

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

Ummi Ahmed Rufa'i¹, Murtala Abdullahi (PhD)², Hussaini Bala (PhD)³

^{1,2,3}Department of Accounting, Faculty of Management Sciences,

Kaduna State University

Corresponding Author(s)' Email/Mobile: ummiad08@gmail.com

/+2348023297009¹

Abstract

This study examined the effect of corporate governance compliance on the financial resilience of listed consumer goods firms in Nigeria over the period 2010–2025. Specifically, the study examined the effects of board effectiveness, audit effectiveness, and ownership monitoring mechanisms on financial resilience. The study was anchored on agency theory and organisational resilience theory. The study adopted a correlational research design within the positivist paradigm. The population comprised 19 listed consumer goods firms on the Nigerian Exchange Group, and census sampling was employed. Secondary data were obtained from firms' annual reports and financial statements. Financial resilience was measured using a composite financial resilience index constructed through principal component analysis (PCA) from six financial indicators: return on assets, operating cash flow to total assets, liquidity, interest coverage, inverse leverage, and sales growth. Corporate governance compliance was measured using board effectiveness, audit effectiveness, and ownership monitoring mechanisms indices, constructed by aggregating their respective governance indicators. Data were analysed using Prais–Winsten Panel-Corrected Standard Errors (PCSE) regression. The findings revealed that board effectiveness and audit effectiveness had positive and statistically significant effects on financial resilience, while ownership monitoring mechanisms had a positive but statistically insignificant effect. The overall model was statistically significant as supported by the F-statistics probability value. The study concluded that strengthening board and audit oversight mechanisms could enhance the financial resilience of listed consumer goods firms in Nigeria. It recommended stronger board effectiveness, audit oversight, and active shareholder monitoring to improve firms' capacity to withstand financial pressures.

Keywords: board, audit, ownership, monitoring, mechanisms, financial resilience

1. Introduction

Financial resilience refers to a firm's capacity to withstand financial and operational shocks, preserve essential financial functions during periods of stress, and recover its financial position after the disturbance. Unlike conventional measures that focus on profitability alone, financial resilience captures several dimensions of financial strength, including profitability, operating cash generation, liquidity, solvency and the capacity to service financial obligations.

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

This multidimensional interpretation is important because a firm may remain profitable while experiencing weak cash flows or excessive leverage, thereby becoming vulnerable to subsequent shocks. Recent evidence supports the use of composite measures to capture differences in firms' ability to withstand uncertainty and financial distress (Daadmehr, 2024).

The International Monetary Fund (IMF, 2025) describes the global economy as showing resilience but remaining exposed to persistent uncertainty, financial-market volatility and geopolitical risks. Global growth was projected at 3.0% in 2025 and 3.1% in 2026, while downside risks remained associated with trade tensions, policy uncertainty and tighter financial conditions. Such conditions make the ability of firms to maintain cash generation, liquidity and solvency increasingly important for business continuity and long-term survival.

Within the African context, the importance of financial resilience is particularly pronounced because firms operate amid structural weaknesses, relatively high financing costs, exchange-rate pressures, infrastructure constraints, commodity dependence and recurrent macroeconomic shocks. The World Bank (2025) projects Sub-Saharan African growth to improve from 3.3% in 2024 to 3.5% in 2025, but notes that the region continues to face heightened risks from global policy uncertainty and persistent inflationary pressures.

In Nigeria, the relevance of financial resilience is heightened by persistent inflation, exchange-rate instability, high interest rates, energy costs, foreign-exchange constraints and changes in economic policy. The recent reform environment, particularly exchange-rate reforms and the removal of fuel subsidies, has increased adjustment pressures on firms and households. The World Bank (2026) reports that Nigeria has made progress toward macroeconomic stabilisation, although significant challenges remain, particularly concerning household welfare and the need to consolidate the gains from reforms. For firms, these conditions can increase input costs, financing requirements and working-capital pressures while weakening consumers' purchasing power.

Corporate governance compliance refers to the extent to which a company adheres to established legal, regulatory and governance principles governing the direction, oversight, accountability and control of corporate affairs. It extends beyond the mere existence of governance structures to whether firms actually apply prescribed governance practices and disclose their application.

In Nigeria, the governance environment for listed companies is anchored particularly in the Nigerian Code of Corporate Governance (NCCG) 2018, the Companies and Allied Matters Act (CAMA) 2020, and the requirements of the Securities and Exchange Commission (SEC). The NCCG 2018 applies across sectors, while public companies are required to comply with the NCCG and the SEC Corporate Governance Guidelines.

The framework emphasises accountability, transparency, ethical conduct, effective boards, risk management and protection of shareholders. Corporate governance compliance is therefore important because formal adherence to these requirements can strengthen monitoring, constrain managerial opportunism, improve the quality of corporate information and enhance the capacity of firms to respond to financial and operational

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

pressures. However, the practical situation between 2010 and 2025 indicates significant financial resilience challenges among Nigerian listed consumer goods firms.

The sector faced intense pressures from naira depreciation, foreign-exchange shortages, rising input and energy costs, inflation and weakening consumer purchasing power. Bailey and Ologunagbe (2024) reported that ten major Nigerian consumer goods firms incurred a combined ₦987.7 billion in foreign-exchange losses in 2023, compared with approximately ₦129.8 billion in 2022. The losses significantly affected profitability, with five of the firms Cadbury Nigeria, Nigerian Breweries, Nestlé Nigeria, International Breweries and Dangote Sugar, recording a combined ₦346.7 billion after-tax loss in 2023. The report further noted that the depreciation of the naira increased foreign-currency obligations and finance costs, thereby weakening firms' profitability and financial positions.

The pressure persisted into 2024. Oji (2024) reported that four FMCG firms (Cadbury Nigeria, Flour Mills of Nigeria, Nestlé Nigeria and Nigerian Breweries) recorded approximately ₦300 billion in combined foreign-exchange losses in the first quarter of 2024. Nestlé alone recorded a ₦142.7 billion net loss, largely driven by ₦191.7 billion in foreign-exchange losses, while Nigerian Breweries reported a ₦52.1 billion loss after tax. Flour Mills also recorded a ₦9.3 billion loss before tax, following a ₦22.5 billion foreign-exchange loss. These losses weakened profitability and increased pressure on firms' balance sheets and capacity to maintain financial stability. Therefore, the study argues that stronger corporate governance compliance may enhance the financial resilience of listed consumer goods firms by strengthening managerial oversight, financial monitoring, accountability and shareholder control, thereby improving firms' capacity to absorb and recover from financial shocks.

The study consequently seeks to empirically determine whether board effectiveness, audit effectiveness and ownership monitoring mechanisms significantly influence the financial resilience of listed consumer goods firms in Nigeria over 2010–2025. Thus, the main objective of the study is to examine the effect of corporate governance compliance on the financial resilience of listed consumer goods firms in Nigeria for the period of 2010 to 2025.

The specific objectives of the study are to:

- i. Examine the effect of board effectiveness on the financial resilience of listed consumer goods firms in Nigeria;
- ii. Assess the effect of audit effectiveness on the financial resilience of listed consumer goods firms in Nigeria;
- iii. Determine the effect of ownership monitoring mechanisms on the financial resilience of listed consumer goods firms in Nigeria;

2. Literature Review

Conceptual Review

Daadmehr (2024) views financial resilience from a corporate perspective as a firm's capacity to withstand financial distress and maintain resilience during periods of market turmoil. Shittu and Che-Ahmad (2024) examine board effectiveness through governance characteristics such as board size, board independence and board diversity.

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

Ibrahim et al. (2024) conceptualise audit committee effectiveness through its ability to strengthen financial reporting oversight and influence the relationship between corporate attributes and financial reporting quality. Nwude et al. (2023) define ownership concentration as the situation in which a relatively small number of shareholders hold a substantial proportion of a firm's voting equity shares.

Empirical Review

Yusufu et al. (2023) examined board structure and the profitability of listed consumer goods firms in Nigeria using 2012–2020 data. The study adopted an ex-post-facto quantitative research design, although its philosophical paradigm was not explicitly stated. The population comprised 20 listed consumer goods firms in Nigeria, with data obtained from the firms' annual reports and accounts and the stock exchange fact book. The study analysed the available firms using secondary data and applied descriptive statistics and fixed-effects Generalised Least Squares (GLS) multiple regression. Board effectiveness was represented by board size and board independence, while financial performance was measured by ROA. The findings showed that board size had a positive and significant relationship with ROA, whereas board independence had a negative and significant relationship with ROA. The study is highly relevant because it covers the same consumer goods domain and employs ROA, which is the measure of financial resilience adopted in the present study. However, its 2012–2020 period predates the final four years of the proposed 2015–2024 period, and its board-effectiveness measure is narrower than the present study's broader consideration of board effectiveness.

Shuaibu et al. (2024) examined audit committee attributes and financial performance of listed consumer goods companies in Nigeria Exchange Group for 2013–2022. The researchers adopted an explanatory research design and used annual reports and accounts of all consumer goods companies listed on the Nigerian Exchange Group; the exact number of firms in the population and sample was not reported in the accessible article, suggesting a census of the identified population. The study relied exclusively on secondary data and applied multiple regression analysis. Although the authors did not explicitly identify a philosophical paradigm, the quantitative archival approach is consistent with a positivist orientation.

Audit effectiveness was assessed using audit committee gender diversity, meeting attendance, financial expertise and share ownership, while financial performance was measured by ROA and Tobin's Q. The findings indicated that audit committee gender diversity and meeting attendance had significant negative effects on ROA and Tobin's Q, while audit committee financial expertise and audit committee share ownership had significant positive effects. The study is particularly relevant because it uses the same Nigerian consumer goods domain and ROA. Nevertheless, its 2013–2022 period does not capture 2023–2024, and its focus is on individual audit committee attributes rather than a broader audit-effectiveness compliance construct.

Odum and Umejiaku (2023) examined ownership structure and financial performance of selected quoted consumer goods firms in Nigeria over a 12-year period ending in 2022. The study employed an ex-post facto longitudinal/panel research design using annual reports of Nigerian quoted consumer goods firms; although the authors did not explicitly identify a philosophical paradigm, the quantitative secondary-data methodology reflects a positivist orientation. The population consisted of 15 consumer

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

goods firms quoted on the Nigerian Exchange Group as at 31 December 2022, with the study analysing the selected firms using annual-report data. The researchers applied Panel Ordinary Least Squares (POLS) and Granger causality techniques. The study found that ownership structure, when controlled for firm size, had no significant effect on ROA, ROE, net profit margin or gross revenue; the authors nevertheless noted that executive shareholding contributed negatively to ROA.

The study provides useful contradictory evidence to Akinleye and Olaniyi (2023), suggesting that the ownership–performance relationship is not consistent even within Nigerian consumer goods firms. However, the study's ending period of 2022 leaves the more recent 2023–2024 governance and economic environment unexplored, while its ownership-performance focus does not explicitly conceptualise the outcome as financial resilience.

Theoretical Review

Agency Theory

Agency theory was formally developed by Jensen and Meckling (1976), building on the earlier work of Berle and Means (1932) on the separation of ownership and control. Jensen and Meckling (1976) developed the theory to explain conflicts that arise when one party, the principal, delegates decision-making authority to another party, the agent.

Agency theory is directly relevant to this study because corporate governance compliance represents a set of mechanisms through which shareholders can monitor management and reduce agency problems. Specifically, board effectiveness can provide independent oversight of management; audit effectiveness can strengthen monitoring of financial reporting, internal controls and managerial conduct; while ownership monitoring mechanisms can provide shareholders with incentives and capacity to scrutinise managerial decisions.

These mechanisms can reduce information asymmetry, managerial opportunism and inefficient use of corporate resources, thereby improving the firm's ability to withstand financial pressures. Recent Nigerian evidence supports this relationship. The study relied exclusively on secondary data obtained from the audited annual reports, financial statements and corporate governance disclosures of listed consumer goods firms in Nigeria for 2010–2025.

3. Methodology

The study employed correlational research design. The population comprised of all 19 (Nigerian Northern Flour Mill, PZ Cussons, International Breweries, Champion Breweries, DN Tyre & Rubber, Unilever Nigeria, Cadbury Nigeria, Dangote Sugar, NASCON Allied, BUA Foods Nigeria, Nigerian Enamelware, Guinness Nigeria, Honeywell Flour Mill, Multi-Trex, Golden Guinea Brew, Vitafoam Nigeria Plc, Nestlé Nigeria, Nigerian Breweries, and Union Dicon Salt) companies listed under the consumer goods sector on the Nigerian Exchange Group (NGX) as of 31 December 2025 (NGX, 2025). To ensure a robust and generalization of findings, an unbalanced panel dataset for regression analysis was employed for the period of 2010–2025. As a result, the sample size of the current study equals the population of the study with the aid of census sampling.

The study measured Financial Resilience (FRI) using six indicators: ROA, Operating Cash Flow to Total Assets, Liquidity, Interest Coverage Ratio, Inverse Leverage,

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

and Sales Growth/Recovery. These indicators were combined using Principal Component Analysis (PCA), with the first principal component retained to represent the composite FRI. Board Effectiveness (BEI) was measured using board size compliance, non-executive and independent representation, separation of Chair and CEO roles, gender diversity, board attendance disclosure, and board evaluation.

Audit Effectiveness (AROEI) was measured using audit committee composition, financial expertise, meeting activity, internal audit, internal control, risk oversight, risk committee activity, and whistle-blowing disclosure. Ownership Monitoring Mechanisms (OMI) were measured using institutional, foreign, managerial/director ownership, ownership concentration, and substantial shareholder disclosure. Firm Size, the control variable, was measured as the natural logarithm of total assets. Data were obtained mainly from firms' annual reports and financial statements, while governance indicators were coded based on disclosed compliance. The measures were supported by the cited empirical studies.

The regression model is specified as: $FRI_{it} = \beta_0 + \beta_1 BEI_{it} + \beta_2 ARO_{it} + \beta_3 OMI_{it} + \beta_4 FSZ_{it} + \varepsilon_{it}$; where: FRI_{it} = Financial Resilience; BEI_{it} = Board Effectiveness; ARO_{it} = Audit Effectiveness; OMI_{it} = Ownership Monitoring Mechanisms; FSZ = Firm Size; β_0 = Constant; β_1 – β_3 = Regression coefficients measuring the effect of each corporate governance mechanism on financial resilience; ε = Error term; i = Individual listed consumer goods firm; t = Study year, 2010–2025.

4. Results and Discussion

Principal Component Analysis for the Financial Resilience Index

Table 1

Principal Component Analysis of Financial Resilience Indicators

Financial Resilience Indicator	Component 1 Loading	Eigenvalue	Variance Explained (%)	Cumulative Variance (%)
ROA	0.3610	2.9012	48.35	48.35
OCTTA	0.4503	—	—	—
LIQ	0.4654	—	—	—
INC	0.3802	—	—	—
INL	-0.2726	—	—	—
SLG	0.4810	—	—	—
Total Retained Component	—	2.9012	48.35	48.35

Source: Stata 17 Output, 2026

Table 1 presents the PCA results. The first principal component (Comp1) has an eigenvalue of 2.9012, which is substantially greater than the commonly applied Kaiser criterion of 1.0. It explains 48.35% of the total variance in the six financial resilience indicators. The second component has an eigenvalue of 1.1469 and explains an additional 19.12%, resulting in a cumulative variance of 67.47%. However, because the study

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

specified the use of the first principal component as the composite index, Comp1 was retained as the Financial Resilience Index. PCA commonly retains components with eigenvalues greater than one where the objective is to identify dimensions that explain meaningful common variation (Jolliffe & Cadima, 2016).

The component loadings further support the interpretation of Comp1 as a broad financial resilience measure. ROA (0.3610), OCTTA (0.4503), LIQ (0.4654), INC (0.3802), and SLG (0.4810) have positive loadings, indicating that stronger profitability, cash-generating capacity, liquidity, interest coverage, and sales growth are associated with higher values of the first component. INL has a negative loading (-0.2726) because the variable is an inverse leverage measure. Thus, Comp1 captures substantial information across the six dimensions of financial resilience rather than relying on a single financial ratio.

Descriptive Statistics

This section presents and describes the nature of the study's variables using descriptive statistics. The descriptive statistics (which is unbalanced panel) is presented in Table 2 displaying the observation, minimum, maximum, mean as well as the standard deviation of the data in respect of all the study's variables.

Table 2

Descriptive Statistics

Variable	Obs.	Mean	SD	Minimum	Maximum
FRI	292	0.000	1.703	-18.277	3.832
BEI	292	6.464	0.430	4.480	9.600
AROI	292	5.956	0.474	2.600	6.100
OMI	292	2.122	0.230	1.010	2.180
FSZ	292	11.805	1.412	10.220	17.150

Source: Extracted from STATA 17 Output, 2026

Table 2 presents the descriptive statistics for 292 firm-year observations of listed consumer goods firms in Nigeria covering 2010–2025. The financial resilience index has a mean of approximately 0.000 and a standard deviation of 1.703, with values ranging from -18.277 to 3.832. The mean close to zero is expected because the index was standardised. The board effectiveness index has a mean of 6.464 and standard deviation of 0.430, with a minimum of 4.480 and maximum of 9.600.

The audit effectiveness index records a mean of 5.956, standard deviation of 0.474, minimum of 2.600 and maximum of 6.100. The relatively low standard deviation indicates limited dispersion around the mean, suggesting that audit effectiveness was relatively consistent among the firms. The ownership monitoring mechanisms index has a mean of 2.122 and standard deviation of 0.230, ranging from 1.010 to 2.180. The relatively low standard deviation indicates that ownership monitoring mechanisms were fairly concentrated around the mean.

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

Correlation Matrix

Table 3 presents correlation matrix of the study where the degree of association between the dependent variable and independent variables is determined as well as the association among the repressors themselves.

Table 3

Correlation Matrix

Variables	FRI	BEI	AROI	OMI	FSZ
FRI	1.000				
BEI	0.111	1.000			
AROI	0.603	0.110	1.000		
OMI	0.323	−0.061	0.479	1.000	
FSZ	0.139	−0.025	−0.002	0.023	1.000

Source: Extracted from STATA 17 Output, 2026

Table 3 presents the correlation between FRI and BEI is 0.111, indicating a weak positive association. FRI has a correlation of 0.603 with AROI, indicating a strong positive association. The correlation coefficient between FRI and OMI is 0.323, indicating a moderate positive association. The correlation between FRI and FSZ is 0.139, indicating a weak positive association.

Model Specification Test (Ramsey RESET)

Table 4

Ramsey RESET Test

Test	Co-efficient/Chi ²	Prob.
Ramsey RESET	43.12	0.053

Source: Extracted from STATA 17 Output, 2026

Ramsey Regression Equation Specification Error Test (RESET) produced an F-statistic of 43.12 with a corresponding p -value of 0.0526. Following the conventional decision rule that the null hypothesis is rejected when $p < 0.05$ and retained when $p > 0.05$ (Gujarati & Porter, 2009), the p -value exceeds the 5% significance level; therefore, the null hypothesis cannot be rejected. This result indicates that there is no statistically significant evidence of omitted variable bias or functional-form misspecification in the model.

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

Multicollinearity Test

Table 5

Multicollinearity Test

Variable	VIF	1/VIF (Tolerance)
AROI	1.33	0.751
OMI	1.32	0.757
BEI	1.03	0.971
FSZ	1.00	0.999
Mean VIF	1.17	

Source: Extracted from STATA 17 Output, 2026

Multicollinearity occurs when explanatory variables are highly linearly related, potentially increasing the variance of coefficient estimates and making individual regression effects difficult to distinguish (Gujarati & Porter, 2009). A VIF value of 10 or above is commonly regarded as evidence of serious multicollinearity. Thus, from the table none of the VIF is up to 10, therefore multicollinearity is not an issue in this study.

Modified Wald Test for Groupwise Heteroskedasticity

Table 6

Groupwise Heteroskedasticity

Test	$\chi^2(13)$	Prob.
Test	63,945.58	0.000

Source: Extracted from STATA 17 Output, 2026

The result shows a χ^2 statistic of 63,945.58 with 19 degrees of freedom and a p -value of 0.000. Since the p -value is below the 5% significance level, the null hypothesis is rejected. This confirms the presence of groupwise heteroscedasticity in the model.

Serial Correlation

Table 7

Serial Correlation

Test	Chi ²	Prob.
Serial Correlation	31,083.261	0.000

Source: Extracted from STATA 17 Output, 2026

The Wooldridge test was conducted to examine first-order serial correlation in the panel-data model. The result shows an F-statistic of 31,083.261 and a p -value of 0.000. Since the p -value is below the 5% significance level, the null hypothesis of no first-order autocorrelation is rejected. This confirms the presence of serial correlation in the model. Serial correlation can lead to inefficient estimates and biased standard errors if not appropriately addressed (Wooldridge, 2020).

The presence of autocorrelation violates the classical regression assumption of independently distributed error terms and may lead to underestimated standard errors, inflated t-statistics, and misleading statistical inferences (Greene, 2018). Consequently, the study employed Panel Corrected Standard Errors (PCSE) technique to correct for serial correlation, and groupwise heteroscedasticity.

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

Regression Results

Table 8

Summary of Prais–Winsten regression with Panel Corrected Standard Errors (PCSE)

Variable	Coefficient	z-value	p-value
BEI	0.216	6.09	0.000
AROI	0.162	7.91	0.000
OMI	0.358	0.66	0.511
FSZ	0.170	9.87	0.000
Constant	−16.439	−6.48	0.000
R ²			0.387
Wald χ^2 (4)			158.09
Prob. > χ^2			0.000
Observations			292

Source: Extracted from STATA 17 Output, 2026

Table 8 presents the Prais–Winsten Panel-Corrected Standard Errors (PCSE) regression results on the effect of corporate governance compliance on financial resilience of listed consumer goods firms in Nigeria over 2010–2025. The model is statistically significant (Wald $\chi^2 = 158.09$, $p < .001$), indicating that the explanatory variables jointly have a significant effect on financial resilience.

The R² of .387 shows that the model explains 38.7% of the variation in financial resilience, while 61.3% is explained by other factors. The use of PCSE with heteroscedastic panels and common AR(1) correction addresses the groupwise heteroscedasticity and serial correlation identified in the diagnostic tests, thereby improving the reliability of the estimates (Beck & Katz, 1995).

Board Effectiveness and Financial Resilience

The result indicates that board effectiveness has a positive and statistically significant relationship with financial resilience, with a reported coefficient of 0.216 and $p < .001$. Since the probability value is below the 5% significance level, the null hypothesis of no significant relationship is rejected.

The positive coefficient implies that improvement in board effectiveness is associated with higher financial resilience by 21.6% among listed consumer goods firms in Nigeria. This signifies that, stronger boards can enhance strategic oversight, managerial monitoring, risk assessment and resource allocation, thereby improving firms' ability to withstand financial shocks and sustain operations.

This finding is consistent with the a priori expectation of the study. The finding supports agency theory, it argues that separation between ownership and management creates monitoring problems and potential managerial opportunism; effective boards serve as an important mechanism for monitoring managers and protecting shareholders' interests (Jensen & Meckling, 1976). This supports the findings of Ilo et al. (2025). However, contrary evidence exists by Onmonya et al. (2024).

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

Audit Effectiveness and Financial Resilience

The results show that audit effectiveness has a positive and statistically significant relationship with financial resilience, with a reported coefficient of 0.162 and $p < .001$. The p -value is below 0.05; therefore, the null hypothesis is rejected. The finding means that stronger audit and risk oversight mechanisms are associated with greater financial resilience by 16.2%. Therefore, effective audit committees and related oversight structures can improve internal control, financial reporting quality, risk identification and monitoring of management decisions.

This finding is consistent with the a priori expectation of the study. It also supports agency theory, because effective audit oversight reduces information asymmetry between managers and shareholders and strengthens independent monitoring of management. The finding is supported by Adamu and Ugwudioha (2025). Nevertheless, contrary findings have been documented by Abu (2024).

Ownership Monitoring Mechanisms and Financial Resilience

The result indicates that ownership monitoring mechanisms have a positive but statistically insignificant relationship with financial resilience, with a coefficient of 0.358 and $p = .511$. This implies that ownership monitoring does not significantly affect financial resilience among the listed consumer goods firms in Nigeria for the period under review. Therefore, it does not support the a priori expectation of the study, which anticipated that stronger institutional, managerial, foreign and concentrated ownership monitoring would enhance financial resilience.

From an agency theory perspective, the insignificant result provides failed to support the theory. This supports the findings of Salihu et al. (2024), Fashola (2024) and Olugbenga et al. (2025). However, contrary evidence is particularly relevant to the finding by Olanisebe et al. (2025), and Chukwuemeka (2024).

5. Conclusion and Recommendations

This study examined the effect of corporate governance compliance, represented by board effectiveness, audit effectiveness, and ownership monitoring mechanisms, on the financial resilience of listed consumer goods firms in Nigeria over the period 2010–2025. Based on the empirical findings, the study concludes that board effectiveness has a positive and statistically significant effect on the financial resilience of listed consumer goods firms in Nigeria.

Audit effectiveness has a positive and statistically significant effect on the financial resilience of listed consumer goods firms in Nigeria. Ownership monitoring mechanisms have a positive but statistically insignificant effect on the financial resilience of listed consumer goods firms in Nigeria.

Based on the findings and conclusions of the study, the study recommends that listed consumer goods firms should strengthen board effectiveness by ensuring appropriate board composition, adequate independence, gender diversity, regular board evaluation, effective meeting participation, and continuous training of directors.

Listed consumer goods firms should enhance audit effectiveness by ensuring that audit committees comprise financially knowledgeable and independent members who actively monitor internal controls, financial reporting, risk management, and internal audit activities. Regulators and listed consumer goods firms should strengthen ownership-based

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

monitoring mechanisms by promoting active participation of institutional, foreign, managerial, and other substantial shareholders in corporate governance.

References

- Abu, S. E. (2024). Audit committee characteristics and firm financial performance of quoted industrial goods firms in Nigeria. *International Journal of Financial, Accounting and Management*, 5(4), 445–458. <https://doi.org/10.35912/ijfam.v5i4.1718>
- Adamu, J., & Ugwudioha, O. (2025). Effects of audit committee characteristics on the financial performance of listed industrial goods firms in Nigeria. *African Journal of Accounting and Financial Research*, 8(1), 153–167. <https://doi.org/10.52589/AJAFR-JOBVL9R7>
- Akinleye, G. T., & Olaniyi, A. (2023). Ownership structure and financial performance of listed consumable goods companies in Nigeria. *Acta Universitatis Danubius. Economica*, 19(4), 163–175. <https://dj.univ-danubius.ro/index.php/AUDOE/article/view/2347>
- Beck, N., & Katz, J. N. (1995). What to do (and not to do) with time-series cross-section data. *American Political Science Review*, 89(3), 634–647. <https://doi.org/10.2307/2082979>
- Berle, A. A., & Means, G. C. (1932). *The modern corporation and private property*. Macmillan.
- Chukwuemeka, O. D. (2024). Ownership structure and financial performance of listed commercial banks in Nigeria. *World Journal of Finance and Investment Research*, 8(3), 55–74. <https://doi.org/10.56201/wjfir.v8.no3.2024.pg55.74>
- Daadmehr, E. (2024). Workplace sustainability or financial resilience? Composite-financial resilience index. *Risk Management*, 26, Article 7. <https://doi.org/10.1057/s41283-023-00139-9>
- Fashola, E. (2024). Ownership structure and financial performance of listed firms in Nigeria [Master's thesis, Michael Okpara University of Agriculture]. Michael Okpara University of Agriculture Repository.
- Gujarati, D. N., & Porter, D. C. (2009). *Basic econometrics* (5th ed.). McGraw-Hill/Irwin.
- Ibrahim, M., Arabi, A. J., & Gurama, Z. (2024). Corporate attributes, audit committee and financial reporting quality of listed non-financial firms in Nigeria. *SN Business & Economics*, 4, Article 125. <https://doi.org/10.1007/s43546-024-00719-1>
- Ilo, V. U., Uwaleke, U., & Achema, F. (2025). Board structure and financial performance of listed consumer goods firms in Nigeria. *International Journal of Research and Innovation in Social Science*, 9(4), 5855–5869. <https://doi.org/10.47772/IJRISS.2025.90400417>
- International Monetary Fund. (2025). *World economic outlook update, July 2025: Global economy: Tenuous resilience amid persistent uncertainty*. IMF.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)

CORPORATE GOVERNANCE COMPLIANCE AND FINANCIAL RESILIENCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

- Jolliffe, I. T., & Cadima, J. (2016). Principal component analysis: A review and recent developments. *Philosophical Transactions of the Royal Society A: Mathematical, Physical and Engineering Sciences*, 374(2065), Article 20150202. <https://doi.org/10.1098/rsta.2015.0202>
- Nwude, E. C., Zakirai, M. S., & Nwude, C. A. (2023). Ownership structure and bank performance in emerging market economy: Evidence from Nigerian listed deposit money banks. *SAGE Open*, 13(4). <https://doi.org/10.1177/21582440231219382>
- Odum, A. N., & Umejiaku, I. V. (2023). Ownership structure and financial performance of selected quoted consumer goods firms in Nigeria. *Journal of Global Accounting*, 9(4), 39–58. <https://journals.unizik.edu.ng/joga/article/view/2898>
- Oji, H. (2024, May 6). FMCG enters 2024 with FX crisis as four firms lose N300b in Q1. *The Guardian Nigeria*. The Guardian article
- Olanisebe, M. B., Bawa, K. N., & Tanko, A. A. (2025). The impact of ownership structure on financial performance of listed consumer goods firms in Nigeria. *Journal of Global Accounting*.
- Olugbenga, F. P., Ekwe, M. C., & Nwobu, O. A. (2025). Moderating effect of foreign exchange on the relationship between heterogeneous ownership structure and financial performance of listed industrial goods firms in Nigeria. *International Review of Management and Marketing*, 15(6), 32–39. <https://doi.org/10.32479/irmm.20415>
- Onmonya, L. O., Ebire, K., & Lawal, K. (2024). Corporate governance and financial performance of oil and gas firms: The Nigerian experience. *Asian Business Research Journal*, 9, 1–6. <https://doi.org/10.55220/25766759.148>
- Salihu, S., Barde, B. E., & Adamu, A. (2024). Effect of ownership structure on performance of quoted financial firms in Nigeria. *FUDMA Journal of Accounting and Finance Research*, 2(3), 49–62. <https://doi.org/10.33003/fujafr-2024.v2i3.119.49-62>
- Shittu, I., & Che-Ahmad, A. (2024). Corporate governance and equity value: Empirical evidence from Nigerian firms. *Corporate Governance: The International Journal of Business in Society*, 24(2), 462–484. <https://doi.org/10.1108/CG-12-2020-0>
- Shuaibu, K., Suleiman, S., & Ndogu, M. G. (2024). Audit committee attributes and financial performance of listed consumer goods companies in Nigeria Exchange Group. *Journal of Accounting, Finance and Administrative Research*, 1(2), 26–39.
- Wooldridge, J. M. (2020). Introductory econometrics: A modern approach (7th ed.). Cengage.
- World Bank. (2025). Africa's pulse, April 2025: Economic growth accelerates amid an uncertain global environment. World Bank.
- World Bank. (2026). Nigeria development update. World Bank.