenubo, Mohammed & Ali, 2017). As of late, this significant job has been extended past the annual financial statements to incorporate the quarterly financial reports (Hashim, Ahmed & Huey, 2019). Audit committees are getting more involved within the oversight of financial reporting matters as contrasted with financial statements (Fiolleau, Hoang, & Pomeroy, 2019). As reported by Owolabi and Dada (2011), considering the quantum of firm failure and collapses, it is essential that the audit committee is paid attention and more seriously in each corporate organization. The audit committee considers an integral part of control mechanisms feature because it leads to enhance good control mechanisms and enhance the integrity of financial reporting (Eyenubo, Mohammad & Ali 2017). Sarbanes-Oxley Act emphasized the significance of the financial experience of the audit committee to enhancing the quality of the financial reports. According to Azubike and Nweze (2019) the various stakeholders on internal control (corporate governance) notably audit committees, internal and external auditors, and institutional investors appear uncertain about their roles in enhancing and improving corporate profitability. It is being wrongly taught that the systems of control mechanisms are solely the problem of the management and board in the firm. So, audit committee is the most significant governance tool with regard to audit firm appointments because it is answerable for overseeing audit quality and for hiring the external auditor (Hashim, Ahmed & Huey, 2019). Therefore, a properly performance audit committee is critical to guarantee the auditors independence and high-quality financial reporting. Poor performance audit committee leads to weak outputs in the firm's performance and might lead to potential fraud. There are few studies in the literature review towards audit committees features on Oman, (Ahmed, Alabdullah, Thottoli & Maryanti, 2020; Raweh, Kamardin & Malik, 2019) while there is a need for concentrate on business environment in Oman.

2.1.4 Financial performance

Firm financial performance is used as a tool measuring an organization current development and potential growth. Although there are many indicators estimating financial performance, the choice of appropriate ratios depends on the characteristics of studied objects and study purposes. Mara and Nicoleta (2019) used ROE to evaluate financial performance of studied companies. Many researchers agree that the use of those financial ratios give them valuable information of firm financial performance. While ROE shows the efficiency of equity, ROE reflects the effectiveness of the company's cost management. In other words, one ratio refers the capacity to use the capital (input of capital), the other refers to the ability to manage the operating cost (output of capital). Therefore, the use of these two financial indicators will help researchers to have more comprehensive conclusions about the financial performance of enterprises.

2.1.4.1 Net profit margin (NPM)

Net profit margin (NPM) relates the net profit (PBIT) of the business to the sales revenue of the same period. That is, it measures the proportion of sales revenue earned as profit after deducting all expenses (except interest and tax) the operational performance of a business should be considered from the perspective of net profit and not gross profit margin.

NPM $=\frac{profit\ before\ interest\ and\ tax}{sale} \times 10O$

2.2 Empirical Review

Wei Tai (2024) ascertained the effect of Corporate Governance Structures on Firm Performance in China, using desk methodology. Research suggests that firms with independent boards tend to exhibit better performance due to enhanced oversight and strategic decision-making. Conversely, CEO duality, where the CEO also serves as the board chair, can sometimes lead to conflicts of interest and poorer performance Moreover, ownership structure, particularly the concentration of ownership and the presence of institutional investors, can influence governance effectiveness and subsequently affect firm performance.

Kang Min-ji (2024) examined corporate governance and firm performance: a cross-country analysis in South Korea. Using a desk methodology, financial regulations in Germany impact market liquidity through a complex interplay of factors, while they enhance stability and investor protection, compliance costs and altered trading dynamics may initially hinder liquidity.

Kyei, Polovina and Kumah (2023) ascertained the dynamic relationship between bank risk and corporate governance in Africa. The study employed Generalised Method of Moments (GMM) estimation model in a panel data approach due to its advantages including resolving the problems of unobserved heterogeneity, autocorrelation, and profit persistence, which other techniques may not be able to resolve, they're concluded that that the effect of board size

(BSIZE) on bank risk is negative but insignificant when bank risk is measured by LLPNR (−0.0569) but this became highly significant and negative when the risk is measured by LLRGL (−0.0784).

Nirwana and Wedari (2023) analyzed the effect of corporate governance and firm performance on waste and effluent disclosure: Evidence from polluting industries in Indonesia, The results of the study show that corporate governance, including the presence of board gender diversity, board independence, board attention, and audit committee, has a significant influence on waste and effluent disclosure. In contrast, firm performance, which was proxied by return on assets (ROA), has no significant influence on the waste and effluent disclosure of companies in polluting industries listed on the Indonesia Stock Exchange.

Khalid Mumtaz Khan and Zahid Mahmood (2023) researched an analysis Impact of corporate governance on firm performance: a case of the Pakistan stock exchange, The findings reveal that lean board size, moderate leverage, CEOs serving on various boards, high independence on audit committees, large firm size, young firms, and sustainable growth positively impact the firm performance.

Ugwoke, and egiyi (2023) studied the corporate governance puzzle: putting the pieces together for improved firm performance, the study findings demonstrated that corporate governance metrics (such as board size, audit committee size, and audit quality) have a significant impact on a company's profitability

Odubuasi, Ofor and Ugbah (2022) determined the effect of risk committee effectiveness (RCE) on financial successes of quoted banks in selected three African countries, spanned from the 2009 to 2018, using risk committee diligence, committee composition, committee diversity, committee expertise, committee size and return on equity (ROE) of the countries selected from Africa namely Nigeria, South Africa and Ghana. More so, **we** controlled for financial leverage. Ex post facto research design was adopted for the study and panel data in relation to the study were sourced from the annual reports of the chosen banks in the selected countries. This study patterned after the fixed effect model (FEM) since the Hausman test supports the FEM. The FEM reported that the effect of RCE diligence and RCE compositions on bank performance in Nigeria, South Africa and Ghana is highly significant statistically at 5% level.

Egiyi (2022) determined the association between corporate governance and firm performance in Nigerian publicly traded enterprises. Ex post facto research was used in the study to analyse

JOGA
JOURNAL OF GLOBAL ACCOUNTING
10 (2) July, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

data from 20 manufacturing listed companies. The data, which spans the years 2010 through 2020, was evaluated using System GMM. Profit margin and return on asset were used to measure firm performance. The study's findings demonstrated that corporate governance metrics (such as board size, audit committee size, and audit quality) have a significant impact on a company's profitability.

Amanuddin and Ghazi (2022) evaluated the effect of audit committee (AC) characteristics, namely AC size (ACS), AC independence (ACI), and AC meetings (ACM) on two financial performance indicators; return on assets (ROA) and Tobin's Q. This study was conducted on 63 non-financial firms listed on the Muscat Securities Market (MSM) in Oman for the period from 2016 to 2019. Multiple regression techniques have been applied to analyze the data and get empirical results. The findings revealed that two of the three independent variables have an insignificant effect on financial performance, and ACI has a substantial negative effect on Tobin's Q.

Otemu and Otemu (2021) assessed whether audit committee characteristics drive financial performance of publicly quoted service firms in Nigeria. Audit committee characteristic was measured using audit committee size and independence, financial performance by return on equity and earnings per share, while control variable is natural logarithm of total assets. Data were obtained from the annual reports and accounts of sixteen (16) publicly quoted service firms during the period 2012-2019. Multivariate estimation technique was employed in the analysis of data and findings indicated that audit committee characteristics significantly and positively affect financial performance.

Okoroyibo and Nwokeji (2021) examined effect of different audit committee attributes on performance of firms listed in the food and beverage industries in Nigeria Stock Exchange from 2011 to 2018. Data were analyzed using descriptive and inferential statistics. Descriptive statistics and inferential statistics was conducted. Analyses revealed that: audit committee independence and audit committee expertise has positive but insignificant effect on firm performance measured with EPS, while audit committee meeting exhibit positive and significant effect on EPS of listed food and beverages firms in Nigerian Stock Exchange (NSE).

Muhammad, Muhammad, Zujaj and Gohar (2021) analyzed the impact of audit and remuneration committees on the performance of the cement and textile firms listed on Pakistan Stock Exchange (PSX) for years 2012-2018. A simple random sampling technique is used to collect the secondary data from the cement and textile annual reports of the 63 cement and textile firms. The study provides valuable inputs especially for the strategies of audit and remuneration committees to achieving the desired financial outcomes. Audit committee attributes have a positive and significant impact on firms return on asset (ROA) and return on equity (ROE). Likewise, remuneration committee's attributes also have positive and significant impact on return on asset (ROA).

Okoye, Olokoyo, Okoh, Ezeji, and Uzohue (2020) ascertained the association between bank profitability and governance practices in Nigeria. For corporate governance, the amount of the bank board and the directors' stake are used as proxies, and for financial performance (FP), ROA and ROE are used as representations. A controlled variable in the study includes firm size (FS). It was estimated using the GMM. The study's findings demonstrate that the FP of Nigerian banks is significantly impacted by the BS, directors' equity, and FS. The study also demonstrates a strong impact of lag-ROE on performance right now. The study concludes that business entity governance has a significant impact on their FP and urges maintaining an ideal BS to reduce conflicts in the boardroom.

Babatunde and Folorunsho (2020) looked at the impact of board size and board independent of the FP of listed entities in Nigeria. Furthermore, it assessed how the performance of listed firms in Nigeria was impacted by board diligence and board diversity. These were done in order to investigate the link between BC and the FP of Nigerian quoted companies. The study, which was conducted from 2009 to 2018, used secondary data from published annual reports and accounts of 35 specifically chosen listed companies on the NEG. In order to analyze the data, the regression techniques of Pooled Ordinary Least Square (OLS) and Generalized Least Square Method were used. The study's findings showed that there is no significant relationship between EPS and BI, but there is a significant negative relationship between EPS and BS, The study came to the conclusion that while BI and GD have no bearing on the FP of quoted companies in Nigeria, BS and diligence do.

Sani, Aliyu, and Bakare (2019) determined the impact of corporate government on deposit money banks ' financial performance in Nigeria for the years 2011 to 2018. To analyze the data gathered, the panel regression technique was used. According to the Wald x2 p-value of (0.0000) with coefficient (10.92) at the 5% significance level, the results demonstrated that CG significantly affects the FP of DMBs in Nigeria. When CG as a whole is taken into account, CEO duality has no significant impact on ROA with a coefficient of 2.1903 and a p-value of 0.943, whereas management equity holding has a significant impact on ROA as indicated by a p-value of 0.0000 and a coefficient of 10.958 at a 5% significant level. The study's subsequent finding was that certain Nigerian banks' financial performance is significantly impacted by corporate governance.

Ahmed, Abdullahi, Suleiman, and Janada (2019) looked into how board characteristics affected the FP of Nigerian listed banks. Additionally, the research made use of secondary data from the annual reports of the fourteen (14) banks listed on the NEG for the years 2014 to 2016 with 42 firm-year observations and was based on a panel data approach. Furthermore, random effects are the foundation of the regression estimates. The findings suggest that ROA is significantly negatively correlated with BI and financial expertise. In contrast, the relationship between BS and ROA is unfavourable and negligible.

Hussian, Razak and Hadi(2017) determined if there is any significant relationship between corporate governance mechanism (board composition, board size, remuneration committee, risk management committee and gender diversity) and firm performance measured by return on assets (ROA) among companies registered among one large government industry (Construction Industry Development Board – CIDB) in Malaysia. Quantitative survey method is employed and data are collected from 124 companies. Descriptive statistics is reported and model estimation is performed using logistic regression. The results show that board size, board composition and risk management committee has significant impact on firm performance. Evidence suggests that corporate governance mechanism has significant effect on firm performance in CIDB registered companies Malaysia.

3. MATERIAL AND METHOD

Ex-Post Fact research design was employed for this study. An *Ex-post Facto* research determines the cause-effect relationship among variables. *Ex-post Facto* seeks to find out the factors that are associated with certain occurrence, conditions, events or behaviours by analyzing past events or already existing data (Kothari & Garg 2014). This study used five telecommunication firms to be used based on they have considerable variables and were seen to have the required information. The study population Telecommunication firm industries listed as of December 31, 2013, to 2023.

Table 1: List of listed Telecommunication firms on the Nigerian Exchange Group

1	Airtel Nigeria
2	Globalcom
3	MTN Nigeria

JOGA
JOURNAL OF GLOBAL ACCOUNTING
10 (2) July, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

4	9mobile LTD
5	Broad-based communication limited.

Source: Nigerian Exchange Group website

This study used the four out of the five telecommunication firms in Nigeria due to unavailability of one firm's annual reports and accounts (Broad-based communication limited) for the study. Data were collected from only secondary sources. The data were collected from audited annual accounts of the banks. The data to be extracted include; REC=Remuneration committee and ADC=Audit committee, as the independent variables and financial performance of telecommunication firms (NPM) is the dependent variable while firm leverage is the control variable.

The regression model was adapted from Eni-Egwu, Madukwe, and Ezeilo's study (2022), with modifications made to fit the study's variable. The model that states that FP [proxied with Return on Equity (ROE)] is highly influenced by CG measures [proxied with Board Size (BS), Board Independence (BI), Board Qualification (BQ), Audit Committee Size (ACS), and Audit Committee Independence (ACI]] is constructed as follows;

ROE = f (BS, BI, BQ, ACS, ACI)…………………………………..Eqn 1.

ROE = β0+ β1BS + β2BI +β3BQ + β4ACS + β5ACI + E…………Eqn 2.

Where;

E = Error Term,

β0 = Intercept

β1–β5 = Coefficient of the Independent Variables.

The model specification was modified as follows:

FP= f(NMC, REC, ADC)…………………………………………..Eqn 3.

The above model could be modified as thus;

Y = βo + β1X1 + μ

$NPM_{it} = β0 + β_1REC_{it} + β_2LEVít + μít$. …………………………Eqn 4 (to test H_1)

$NPM_{it} = β0 + β_1ADC_{it} + β_2LEVít + μít$. - ……………………… Eqn 5 (to test H_2)

Where:

Y = dependent variable (Financial Performance)

X = independent/explanatory variable (corporate governance committee)

NPM_{it} = Net Profit Margin í in period t (dependent variable)

ADC_{it} = Audit committee size í in period t (independent variable)

RMCít = Remuneration committee í in period t (independent variable)

LEV_{it} = Firm leverage ί in period t (control variable)

ί = individual period (1, 2 ….. 4)

t = time period (1, 2 ..... 10)

β0 = Intercept of the regression

β1 = Coefficients of BS

μίt = error term capturing other explanatory variables not explicitly included in the Model of telecommunication firm k ί in period t

These are the operational definitions (tabulated) of the variables use in the study

Table 2: Operationalization of variables

S/N	Variables	Operational Definition	Source
1.	Audit committee	Audit committee refers to appointed members who take actives roles in supervising accounting and financial disclosure practices of companies	(kibiya, et al 2016).
2.	Remuneration committee	Remuneration committee is concerned with taking a different decision particularly in monetary and non-monetary rewards which include salary, bonus, health insurance as well as the pension of firm`s executives. It also perform some other different activities like monitoring and advising the board members in the form of rewards and salaries that are determined by their experience, skill and qualification	(Mintah, 2016)
3.	Net profit Margin	It measures the percentage of sales revenue earned as profit after deducting all expenses	Qureshi, (2014),

JOURNAL OF GLOBAL ACCOUNTING
10 (2) July, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

		(except interest and tax) Net profit margin $= \frac{Net\ profit}{turnover/sales} \times 100$	
4.	LEV	It measures using total debt (both long-term and short-term) divided by total assets	Ataman and Akay (2020); Nissim and Penman (2018)

The data analysed comparatively via both descriptive and inferential analyse. The descriptive statistics was first conducted in order to gain understanding of the sample characteristics as regards the selected variables. Inferential statistical analysis was carried out with the aid of E-Views 9.0 statistical software. These include the following:

Panel Least Square (PLS) regression analysis: was used to predict the value of a variable based on the value of the other variables;

Decision Rule: The decision for the hypotheses is to accept the alternative hypotheses if the p-value of the test statistic is less or equal than the alpha and to reject the alternative hypotheses if the p-value of the test statistic is greater than alpha at 5% significance level.

The theoretical (a priori) expectations regarding the signs of the coefficients are as follows: βo > 0, β1 > 0. It is anticipated that the coefficients associated with various committees will have a positive sign. This expectation is based on the belief that an increase in the level of committees will correspondingly enhance the effects efficient and effectiveness of firms in Nigeria.

4. RESULT AND DISCUSSIONS

4.1 Data Analysis

4.1.1 Descriptive Statistics

Table 3: Descriptive statistics

	NPM	ADC	RMN	LEV
Mean	-1.791538	10.30000	4.500000	0.670906
Median	0.112984	10.50000	4.500000	0.715246
Maximum	0.297239	11.00000	5.000000	1.314816
Minimum	-18.57606	9.000000	4.000000	0.000944
Std. Dev.	5.669010	0.790975	0.506370	0.432682
Skewness	-2.661601	-0.579314	4.54E-17	-0.163018

JOURNAL OF GLOBAL ACCOUNTING
10 (2) July, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

Kurtosis	8.095184	1.864284	1.000000	2.138172
Jarque-Bera	90.49561	4.387120	6.666667	1.415080
Probability	0.000000	0.111519	0.035674	0.492855
Sum	-71.66152	412.0000	180.0000	26.83624
Sum Sq. Dev.	1253.369	24.40000	10.00000	7.301339
Observations	40	40	40	40

Source: E-View output, 2024

The descriptive statistics in Table 3 revealed that the profit margin of the sampled companies is -1.792; the maximum of 0.297 with a minimum of -18.576 with a standard deviation of 5.669. The average audit committee (ADC) from the sampled observations is 3.571; standard deviation of 0.791; a maximum observation of 11.000 with a minimum value of 9.000. The mean value of remuneration committee (RMC) stood at 4.500, a standard deviation of 0.506; maximum observation of 5.000 with a minimum value of 4.000. The mean of firm leverage (LEV) is at the average of 0.671; standard deviation of 0.433; a maximum observation of 1.315 with a minimum value of 0.001.

Skewness is the measure of how much the probability distribution of a random variable deviates from the normal distribution. Table 3 delineates that the probability distribution for ADC (0.112); RMC (0.004) and LEV (0.493) are positively skewed distribution.

4.2 Test of Hypotheses

4.2.1 Hypothesis One

H_1: Audit committee does not significantly affect the net profit margin of listed telecommunication firms in Nigeria.

Table 4 PLS Regression analysis testing the effect between NPM, ADC, and LEV

Dependent Variable: NPM
Method: Panel Least Squares
Date: 06/24/24 Time: 12:20
Sample: 2013 2022
Periods included: 10
Cross-sections included: 4
Total panel (balanced) observations: 40

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.628224	11.12712	0.146329	0.8845

ADC	0.105251	1.040634	0.101141	0.9200
LEV	-6.713076	1.902356	-3.528822	0.0011

R-squared	0.266410	Mean dependent var	-1.791538
Adjusted R-squared	0.226756	S.D. dependent var	5.669010
S.E. of regression	4.985003	Akaike info criterion	6.122784
Sum squared resid	919.4595	Schwarz criterion	6.249450
Log likelihood	-119.4557	Hannan-Quinn criter.	6.168582
F-statistic	6.718440	Durbin-Watson stat	2.911378
Prob(F-statistic)	0.003243		

Source: E-Views 9.0 Correlation Output, 2024

In Table 4, R-squared and adjusted Squared values were (0.26) and (0.23) respectively. The indicates that all the independent variables jointly explain about 23% of the systematic variations in net profit margin of our samples firms over the ten years periods (2013-2022). The adjusted R^2, which represents the coefficient of determinations imply that 23% of the total variation in the dependent variable (NPM) of listed telecommunication firms in Nigeria is jointly explained by the explanatory variables (ADC and LEV). The F- statistics value of 6.718 with an associated Prob.>F = 0.003 indicates that the model is fit to explain the relationship expressed in the study model and further suggests that the explanatory variables are properly selected, combined and used. The value of adjusted R^2 of 23% also shows that 77% of the variation in the dependent variable is explained by other factors not captured in the study model.

Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in Table 4, it is observed that DW statistics is 2.911 and an Akika Info Criterion and Schwarz Criterion which are 6.123 and 6.249 respectively also further confirms that our model is well specified. Table 4 indicates that audit committee has a positive significant effect on net profit margin of listed telecommunication firms in Nigeria. This can be observed from the beta coefficient (β_1) of 0.105251 with t-statistic of 0.1011 which is positive effect at 5% level of significance.

Since the P-value of the test was 0.003 less than 0.05 (5%)., this study upholds that audit committee has a positive significant effect on net profit margin of telecommunication firms c in Nigeria Thus, null hypothesis is Rejected and alternative hypothesis Accepted.

4.2.2 Hypothesis Two

H_{02}: There is no significant effect between the remuneration committee and the net profit margin of listed telecommunication firms in Nigeria.

Table 5 PLS Regression analysis testing the effect between NPM, RMC, and LEV

Dependent Variable: NPM
Method: Panel Least Squares
Date: 06/24/24 Time: 12:21
Sample: 2013 2022
Periods included: 10
Cross-sections included: 4
Total panel (balanced) observations: 40

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.260766	8.865397	-0.480606	0.6336
RMN	1.434425	1.790875	0.800963	0.4283
LEV	-5.940753	2.095869	-2.834506	0.0074

R-squared	0.278713	Mean dependent var	-1.791538
Adjusted R-squared	0.239725	S.D. dependent var	5.669010
S.E. of regression	4.943023	Akaike info criterion	6.105870
Sum squared resid	904.0386	Schwarz criterion	6.232536
Log likelihood	-119.1174	Hannan-Quinn criter.	6.151668
F-statistic	7.148611	Durbin-Watson stat	2.773135
Prob(F-statistic)	0.002371		

In Table 5, R-squared and adjusted Squared values were (0.27) and (0.24) respectively. The indicates that all the independent variables jointly explain about 24% of the systematic variations in net profit margin of our samples firms over the ten years periods (2013-2022). The adjusted R^2, which represents the coefficient of determinations imply that 24% of the total variation in the dependent variable (NPM) of listed telecommunication firms in Nigeria is jointly explained by the explanatory variables (RMC and LEV). The F- statistics value of 7.149 with an associated Prob.>F = 0.002 indicates that the model is fit to explain the relationship expressed in the study model and further suggests that the explanatory variables are properly selected, combined and used. The value of adjusted R^2 of 24% also shows that

JOGA
JOURNAL OF GLOBAL ACCOUNTING
10 (2) July, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

76% of the variation in the dependent variable is explained by other factors not captured in the study model.

Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 5, it is observed that DW statistics is 2.773 and an Akika Info Criterion and Schwarz Criterion which are 6.106 and 6.233 respectively also further confirms that our model is well specified. Table 5 indicates that remuneration committee has a positive significant effect on net profit margin of listed telecommunication firms in Nigeria. This can be observed from the beta coefficient (β_1) of 1.434 with t-statistic of 0.801 which is positive effect at 5% level of significance.

Since the P-value of the test was 0.002 less than 0.05 (5%)., this study upholds that remuneration committee has a positive significant effect on net profit margin of telecommunication firms in Nigeria Thus, null hypothesis is Rejected and alternative hypothesis Accepted.

CONCLUSION AND RECOMMENDATION

This study examined the effect of corporate governance committee on financial performance of telecommunication firms. The independent variables are audit committee, remuneration committees and nomination committees and independent variable was proxied with net profit margin. The study used *Ex Post Facto* research design for the study. Regression analysis was employed to test the hypotheses. The studies revealed that audit committee and remuneration committee have a positive effect on net profit margin, and this effect was statistically significant at 5% level of significance. As a result of this research, it was concluded that the corporate governance committee has a significant effect on the financial performance of telecommunication firms in Nigeria.

Based on the findings, the study recommended that the followings;

1. Firm should sustain audit committee, so as to ensure that the committee has enough time to take decisions that are efficient and effective in enhancing better firm performance, as well make sure that the businesses are adherence to policies, rules, procedures code of conduct and regulations
2. Remuneration committee ensure that the appointed board members have an appropriate balance of skills and educational qualifications, and financial knowledge of the company in order to successfully discharge their duties.

REFERENCES

Adegbemi, O., Donald, I.E., & Ismail, O. (2012). CG and bank performance: A pooled study of selected banks in Nigeria. *European Scientific Journal*, *8*, 28-41.

Adekoya A. A. (2012). CG reforms in Nigeria: challenges and suggested solution, *Journal of Business System, Governance and Ethics*, 6(1), 38-50.

Adeusi, S., Akeke, N., Aribaba, F. &Adebisi, O. (2017). CG and firm FP: Do ownership and board size matter. *Academic Journal of Interdisciplinary Studies*, 2(3), 251-258.

Agyemang-Mintah, P. (2016). The remuneration committee and firm performance: An empirical investigation of UK financial institutions during the pre/post financial crisis. *Corporate Board: Role, Duties and Composition,11*(3), 176-190.

Ahmed, E. R., Alabdullah, T. T. Y., Thottoli, M. M., & Maryanti, E. (2020). Does corporate governance predict firm profitability? An Empirical Study in Oman. *The International Journal of Accounting and Business Society*, 28(1), 127-143.

Akshita, A., & Shernaz, B. (2018). Relationship between Corporate Governance Index and Firm Performance: Indian Evidence. *Global Business Review*, 19(13).

Alabdullah, T. T. Y., Yahya, S., & Ramayah, T. (2014a). Corporate governance mechanisms and Jordanian companies' financial performance. *Asian Social Science*, 10(22), p247.

Adams, R. (2020), "Death by Committee? An Analysis of Corporate Board (Sub-) Committees", https://doi.org/10.2139/ssrn.2736027.

Adams, R. (2022). Death by Committee? An Analysis of Corporate Board (Sub-) Committees", https://doi.org/10.2139/ssrn.2736027.

Amanuddin B. S. & Ghazi M.A. (2022). The effect of audit committee characteristics on firm performance: evidence from non-financial sectors in oman. *Asian Economic and Financial Review*. 12(9), 816-836. ISSN(e): 2222-6737. ISSN(p): 2305-2147 DOI: 10.55493/5002.v12i9.4612

Ato, G. (2012). CG: How is the accounting profession responding to the demand for greater transparency and good governance in the public and private sectors of the economy. The Nigerian Accountants, 29– 64.

Azubike, J. U., & Nweze, A. U. (2019). Challenges of Corporate Governance in Nigeria: The Roles of Auditors and Institutional Investors. *International Journal of Economics and Business Management*, 5(1), 77-83.

Babatunde D. A. & Folorunsho, M. A. (2020). Board characteristics and firm's financial performance in Nigeria. Dept of Economics, Unilorin working paper/05/2020. File URL: https://www.unilorineconsworkingpapers.com.ng/download/workingpaper73.pdf

Bansal, N., & Sharma, A. K. (2016). Audit committee, corporate governance and firm performance: Empirical evidence from India.

Bayelign Abebe Zalalem , Ayalew Ali Abebe & Sitotaw Wodajo Bezabih (2022) Corporate governance and financial performance in the emerging economy: The case of Ethiopian insurance companies, *Cogent Economics & finance*, 10:1.

Chung, L. H., & Wei, C. C. (2017). The impact effect of corporate governance and corporate social responsibility oncompany performance after the financial tsunami. *Asian Journal of Economic Modelling*, *5*(4), 465-479.

Egiyi, M.A. (2022). Corporate governance and firm performance: Evidence from Nigeria publicly traded Enterprises. *Global Journal of Finance and Business Review*, 5(2), 1-12.

Ehiedu, V.C. & Ogbeta, M. (2014). An Investigation into the Internal Control System in the Banking Industry. *European Journal of Business and Management* 6(9), 149-155.

Ehiedu, V. C. (2022). Deficit financing (DF) and sustainable growth (SG) in a small open economy. International Journal of Academic Accounting, Finance & Management/ Research (IJAAFMR), 6(7). 1-9,

Eyenubo, S. A., Mohammed, M., & Ali, M. (2017). Audit committee effectiveness of financial reporting quality in listed companies in Nigeria stock exchange. *International Journal of Academic Research in Business and Social Sciences, 7(6), 487-505.*

Ezeana, K.C., Okoye, P.V.C. & Nwoye, U.J. (2022). Financial Performance of Manufacturing Companies Listed on Nigerian Stock Exchange: The Liquidity Management Effect, *Himalayan Journal of Economics and Business Management*, 3(2), 1 – 10. https://himjournals.com/article/605

Fiolleau, K., Hoang, K., & Pomeroy, B. (2019). Auditors' communications with audit committees: The influence of the audit committee's oversight approach. *Auditing: A Journal of Practice & Theory*, *38*(2), 125-150.

Hashim, F., Ahmed, E. R., & Huey, Y. M. (2019). Board Diversity and Earning Quality: Examining the Role of Internal Audit as a Moderator. *Australasian Accounting Business & Finance Journal*, *13*(4) 73-91.

Hashim, F., Ahmed, E. R., & Huey, Y. M. (2019). Board Diversity and Earning Quality: Examining the Role of Internal Audit as a Moderator. *Australasian Accounting Business & Finance Journal*, *13*(4) 73-91.

Hassan, M.K., Khan, A. and Paltrinieri, A. 2019. Liquidity risk, credit risk and stability in Islamic and conventional banks. *Research in International Business and Finance*, Vol. 48, 17-31.

Iqbal, K., & Kakakhel, S. J. (2016). Corporate governance and its impact on

Isah, Y., Abdu, J. B., & Nuruddeen, A. A. (2018). Effect of CG on FP of DMBs in Nigeria. *Journal of Finance, Accounting and Management*, 9(1), 41-56.

Khalid, M. K. & Zahid M. (2023). Impact of corporate governance on firm performance: a case of Pakistan stock exchange. https://orcid.org/0000-0003-4263-1946 DOI: https://doi.org/10.47264/idea.lassij/7.1.2

Kajola, S. (2018). CG and firm performance: The case of Nigerian listed firms. *European Journal of Economic, Finance and Administrative Sciences*, 14, 16-28.

Kang Min-ji (2024). Corporate governance and firm performance: a cross-country analysis in South Korea. *International Journal of Finance and Accounting*. DOI: https://doi.org/10.47604/ijfa.2451

Khan, M.A., Siddique, A. and Sarwar, Z. 2020. Determinants of non-performing loans in the banking sector in developing state. *Asian Journal of Accounting Research*. 5(1)

Khan, M. W. J., Shinwari, M. I., Ahmed, Z., & Sulaiman, G. (2021). Impact of audit and remuneration committee attributes on firm performance: evidence from non-financial firms of PSX. *Pakistan Business Review*, *22*(4).

Kibiya, U.M., Ahmad, A.C. & Amran, N.A. (2016).Audit committee characteristics and financial reporting quality: Nigerian non-financial listed firms. *European Proceedings of Social and Behavioural Sciences*, *1*(1), 753-760

Kinyua, J. K., Gakure, R., Gekera, M., & Orwa, G. (2015). Effect of internal control environment on the financial performance of companies quoted in the Nairobi securities Exchange. *International Journal of Innovative finance and Economics Research*, 3(4), 29-48.

Mintah, P. A. (2016). Remuneration committee governance and firm performance in UK

Muhammad, I. S., Muhammad, W. J. K., Zujaj, A. & Gohar, S.(2020-2021) Impact of Audit and Remuneration committee on firm performance: Evidence from cement and Textile firms of Pakistan Stock Exchange, Pakistan business Review, voloume 22, Issue 4.

Nirwana, J. T. & Wedari, L. K. (2023). The impact of corporate governance and firm performance on waste and effluent disclosure: Evidence from polluting industries in Indonesia. *International Journal of Management and Sustainability* 12,(2), 189-203, ISSN(e): 2306-0662; ISSN(p): 2306-9856. DOI: 10.18488/11.v12i2.3345

Odubuasi, A., Ofor, N. and Ugbah, A. (2022) Risk committee Effectiveness and financial performance indicator of Quoted firms in selected African Countries. *Journal of financial risk management*, 11, 634-647.

Okudo, C.L., Ezechukwu, B.O., & Amahalu, N.N. (2022). Dividend policy and financial performance of quoted brewery firms in Nigeria. *International Journal of Science Academic Research, 03*(10), 4494-4498.

Olayiwola, K.T. (2018) the effect of corporate governance on financial performance of listed companies in Nigeria. *European journal of accounting, Auditing and Finance research* 6(9)..85-98.

Onipe A. y. (2022) Remuneration committee and profitability: Evidence from Nigeria. *Dinasti International Journal of Management science* 4(3):220-231.

Opeyemi, A. M., Popoola, A., & Yahaya, O. A. (2020). Firm specific attributes and financial performance of listed insurance companies in Nigeria. *Gusau Journal of Accounting and Finance, 1*(2), 16-16.

Osevwe-Okoroyibo, E. E. & Emeka-Nwokeji, N. A. (2021). Examining effect of audit committee attributes on firm performance: evidence from listed food and beverages firms in Nigeria *European Journal of Accounting, Auditing and Finance Research* 9(8)..26-43, 2021 Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online) 26 https://www.eajournals.org/ ULR: https://doi.org/10.37745/ejaafr.2013

Otemu E. & Otemu O., (2021). Does Audit Committee Characteristics Drive Financial Performance? A Case of Nigerian Service Firms. *Gusau International Journal of Management and Social Sciences, Federal University, Gusau, Vol.4 No. 1, April. 2021*

Owolabi, S. A.& Dada, S. O. (2011). Audit committee: An instrument of effective corporate governance. *European Journal of Economics, Finance and Administrative Sciences.* Retrieved from: http://www.eurojournals.com on December 17, 2012.

Pandey, I.M. (2018). *Financial Management* (12th edtn), Vikas Publishing House RT Ltd, India.

Rahayu, N. K., Harymawan, I., Nasih, M., & Nowland, J. (2022). Director pay slice, the remuneration committee, and firm financial performance. *Cogent*

Raweh, N. A. M., Kamardin, H., & Malik, M. (2019). Audit committee characteristics and audit report lag: Evidence From Oman. *International Journal of Accounting and Financial Reporting*, *9*(1), 152- 169.

Sani, A. B., Aliyu, A. A., & Bakare, T. O. (2019). Effect of Corporate Governance on Financial Performance of Deposit Money Banks in Nigeria. *Published in Asian Journal of Economics*. DOI:10.9734/ajeba/2019/v13i330175Corpus ID: 210991561

Tariq T. Y. A., & Essia R. A. (2020). Audit Committee Impact on Corporate Profitability in Oman Companies: an Auditing and Management Accounting Perspective. Jurnal Riset

Akuntansi dan Keuangan Indonesia URL : http://journals.ums.ac.id/index.php/reaksi/index

Ugwoke, R. O. & Egiyi, M. A. (2023). The corporate governance puzzle: putting the pieces together for improved firm performance. Global Journal of Finance and Business Review, 6(1), 77-89. DOI: https://doi.org/10.5281/zenodo.7882796

Wei Tai (2024). Impact of corporate governance structures on firm performance in China. *Journal of Strategic Management*. 9(1), 51 – 62, ISSN 2520 - 0461 (Online)

Yahaya, M.A., Mohamad, N.M. & Noor, A. (2020). The influence of audit committee characteristics on impression management in chairman's statement: Evidence from Malaysia. *Cogent Business and Management, 7*(1), 1-19

Yahaya, O. A., & Lamido, I. A. (2022). Corporate social responsibility and financial performance: evidence from Nigeria. *International Journal of Accounting and Finance Review*, *10*(1), 107-120.

Yahaya, O. A., & Yusuf, M. J. (2020). Ethical behavioural disclosure and financial performance of listed industrial goods firms in Nigeria. *Sustainable Business and Society in Emerging Economies*, *2*(2), 13-20.

Yahaya, O. A., Alkasim, A. (2021). Sustainability and profitability of listed insurance firms in Nigeria. *International Journal of Innovative Research in Accounting and Sustainability*, *6*(1), 17-28.

Yahaya, O. A., Kutigi, U. M., & Ahmed, M. (2014). Country-specific characteristics as determinants of financial performance: Evidence from listed deposit money banks in Nigeria. *Journal of Accounting*, *3*(2), 77-101.

Yahaya, O. A., Lamidi, Y. S., Kutigi, U. M., & Ahmed, M. (2015). The correlation between risk management and organizational performance: An empirical investigation using panel data. *Research Journal of Finance and Accounting*, *6*(16), 136-146.

Yahaya, O. A., Ogwiji, J. (2021). *Risk committee traits and profitability of Nigerian banking sector*. In Accounting, Finance and Management: Texts and applications.

Yahaya, O. A., Onyabe, & Tijjani, B. (2019). Financial mix and financial performance of listed consumer goods firms in Nigeria. *Journal of Accounting and Management*, *2*(1), 226-237.