

THE RELATIONSHIP BETWEEN BOARD INDEPENDENCE AND FINANCIAL PERFORMANCE OF LISTED MANUFACTURING COMPANIES IN NIGERIA

Oyewale Israel Oludele
(Corresponding Author)

School of Business, Jomo kenyatta University of Agriculture and Technology

Oloko Magret A., PhD

School of Business, Jomo kenyatta University of Agriculture and Technology

Olweny Tobiah, PhD

School of Business, Jomo kenyatta University of Agriculture and Technology

ABSTRACT

The relationship between board independence and the financial performance of listed manufacturing companies in Nigeria was investigated in this study. The manufacturing sector in Nigeria consists of 74 companies from where 34 companies were purposively selected. The study used both primary and secondary data. Secondary data was extracted from the published financial statement of the selected companies while primary data was collected with the use of questionnaire from the 170 respondents drawn from the selected 34 companies. The result confirms that there is a significant positive linear relationship between board independence and financial performance of listed manufacturing companies in Nigeria. The study recommends that manufacturing companies and all other companies should have an all inclusive board of directors. The board that is all inclusive is effective in exercising its mandate which is likely to impact positively on the firm financial performance.

Keywords: Board Independence, Financial Performance, Manufacturing Companies, Return on Equity, Corporate Governance.