



CORPORATE GOVERNANCE AND PERFORMANCE IN THE HONEYWELL FLOUR MILLS PLC, LAGOS, NIGERIA

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Abstract

Corporate governance is becoming increasingly important in organisations as a means of improving performance. While poor corporate governance has resulted in woeful performance of different corporations globally. This study therefore examined the impact of corporate governance on the organisational performance in the Honeywell Flour Mills Plc, Apapa, Lagos, Nigeria. This was with the aim of ascertaining the impact of board composition on the performance of organization; and to find out the impact of auditors' independence on the performance of the workplace. The sample size of the study was Three Hundred and Thirteen (313), as a structured questionnaire was used as the instrument of data collection, while random sampling technique was adopted for the research. The utilized descriptive statistics comprised simple percentages and tables, while the employed inferential statistics was regression. The findings of the study indicated a significant impact of board's composition on the performance of Honeywell Flour Mills Plc, Apapa; the findings also showed a significant impact of auditors' independence on the performance of the organisation. The study concluded that there was a significant and positive impact of corporate governance on the organisational performance in Honeywell Flour Mills Plc, Apapa, Lagos, Nigeria. The study therefore recommended adequate and manageable board size, well - adjusted board's composition for the establishment, while auditors' independence should equally be ensured. This is for the organisation to witness expedited decision – making and operational proficiency, appropriate and well - adjusted board's composition, effective and superlative work performance.

Keywords: Audit Committee, Board Characteristics, Board Composition, Nigeria, Organisational Performance

Introduction

In today's global business and competitive world of work, the success of every national economy is dependent on the critical role of enterprises' competitiveness, transparency, and governance structure inside its territory (Nyarko et al., 2017). This is due to the fact that firms are the entities that drive and produce economic value (Balta, 2008). So, the requirement for transparency and trust in corporate governance has been a major concern for standard setters all over the world as corporate governance has turned a critical focus at work due to its significant contribution to the country's economic growth and development. However, the current failures of some organisations, as

well as their poor corporate governance practices have continued to be the primary impediment to investment given that these have impacted negatively on a number of individuals : shareholders who observed sharp reduction in their financial investment, workers who have been relieved of their jobs and, most often, the security of the workplace's pension, which has equally evaporated overnight, failed supplies of goods and services to organisations, and undesirable economic impact on local and international co-operation (Mallin, 2004). Hence, financial scandals and bankruptcies have exposed the ineffectiveness of some top management members oversight, with disastrous consequences for stakeholders



(Lavelle, 2002). As a result, investors and politicians are becoming more aware of the importance of tightening governance mechanisms.

In relations to Okoye et al. (2020), corporate governance is generally referred to as the execution of administrative tasks in corporate entities with a view to increase shareholders' value and without sacrificing the reasonable expectations of other stakeholders, thereby fostering firm sustainability. This is a system that is meant to professionally direct the workplace based on sound principles so as to shield the workplace from future financial difficulties. However, given the concerns stated about corporate accountability and financial reports, corporate governance has become a topic of increasing interest in recent years. The pressure comes from a variety of places, including authorities and shareholder activists. Cadbury, 1992 in the United Kingdom, was the catalyst for regulatory reform, which was followed by Greenbury, 1995; Hampel, 1998; Combined Code, 1998; Turnbull, 1999; Higgs, 2003, Smith, 2003; the revised Combined Code, 2003; Corporate Governance. These codes place an emphasis on formal board structure and board characteristics such as board size, the number of independents, executives, and non-executives, the separation of roles between CEO and Chairman, and the formation of board committees for publicly traded establishments. Therefore, the creation and implementation of corporate governance codes is an effort to ensure protection for institutional investors, rebuilding their trust, and as well offering them the authority to exercise their control and influence on the organisation in which they have invested by reducing the risk of potential collapses and making sure that the workplaces are run well and efficiently.

The issue of corporate governance (CG) acquired prominence in Nigeria in the post - Structural Adjustment Programme (SAP- a government introduced economic scheme)'s time during which listed companies

recorded great level of advancement. However, due to poor corporate culture of these organisations, the country witnessed a high rate of corporate failure since some of the lapses in the operations of some of these workplaces were occasioned by scams and financial scandals, weak internal control systems and poor management. Furthermore, technical mismanagement in the Nigerian corporate industry comprised lack of adequate policies, sub-standard procedures, mismatching of assets and liabilities, poor lending, poor and lack of strategic planning together with weak and ineffective internal control systems (Babatunde & Olaniran, 2009; Ebhodaghe, 2014). So, to re - establish public trust and respond to the necessity for international CG practices in Nigeria, the Securities and Exchange Commission (SEC) together with Corporate Affairs Commission (CAC) came into an alignment as far as CG was concerned with international CG best practices; and outlined the code of best practices in 2003 for firms listed on the Nigerian Stock Exchange. So, in an attempt to address CG failures in the country, the Central Bank of Nigeria issued a similar code in 2006 (CBN, 2006) and an updated Code of CG (SEC/CAC, 2011).

In the face of stringent regulatory structure, corporate governance remains dwindling in Nigeria as a number of organisations have been characterized by scandals where high ranking personnel have functioned in bad faith or operated illegally towards management of these organisations. As maintained by Anya (2003), the non - existence of transparency to hide the way and manner in which economic activities were carried out added to the high rate of financial misconducts in the financial industry in the country. Also, the economic fraud recorded in the Nigerian manufacturing sector, particularly in Cadbury Nigeria Plc in the year 2007 has lessened the investors' confidence in the Nigerian capital market as well as the effectiveness of current CG practices in facilitating transparency and accountability

given that the recorded fraud was not unconnected to corruption and illegal practices by management of the concerned organisations. Undeniably, these challenges are considered worrisome as much is still needed to be done with a view to sort out this mess or else there is high tendency for the country to witness more corporate malfunctions and failures., hence this study.

The general objective of the study was to examine the impact of corporate governance on the organisational performance in the Honeywell Flour Mills Plc, Apapa, Lagos, Nigeria, while the specific objectives were to: (i) ascertain the impact of board composition on the performance of Honeywell Flour Mills Plc, Apapa; (ii) find out the impact of auditors' independence on the performance of the study organisation.

Hypotheses of the Study

In an effort to achieve the indicated research objectives, the following hypotheses were formulated in null form:

Ho₁: There is no significant impact of board composition on the performance of Honeywell Flour Mills Plc, Apapa; and

Ho₂: There is no significant impact of auditors' independence on the performance of the study organization.

Literature Review

Concept of Corporate Governance

According to Delima and Ragel (3018), corporate governance is an extensive concept which has been described differently by different authors based on their varying perspectives. This is also due to the fact that it is a field that is drawing unlimited attention in the world of work as a result of its significance to the business' destiny (Thanh & Van, 2022). The concept in accordance to Anthony and Makori (2016), started being mentioned and used more generally in the 1980s, though originated in the nineteenth century when

integration was being encouraged as a means of restraining liability. Thus making the concept to acquire a centre stage in business and management (Kishinchand et al. 2021).

Zahroh and Hamidah (2017) therefore considered corporate governance as a process of directing, organizing, and controlling an organisation. To Cadbury (1992), the term is a system by which organisation are directed and controlled. This was supported by OECD (1999) which asserted that the system stipulates the sharing of rights and responsibilities among various members of the corporation which may include managers, the board, shareholders and other stakeholders, while spelling out the regulations and procedures for decision – making on corporate affairs. In the view of Mbu-Ogar et al. (2017), corporate governance represents systems, structures, mechanisms and framework through which workplaces are controlled and directed by people who are saddled with duties in shareholders and other stakeholders' interests. Furthermore, Obamiro, Tijani and Ojo (2019) described corporate governance as the something that symbolizes the system of controls, policies, processes, rules in addition to proceedings that are set up by the Board and Management of an organisation so as to ensure the smooth running of such organisation, while equally maximizing shareholders' wealth and satisfying all stakeholders' interests. In the same vain, Zahra (2021) defined the concept as the process of entrenching the structure and practices of a place of work in the laws, norms, and values that facilitate and guarantee commitment to the good service of its long-term purposes.

Nevertheless, as opined by Heenetigala (2011), corporate governance is commonly categorized into two which are: value creation and value protection. Value creation specifies the development of the long term goals for sustainable performance through setting of focus on the organisation's shareholders. Value



protection based on the managers' accountability and protection of both shareholders and stakeholders' interests (Rezaee, 2009). Hermalin (2005), and Lee (2008) then pointed that the concept of corporate governance is in between all different aspects and management of organisational resources justly, while with reference to the interests of every stakeholder.

Nature of Corporate Governance

Corporate governance refers a set of customs, processes, laws, policies, affecting the manner in which an establishment is heading to, controlled and administered (Babatunde & Olaniran, 2009). It is therefore worthy realizing that though corporate governance has been differently defined by a number of authors, the fundamentals of this concept indicate two issues, that is, those internal and external to the place of work.

The internal corporate governance entails giving priority to the concerns of the owners and making ensure that the board of directors checks on top management, acting as a liaison between management and the owners. External corporate governance investigates and controls executive actions through external policies that affect other stakeholders. According to the Cadbury report (1992), corporate governance is bothered with the maximization of shareholders' wealth and the efficient utilization of organisation's assets. The characteristics of corporate governance are statutory requirements that protect outside shareholders from expropriation by administrators, insiders, or managing shareholders. Where such mechanisms do not exist, outside investors face difficulties in monitoring, while administrators or managers may misappropriate the organisational assets at the expense of small shareholders, affecting firm's long-run performance. So, corporate governance is primarily concerned with fostering trust, guaranteeing accountability and transparency, and sustaining an operational

channel of information disclosure that links the gap between information available to directors and information presented to stakeholders, thereby assisting in the resolution of the agency problem and fostering good firm performance (Mbu-Ogar et al. 2017).

Corporate Governance Mechanisms

Corporate governance mechanisms refer the procedures that organisations use to ensure solutions to the corporate governance challenges. Nonetheless, the employment of these mechanisms hinge on the corporate governance system (Khaled, 2014). Fan et al. (2002) maintained that these mechanisms are separated into two distinct parts: internal and external mechanisms. External corporate governance mechanisms therefore represent the elements in which the actors are external to the direct management or administration of the place of work, whereas internal governance mechanisms denote the structural components that serve in mitigating the principal-agent challenge. So, the board of directors and the audit committee are thought-out to be internal governance mechanisms and thus add in some variables such as: size of board; board composition, audit committee's independence and board leadership structure. These mechanisms are considered internal governance mechanisms due to the fact that their usage is exclusively reliant on internal decision-makers (Zuva & Zuva, 2018). So, the key objective of corporate governance mechanisms, boards of directors in particular is to ensure proper monitoring of management processes and operations (Gillan, 2006).

Leadership Structure

According to Dedman and Lin (2002), the splitting up of roles of both Chief Executive Officer and the Chairman of the organisation is critical in resolving concerns of corporate governance standards in a workplace. This is due to the fact that an organisation's business is better managed under the supervision and direction of a board of directors which delegated day-to-

day administration of the organisation's activities to the CEO and other management employees (Yasser et al. 2011).

Board Size

With the regards to corporate governance, the structure and size of the board are critical factors to be put into cognizance as the board size is not expected to be extremely large that it would costs huge financial drain which would be higher than the agency cost. Neither should the board be too small that it would result into the weak or biased decisions (Muhammad, 2018). So, the board of directors' two most significant tasks are advising and monitoring (Raheja, 2005; Adams & Ferriera, 2007). As a result, the board of directors has been regarded as an essential corporate governance instrument for harmonizing the interests of managers and other stakeholders in a company (Sanda, et al., 2011).

However, the board has two key roles: it should regulate the business's operations and the CEO's actions, and it should boost the firm's image and maintain a good relationship between stakeholders and firm management to foster organisational culture. The conventional belief is that organisations with a big board of directors are more likely to have real supervision which can boost its performance. Anderson, Mansib, and Reeb (2004); Williams et al. (2005) suggested that a large board is more likely to have specialized talents needed for efficient performance improvement.

Board Composition

Consistent with Haniffa and Cooke (2002); Bhagat and Bolton (2008), Sarkar, (2022), the board of directors plays a significant role in corporate governance's standards given that it is in charge of planning and overseeing the organisation so as to ensure the prompt achievement of its objectives. Thus, a successful board of directors with the right composition is critical to assisting the board in achieving its goal and guaranteeing the workplace's accomplishment (Al-Matari et al. 2012). Also, the board's composition has a direct

impact on the organisation's operations (Klein, 1998). In general, board composition refers to the proportion of within and outside directors on the board as this comprises executive and non-executive directors.

Board Independence

In line with Nyarko et al. (2017), a board is perceived to be more independent, if it includes more non-executive directors. According to the agency theory, the board of directors can successfully supervise if it is independent of management, as Christensen et al. (2010) argued. Outside directors, it is suggested, have incentives to exercise decisional control in order to safeguard their reputation. Martin and Marcel (2020) therefore suggested that where non-executive directors are present on the board, financial statement fraud is not likely to take place.

Audit Committee Independence

The audit committee is a subcommittee of the organisation's board of directors. It is an excellent corporate governance method for improving the workplace's financial information's authenticity and integrity, as well as public confidence in the financial statements. The Cadbury committee proposed that one of the committees with oversight responsibilities over management in the compilation of financial statements be the audit committee. To ensure the audit committee's independence, it must be made up entirely of non-executive directors and must have at least three members as the formation of an audit committee would undoubtedly improve the firm's performance (Davidson et al. 2005).

Corporate governance experts and regulators regard the audit committee as the body at the heart of the corporate reporting process given that the audit committee's responsibilities include checking the integrity of the company's financial statements and examining internal control systems. That is, to ensure that the corporation's financial reports fulfill the standards set by the Corporate Governance Council. This also



assures entity compliance, such as statutory disclosures, thus helping to improve internal control for effective monitoring and information dissemination of the place of work (Davidson et al., 2005).

Concept of Organisational Performance

Organisational performance as a concept is a key feature that has been used in all areas of business study as it is difficult to establish a common definition and assessment on it for the reason that its border is constantly increasing (Ogunlade, 2019). So, the concept has been defined dissimilarly by different individuals. For instance, Derek (1998) defines performance as an individual's willingness to carry out an organisation's objectives. Also, Eruemegbe (2015) referred the concept as the judicious use of resources to avoid waste. In the like manner, Ong and Teh (2009). observe that organisational performance is the ability of a group of individuals to fulfill specified goals, meaning the ability of an organisation to utilize its resources well and provide outputs that are compatible with its goals and objectives, as well as relevant to its clients and stakeholders. That is, the organisation's actual outputs or achievements as measured against its goals, objectives, and intended outputs.

However, financial indicators such as return on equity, return on sales, and return on assets were employed by the authors to measure the organisational performance, there are no financial measures for shareholder' satisfaction, employee pleasure, or customer satisfaction. On analyzing organisational performance, Nancy and Mine (2004) claimed that most organisations measure their performance in terms of the accomplishment of their mission, purpose, or goals. That is, a critical marker of the organisation, reflecting how well activities in a process or the outputs of a process could achieve a specified purpose.

Furthermore, organisational performance, according to Jones and George (2003), is a measure of how efficiently and successfully managers are able to make use of available

resources in satisfying consumers and as well achieving the organisational goals as increases in efficiency and effectiveness have an indirect effect on this concept. Efficiency is a measure of how effectively or economically resources are utilized to realize a goal. Thus, effectiveness refers a measure of the appropriateness of the goals that managers have chosen for their businesses to pursue, as well as the degree to which those goals are met.

Theoretical Framework

As said by Sajid (2015), the prevalence of a conflict of interest between managers and shareholders has drawn scholars' (such as Eisenhardt (1989), Donaldson (1990), Donaldson and Davis (1991), Davis et al. (1997), and others) attention to good corporate governance. Thus prompting them to create what have turn out to be the predominant views on corporate governance so as to recommend diverse perspectives, proffer solutions to these conflicts and to lessen agency problems among stakeholders, while increasing the organisational value. The agency theory, resource dependence theory, stewardship theory, stakeholder theory, and transaction cost theory are all examples of these theories (Jebreel, 2019)., though resource dependence theory on which the study was anchored was briefly addressed below for a better knowledge of corporate governance, which is necessary for developing an academic framework for this research.

Resource Dependence Theory

In nowadays operating climate, there exist a number of organisations vying for too limited resources, therefore resource co-opting is a critical approach for ensuring that an organisation overcomes this difficulty (Anthony & Makori, 2016). The goal of resource dependency theory is to solve the enigma of resource uncertainty by guaranteeing that a corporation has external links with outside resources. It was maintained further that the directors' responsibility is to embrace resources that are critical in ensuring that the firm survives

the tumultuous and uncertain business climate (Ranson & Pfano, 2022).

In keeping with Anthony and Makori (2016), factors such as resource scarcity, importance, and the amount to which resources are concentrated appear to amplify the urge for dependency. He goes on to say that the environmental link is significant since it lowers the transaction costs associated with environmental interdependence. Directors, according to the theory, seek knowledge, skills, essential constituents (suppliers, purchasers, public policy decision makers, social groupings), and legitimacy to lessen uncertainty. However, this theory is relevant to this study since it focuses on board cohesion in achieving major objectives and fulfilling its responsibility to employees and stakeholders.

Empirical Studies

Adebayo et al. (2014) explored the relationship between corporate governance and the performance of organisations with the adoption of quantitative methodological framework, while using primary source of data collection. The gathered data were analyzed with the use of both regression analysis and Karl Pearson's correlation techniques. The results showed that board size, board skill, management skill, size of

audit committee, audit committee independence, foreign ownership, institutional ownership, dividend policy and annual general meeting are positively related to the performance of organisations.

Mbu-Ogar et al. (2017) as well examined the impact of corporate governance on the organisational performance in the Nigerian manufacturing industry with the use of secondary data. The study employed ordinary least square regression technique for the analysis of gathered data. The findings of the study then indicated that corporate governance mechanisms such as board size, board composition, and audit committee size have significant effect on the employed return on capital.

Similarly, in the study undertaken by Nyarko et al. (2017) titled investigation of the relationship between corporate governance and performance of banks in Ghana, both primary and secondary data sources were utilized, while panel data methodology was employed. The findings therefore established positive link between large board size, long serving chief Executive Officers (CEOs), audit committee independence, size of audit committee, institutional ownership, foreign ownership, annual general meeting, dividend policy and financial performance of Ghanaian banks.

Conceptual Framework

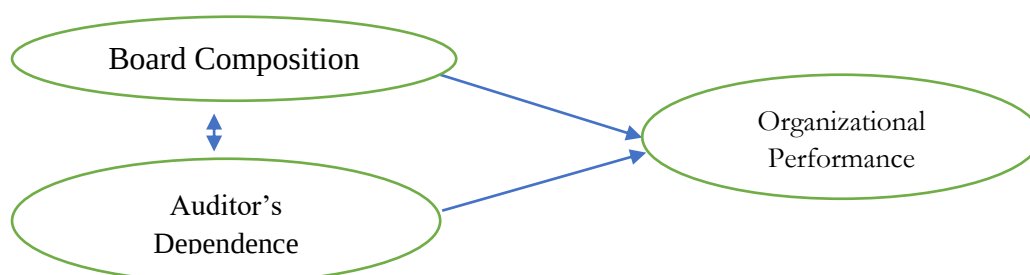


Figure1. Relationship Between the Corporate Governance and Organisational Performance
Source: Researcher's Formulation, 2023

Methodology

Research Design

This study was conducted using survey method. This was occasioned by the fact that the research is a quantitative in nature as Willis (2010) maintained that quantitative



research entails soliciting participants' opinions in a structured manner so that facts and statistics can be generated to answer the research questions.

Population and Sample Size of the Study

The population of the study consisted of the entire employees of the Honeywell Flour Mill, Apapa, Lagos, Nigeria. This involved both men and women, as well as staff members with different levels of experience, totaled One Thousand, Three Hundred and Ninety - Two (1,392) as the figure was created using gathered information elicited during the research process, while Taro Yamane's formula was used to determine the study's sample size, which was Three Hundred and Thirteen (313) workers of the organisation.

Used Instrument for Data Collection

The instrument used to collect the data for this study was a self-designed and structured questionnaire. There were two parts to this (Section A and Section B). "Personal Data of Respondents" was appended to Section A, which included demographic information such as age, marital status, sex, educational qualification, and so on. Part One, Part Two, and Part Three were the three (3) sub-sections that made up Section B. Part one consisted of questions aimed at gathering data on board composition and organisational performance; part two was made up of questions designed at gathering

data on board independence and organisational performance; and part three was made up of questions targeted at getting data on auditors' independence and organisational performance. To gather the necessary data for the study, four Likert rating scale formats were used.

Method of Data Analysis

The study employed both descriptive and inferential statistics. Descriptive statistics included frequency tables and simple percentages, whereas regression analysis was used for inferential statistics. The simple percentage and tables were intended to elaborate on the demographic characteristics of the respondents, whereas regression was intended to test the study's hypotheses.

Results and Discussion

This section deals with data analysis, interpretation and discussion of findings of the study. It involves the descriptive analysis of the socio-demographic characteristics of the respondents, major questions used in the analysis and other employed research tools to accomplish the stated hypotheses and objectives such as regression. Out of three hundred and thirteen (313) copies of questionnaire administered to the respondents, it was only two hundred and seventy-two (272) copies that were retrieved and found useful for this analysis, which is amounted to 87% response rate.

Table 1: Social - Demographic Characteristics of the Respondents

What is your gender		
Constructs	Frequency	Percent
Male	178	65.4
Female	94	34.6
Total	272	100.0
Age of the respondents		
<30 years	66	24.3
30 - 39 years	143	52.6
40-49years	52	19.1
50 >	11	4.0
Total	272	100.0
What is your marital status		



Singe	89	32.7
Married	140	50.3
Others	43	15.8
Total	272	100
Educational Level		
HND/BSc	34	12.5
Postgraduate or equivalent	119	43.8
Master or equivalent	96	35.3
PhD or equivalent	23	8.5
Total	272	100
Length in service		
<5 years	151	55.5
5-9 years	99	36.4
10 year and above	22	8.1
Total	272	100.0

Source: Field Survey, 2023

Table 1 shows the socio-demographic characteristics of the respondents. The table shows that out of two hundred and seventy-two (272) respondents, 65.4% of the respondents were males, and 34.6% of the respondents were females. Similarly, the age distribution of the respondents revealed that 24.3% of the respondents were within the age range of <30 years, 52.6% of them were within the age range of 30-39 years, 19.1% of the respondents were within the age range of 40-49 years, and 4% of the respondents were within the range of 50years and above. The distribution of respondents by the marital status showed that 32.7% of the respondents were single,

50.3% of the respondents were married, and 15.8% of the respondents were separated/divorced/widowed. Table 1 further shows the work experience of the respondents, 55.5% of the respondents have been working for 0-5 years, 36.4% have been working for 6-9 years, 8.1% has been working for more than 10 years. The implication of this is that employees of Honeywell Flour Mills Plc have acquired a considerable level of work experience, which might have made them to be highly knowledgeable on their frequently assigned tasks, thus make them to always perform well at work.



Test of the Study's Hypotheses

Hypothesis 1: There is no significant impact of board composition on the performance of Honeywell Flour Mills Plc

Table 2: Analysis of the Interaction Between Board Composition and the Performance						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		Durbin-Watson
1	.856 ^a	.734	.733	.435		1.375
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	205.471	1	205.471	1087.662	.000 ^b
	Residual	74.620	395	.189		
	Total	280.091	396			
a. Dependent Variable: organisational performance						
b. Predictors: (Constant), board composition						

Source: Authors' Computation, 2023

Table 2 presents the model summary of the regression analysis of board composition and the performance with (R) value of .856. This indicates positive interaction between board composition and the performance of Honeywell Flour Mills Plc. This magnitude of the interaction is also statistically significant at 5% level of significance. The R Square value of 0.734 means that, board composition accounts for about 73% of the performance of Honeywell Flour Mills Plc. While the remaining 27% variation could be caused by other factors or variables which are not included in this model, but were captured under stochastic error term.

Durbin Watson statistics result fell close to two that is, (1.375). This is an evidence that there is no presence of auto - correlation in the model. This same table 2 also revealed the overall significance, as this model is F (1,396), 1087.662, P-value or sig value > 0.05 (Sig .000). This indicates strong evidence against the null hypothesis, as there is less than 5% probability that null hypothesis is rejected., so, F – statistics indicates that the overall regression model is highly statistically significant in terms of its goodness of fit since the value of F_{tab} (1,396) > F_{cal} (1087.662).

Table 3: Contribution of Each Predictor Variable on Organisational Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.982	.096		10.277	.000	.794	1.169
	Board composition	.773	.023	.856	32.980	.000	.727	.820
a. Dependent Variable: organisational performance								

Source: Authors' Computation, 2023

Table 3 indicates the regression coefficients of the contribution of each independent variable to criterion variable. The results show that standardized beta coefficient 0.856. This means that board composition has significant role on the performance of Honeywell Flour Mills Plc, when the variance explained by all other variables in the model. So, 1% increase in the magnitude of board composition led to 86%

increase in the performance of Honeywell Flour Mills Plc. The result is statistically significant to the customer's satisfaction. From the results obtained from table 6, the p-value been calculated for 0.000 is lesser than 5%, 0.05 critical value. Hence the null hypothesis was rejected. The study therefore concluded that board composition has a significant impact on the performance of Honeywell Flour Mills Plc.

Hypothesis 2: There is no significant impact of auditors' independence on the performance of Honeywell Flour Mills Plc

Table 4: Analysis of the Interaction between Auditors' Independence and the Performance						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.600 ^a	.359	.358	.658	2.239	
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	95.970	1	95.970	221.656	.000 ^b
	Residual	171.022	395	.433		
	Total	266.992	396			
a. Dependent Variable: organisational performance						
b. Predictors: (Constant), auditor independence						

Source: Authors' Computation, 2023

Also, the Table 4 shows the model summary of the regression analysis of interaction between auditors' independence and the performance with (R) value of .600. This indicates positive interaction between auditors' independence and the performance of Honeywell Flour Mills Plc. This magnitude of the interaction is also statistically significant at 5% level of significance. The R Square value of 0.359 means that, auditor' independence accounts for about 36% of auditors' independence and the performance of Honeywell Flour Mills Plc. While the remaining 64% variations are caused by other factors or variables which are not included in this

model, but was captured under stochastic error term. Therefore, the Durbin Watson statistics result falls close to two, that is, (2.239). This is an evidence that there is no presence of auto - correlation in the model. The table 4 similarly revealed the overall significance as this model is F (1,396), 221.656, P-value or sig value > 0.05 (Sig .000). This indicates strong evidence against the null hypothesis, as there is less than 5% probability that null hypothesis is rejected. F – statistical indicates that the overall regression model is highly statistically significant in terms of its goodness of fit since the value of $F_{\text{tab}} (1,396) > F_{\text{cal}} (221.656)$.

Table 5: Contribution of Each Predictor Variable on organisational performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.734	.159		10.906	.000	1.422	2.047
	Auditor's independence	.571	.038	.600	14.888	.000	.496	.647

a. Dependent Variable: organisational performance

Source: Authors' Computation, 2023

Likewise, Table 5 illustrates the regression coefficients of the contribution of each independent variable to criterion variable. The results then established standardized beta coefficient 0.600. This means that auditor's independence has a significant impact on the performance of Honeywell Flour Mills Plc, Apapa when the variance explained by all other variables in the model is controlled. So, 1% increase leads to 60% increase in the rate the performance. The result is statistically significant to the level of the performance of Honeywell Flour Mills Plc. So, with the results obtained from table 8, the p-value calculated for 0.000 is lesser than 5%, 0.05 critical value. Hence, the null hypothesis was rejected. The study therefore concluded that, auditors' independence has a significant impact on the performance of Honeywell Flour Mills Plc.

Discussion of Findings

The findings in hypothesis one revealed that the regression analysis of board's composition and organisational performance with (R) value of .856. This indicates positive interaction between board's composition and the performance of Honeywell Flour Mills Plc. The R Square value of 0.734 means that, board's composition accounts for about 73% of the performance of Honeywell Flour Mills Plc. While the remaining 27% variations might be caused by other factors or variables which were not included in this model, but were captured under the stochastic error

term. So, the Durbin Watson statistics result falls close to two, that is, (1.375). This is an evidence that there is no presence of auto - correlation in the model. So, with the overall significance, this model is F (1,396), 1087.662, P-value or sig value > 0.05 (Sig .000).

However, this indicates strong evidence against the null hypothesis, as there is less than 5% probability that null hypothesis was rejected. F – statistical indicates that the overall regression model is highly and statistically significant in terms of its goodness of fit given that the value of $F_{tab} (1,396) > F_{cal} (1087.662)$. This means that board's composition has significant role on the performance of Honeywell Flour Mills Plc, when the variance explained by all other variables in the model is controlled. While the 1% increase in the magnitude of board's composition leads to 86% increase in the performance of Honeywell Flour Mills Plc. From the result obtained, the study therefore found out that board's composition has a significant impact on the performance of Honeywell Flour Mills Plc. This result is in line with the finding of the study conducted by Mbu-Ogar, Effiong and Abang (2017) which indicated that corporate governance mechanisms such as board's composition, and others have significant effect on the employed returns on capital.

Similarly, the hypothesis two indicates that the R Square value of 0.359 means that, auditor' independence accounts for about

36% of auditors' independence and the performance of Honeywell Flour Mills Plc. While the remaining 64% variations might be occasioned by other factors or variables which are not included in this model, but were captured under stochastic error term. Durbin Watson statistics result falls close to two, that is, (2.239)., meanwhile, the overall significance of this model is $F(1,396)$, 221.656, P-value or sig value > 0.05 (Sig .000). This indicates strong evidence against the null hypothesis, as there is less than 5% probability that null hypothesis was rejected. Therefore, the F – statistics indicates that the overall regression model is highly and statistically significant in terms of its goodness of fit since the value of $F_{\text{tab}}(1,396) > F_{\text{cal}}(221.656)$. This therefore means that auditor's independence has a significant impact on the performance of Honeywell Flour Mills Plc, when the variance explained by all other variables in the model is controlled and 1% increase leads to 60% increase in the rate of performance. So, from the findings, it was established that auditors' independence has a significant impact on the performance of Honeywell Flour Mills Plc. This finding was therefore observed to corroborate the result of the study undertaken by Nyarko, Kong and Naiping (2017) which proved a positive link between some mechanisms of corporate governance such as audit committee independence and financial performance of Ghanaian banks.

Conclusion

Following the findings of this study, it could be inferred that the adoption of good corporate governance practices does not only enhance transparency of the organisation's operations, but it also ensures its accountability and heightens its profitability. This equally assists in protecting the shareholders' interest through the alignment of this interest with that of the managers as the current global occurrence of corporate failures have signaled the consciousness for the acceptance of good corporate governance

for sustained workplace's value. Nevertheless, it could be concluded that there was significant and positive impact of corporate governance on the organisational performance in the Honeywell Flour Mills Plc, Apapa, Lagos, Nigeria

Recommendations

Resulting from the findings of the study, it was therefore recommended that:

- i. the board size maintained by the regulatory bodies of Honeywell Flour Mills Plc, Apapa, Lagos, Nigeria should be sufficient enough and as well be manageable, meaning that this should neither be excessive nor be too small. This is with a view to expedite decision making along with operational proficiency;
- ii. the Management of the organisation should always ensure the adoption of an unbiased and well-adjusted board composition so as to guarantee appropriate direction of strategy and long-term enhancement of owners' value; and
- iii. The size of audit committee in the workplace should involve added shareholders' representatives than directors so as to maintain financial information exactness and dependability, while the independence of this committee should not be compromised. This is to ensure effective and superlative performance.

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