CORPORATE GOVERNANCE ATTRIBUTE AND EQUITABLE TREATMENT OF SHAREHOLDERS: EVIDENCE FROM NIGERIAN LISTED MANUFACTURING COMPANIES

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Abstract

The study empirically investigates the corporate governance attribute and equitable treatment of shareholders in Nigeria. The study employed a descriptive survey study design; it involves the use of a self-designed structured questionnaire. The study population for this research consists the senior and junior staff of the 15 randomly selected manufacturing companies in Nigeria, which consists of 613 staff and the sample figure was 300. The data collected were analyzed using frequency and percentage while spearman’s rank correlation was used to test the hypotheses with the aid of statistical package for social sciences (SPSS) software 20. The result shows that; effective governance, directors positive impact, dividend payment, effective work performed by the external auditors, healthy report on financial statement and annual general meetings were the indices towards the equitable treatment of shareholders in Nigeria and they are fundamental to the maintenance of public confidence. The study recommends that manufacturing companies in Nigeria should properly define corporate governance and its mechanism and implement them effectively in order to reach the company's long term goals, build stakeholder's confidence, and generate positive investment flow and equitable treatment of shareholders, Finally the following conclusions were made; Nigerian manufacturing companies have been characterized by corporate governance standards above other economies in West Africa, and that, for corporate governance to be effective in relation to equitable treatment of shareholders there should be uniformity in the disclosure of corporate governance practices made by manufacturing companies in Nigeria

Key words: shareholders, Board of directors, corporate governance, external auditors, audit Committee, Equitable treatment

A. Introduction

It is noted that just few studies have been undertaken on “Corporate Governance attribute” but not relating it to the “equitable treatment of shareholders” despite the fact that manufacturing Companies is an important player in Nigeria’s economy. Despite tight regulatory framework, Corporate Governance continues to weaken in Nigeria. Emmon &Schmid (1999) cited Shleifer & Vishny (1997) they postulated that corporate governance ensured investors in corporation received adequate return on their investment otherwise; outside investors would not lend to the firm or purchase their equity securities. Consequently, firm would be forced to rely on internally generated funds. They added that legal and political environment are critical influence on the nature of corporate governance and there by improve corporate performance in every country. Hence investor protection and stronger rule of law are related to corporate governance and sssorganization performance.

Mehar (2003) examine corporate governance and dividend policy .He noted that payment of dividend is extremely important and in some economies firms are even forced to pay dividend through external finance the estimated results reveal that corporate governance has significant relationship with dividend policy but negatively related with liquidity position of the firm.

(Kajola,2008) examined the nexus between corporate governance mechanisms and firm performance using panel method and ordinary least square as a method of estimation, his findings revealed evidence of positive significant relationship between corporate governance mechanism and measure of organization performance.

(Oladimeji 2007) cited in (McRitchie, 2001) viewed corporate governance as principle that focus on transparency, accountability, boards disclosure, investors involvement and related issues. He added that firms with stronger shareholder rights would have higher firm value, higher profits, higher sale growth, lower capital expenditure and few corporate acquisitions.
There are diverse opinions as to whether corporate governance really has a positive impact on the equitable treatment of the shareholders given the negative effect of corporate governance postulated by different researchers. For instance, Emmon & Schmid (1999) in their own study viewed that corporate governance will make outside investors not to be willing to lend to the firm again and this will affect the profitability position of the company and also the dividend of the shareholders. Also, Mehar (2003) viewed that corporate governance will make companies to apply all the surplus fund of the firm in payment of dividend and this will affect the liquidity position of the company and this will also have negative impact on the capital appreciation of the shareholders.

Given these opinions there is a great problem as to whether the corporate governance in its effort to ensure equitable treatment of the shareholders will not create another circumstance that will negatively affect the investment of the shareholders in manufacturing companies. It is on this basis this research work wants to look at corporate governance attribute and equitable treatment of shareholders in manufacturing companies.

**Objective of the study**

The broad objective of this study is to examine the corporate governance attribute and equitable treatment of the shareholder in Nigeria. This broad objective is broken down to specific objectives which are to:

(i) Investigate the influence of Directors on equitable treatment of shareholders in Manufacturing Companies in Nigeria.
(ii) Evaluate the relationship between the work performed by external auditors and equitable treatment of Shareholder in Manufacturing Companies in Nigeria.
(iii) Investigate how the roles performed by audit Committee affect equitable treatment of shareholders in Manufacturing Companies in Nigeria.

The rest of the paper is arranged thus: section 2 is concerned with the review of relevant literature while section 3 described the methodology of study. Findings and discussion of the study were provided in section 4 and section 5 concluded the study.

**Supporting Literature**

**Meaning and History of Corporate Governance**

Corporate governance is the system by which companies are directed and controlled. It encompasses the processes, customs, policies, laws and institutions affecting the way a company are directed, administered, and controlled. Corporate governance also focuses on the relationships among the various stakeholders associated with a corporation and the goals for which the corporate is set up. A central theme in corporate governance is “accountability” of certain individuals in an organization through mechanisms that attempt to reduce the principal-agent problem associated with business management. A good corporate governance system is reliant on factors such as:

A healthy board culture with safeguards policies and processes.
A strong internal control system
Existing legislation and external market place commitment
External auditor independent

The history of corporate governance dates back to early 1990s when in the UK efforts were made to investigate the reasons for the collapse of some public interest companies. Various committees were set up, starting with the peter Cadbury committee, which identified the reasons behind the failure of the affected companies and made recommendations to prevent further failure of public interest companies in the UK. The recommendations made by each of the committees gave rise to “the combine code on corporate governance”. Below is a summary of the recommendation of each of the committees:

**Cadbury report (1992):** emerge as the basis for the combined code on corporate governance. The major recommendations of the Cadbury committee were:
- Companies should be headed by a board of directors (BOD) for effective governance;
- There should be an audit committee independent of the board of directors;
- The independence of the external audit should be preserve.
Greenbury Report (1995): the greenbury committee complemented the effort of Cadbury committee. The report submitted by the Greenbury committee centered on directors compensation. The following were the major recommendations made by the committee:

- Directors should be entitled to remuneration;
- A remuneration committee should be set up by companies to take responsibilities for setting the remuneration levels for directors;
- Directors’ remuneration should be properly disclosed in the financial statements.

Hampel Report (1998): the hampel committee combines the recommendations of the Cadbury & greenbury committees and produced a report now known as the first combine code on corporate governance. The major recommendations made in the report include:

- The role or responsibility of the chairman of the board should be separated from the role of the chief executive officer or managing director;
- There should be a balance between the number of executive directors and non-executive directors on the board.

Turnbull Report (1999): The Turnbull committee emphasized the importance of internal controls and risk management. The report recommended that:

- The directors should take responsibility of internal controls.
- The directors should monitor and ensure effective risk management within the firm.

Higgs Report (2002): The recommendations of the Higgs committee were designed to improve accountability by the board of directors. The major recommendations include:

- The number of directors who hold management positions should be limited to not more than half of the board of directors.
- Board should freely criticize (and challenge) the management.

Principles of Corporate Governance

For the purpose of the research work, the principles of the corporate governance are discussed under two broad headings- the OECD and the UK principles of corporate governance. Other principles that underpin corporate governance have already been discussed.

OECD Principles of Corporate Governance

The principles identified by the organization for economic cooperation and development (OECD) tend to be the reference point of contemporary discussion on corporate governance. The principles suggested by the OECD are designed to enable business achieve proper governance. These principles include:

- Right and equitable treatment of shareholders: An effective corporate governance framework should ensure that the right of shareholders are protected and help shareholders to exercise those rights. Organizations can assist shareholders exercise their right by effectively communicating information about the operations of the entity to the shareholders and by encouraging them to attend general meetings. Information about the operations of an entity is communicated through the financial statements and other management reports. Shareholders have right to vote at general meetings, appoint the directors, be entitled to dividends etc. A corporate governance framework should also ensure equitable treatment of all shareholders.

- Interest of other stakeholders: A corporate governance system should protect the interest of other stakeholders such as employees, creditors, suppliers, investors, customers, government, and the society at large. Organizations have legal, contractual, social and market driven obligations to non-shareholder stakeholders. An effective corporate governance framework should therefore take into account the interest of shareholders established by law or through mutual agreements in the distribution of the wealth created by the business.

- Role and responsibilities of the board: The board should have a mix of skills and understanding to manage the affairs of the company effectively. The corporate governance system should ensure that the board is able to provide the strategic direction that the company needs to succeed and that the board has adequate size is independent and committed to fulfilling its responsibilities and duties.

- Integrity and ethical behavior: Companies should have a culture that considers integrity and adherence to ethical requirement in business practice as important. Organization should
develop a code of conduct to be observed by those charged with governance and all organization members.

Disclosure and transparency: Because accountability is central to effective governance, Organizations should ensure timely provision and accurate disclosure of information regarding their financial operation. Procedures should also be implemented to safeguard the integrity and ensure the independence verification of the company’s financial reports. The corporate governance framework should also ensure that information pertaining to the financial and other operations of the business is presented in a clear and transparent manner.

**Principles of the UK Corporate Governance Code**

The principles of the UK corporate governance code draws substantially from the recommendations made in the Cadbery, Greenbury, Hampel, and Turnbull reports. These principles focus on leadership, board effectiveness, accountability, remuneration as well as relation with shareholders and are specifically designed for listed UK companies, though companies that are neither registered nor listed in the UK may apply the principles to ensure corporate governance effectiveness. The principles are as follows:

**Leadership**

Every company should be headed by an effective board to oversee the success of the company.

The responsibility of the chairman of the board should be separated from the responsibility for the administration of the company. i.e different individuals should act as the chairman of the board and chief executive officer or managing director of the company. This is to ensure that no single individual has unfettered(i.e uncontrolled, unrestricted or absolute) power of decision.

There should be a balance between executive and non-executive directors so that no individual or group of individuals can dominate the decision making process.

The chairman should take responsibility for the leadership and effectiveness of the board.

**Effectiveness**

The board of directors should have an appropriate balance in terms of skills experience, independence and knowledge (understanding) of the company.

Every member of the board should undergo induction upon appointment and should ensure that they regularly update their skills and knowledge.

There should be a formal, rigorous and transparent procedure for the appointment of the new directors to the board.

Every director should carry be submitted for re-election or re-appointment at regular intervals (say annually) subject to satisfactory performance.

The board should carry out a formal and rigorous annual evaluation (appraisal) of its performance and that of its committees and individual directors to discharge their duties and responsibilities effectively, all directors should allocate sufficient time to the company.

The directors should be supplied with information in a timely manner and in a form and of an appropriate quality to enable they discharge their duties effectively.

**Accountability**

The board should take responsibility for determining the nature and extent of significant risk it is willing to take, the management of risk and the maintenance of internal control.

The board should present a balanced and understandable assessment of the company’s position, performance and prospects.

Formal and transparent arrangements should be established by the board for considering how the financial reporting and internal control principles should be applied and for maintaining an appropriate relationship with the independent auditors of the company.

**Remuneration**

Every company should ensure that levels of remuneration are sufficient to attract, retain and motive directors of the quality required to run the company successfully.
A company should avoid paying more than is necessary in respect of remuneration. Remuneration of the directors should be the responsibility of a remuneration committee, if there is any. No directors should determine or be involved in deciding his or her remuneration. There should be a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of each director.

**Relation with shareholders**

The board should take responsibility for ensuring that satisfactory dialogue with shareholders take place.

The board should use the AGM as a means of communicating matters pertaining to the company to the shareholders and ensure that the shareholders attend the AGM.

**Parties to Corporate Governance**

The major parties involved in corporate governance include:

- **Directors**
- **Shareholders**
- **Audit committee**
- **Independent auditor**

Other parties to corporate governance include employees, suppliers, creditors, customers, government and the community at large. The discussion below presents the roles of the major parties to corporate governance highlighted above.

**Directors**

The directors are the person responsible for overseeing the strategic direction of a company and for obligations related to the accountability of the company. According to ISA 260, the directors are charged with the governance of a company. Thus, it is the responsibility of the directors to ensure that an effective corporate governance system is in place within the company. The directors work closely with management in setting strategies and ensuring accountability. Management are the persons with executive responsibility for the conduct of the entity’s operations i.e. those responsible for the day-to-day administration of the company. Most of the principles of corporate governance discussed in the preceding section revolve around the directors. This justifies the assertion that the directors are responsible for governance. For effectiveness of the performance of the directors and to ensure corporate governance effectiveness:

- The board should have a proper mix or balanced between the executive and non-executive directors.
- Members of the board should be experienced in board matters and should have the appropriate mix of skills, commitment and independence to perform their roles effectively.
- The board should meet regularly at least once in a quarter to appraise the performance of the company.
- The non-executive directors should decide the remuneration of the executive directors. The remuneration should be recommended by the remuneration committee.
- The directors should be subject to re-election by the shareholders at regular intervals not exceeding three (3) years.
- The board should maintain an objective and independent relationship with the external auditor. The functions of the board of directors include:

**Development of directional policies**

- **Succession planning.**
- **Selection, supervision, performance appraisal, remuneration and dismissal of senior executives of the company.**
- **To ensure the integrity and reliability of the financial reports or financial statements.**
- **To ensure compliance with legal and regulatory requirements.**
- **To ensure accountability by those entrusted with the resources of the company.**
- **To established and maintain internal control.**
To determine and pay divided.
To ensure effective communication and maintain good relationship with the shareholders.
To protect the shareholders’ investment and ensure they receive a decent return on their investment.

Shareholders
The shareholders are the owners of the company. They are the persons or groups who have invested their resources in the company in anticipation of returns. They may be a family, private or institutional investors or the government. The shareholders play a major role in ensuring effective corporate governance. For corporate governance effectiveness, shareholders should ensure that:

- They take responsibility for the appointment, approval of terms of service and removal of the directors.
- Their individual and collective interests are protected by the directors.
- They attend general meetings, especially the annual general meeting (AGM), and participate fully in matters affecting the company.
- A non-controlling interest holder or director is appointed on the board to represent the non-controlling interest holders.
- They obtain timely information regarding the performance of the company from the directors.
- They constructively challenge the decisions of the directors and where possible through healthy activism. Thus, shareholders activism should not be discouraged but encouraged by both the directors and shareholders.
- The venue of the annual general meeting is such that a majority of the shareholders can attend and not be disenfranchised as a result of distance and cost.

Decisions reached at any general meeting are implemented by the directors.

Audit Committee
According to the Nigerian Companies and Allied Matters Act, 2004, the audit committee should be made up of an equal number of directors and representatives of the shareholders subject to maximum of six (6) members (CAMA, 2004, S. 359, SS. 3). The shareholders should establish the audit committee. The object of setting up an audit committee is to have an independent committee which can provide oversight on the performance and reports of the directors and thereby increase public confidence in the credibility and objectivity of financial reporting.

The corporate governance principles relating to audit committee include:
- A non-executive director should be the chairman of the committee.
- The main role and responsibilities of the committee should be set out in written terms.
- The number of non-executive directors on the committee should be more than the number of executive directors. For listed companies at least three (3) of the directors on the committee should be non-executive directors. In the case of small companies, at least two (2) of the directors on the committee should be non-executive directors.
- Members of the committee should not be entitled to remuneration.
- At least one member of the committee must have recent and relevant financial experience.
- The members of the committee may be reappointed (annually) subject to satisfactory performance.
- The committee should meet regularly, at least three (3) times in a year.
- The members should have a good understanding of the business but should not have had recent involvement with direct management of the company.

External Auditors
The auditor’s responsibilities in relation to corporate governance are:
To audit the financial statements and express an independent opinion on whether
the financial statements show true and fair view of the state of affairs of the
company (and where they do not show a true and fair view, to reflect that fact in
his report).
To consider the adequacy and effectiveness of the risk management and internal
controls systems.
To review the company’s compliance with the relevant code on corporate
governance.
To read the unaudited parts of the Annual Report, especially statements made in
respect of internal controls, to ensure that they are consistent with the audited
parts and as such not misleading.
To communicate relevant matters affecting the audit to the directors on a timely
basis.
The importance of communicating with those charged with governance includes:
To assist the auditor and those charged with governance to understand audit
related matters and thereby enable them develop a constructive and cordial
working relationship.
It assists those charged with governance to fulfill their responsibility for the
preparation of the financial statements.
It enables the auditor to obtain information relevant to the audit.
It reduces the possibility of unresolved disagreement between the auditor and
those charged with governance.
It enables the auditor and those charged with governance identify and resolve
matters which would otherwise have caused the financial statements to be
materially misstated.

B. Theoretical Review

Stewardship Theory

Stewardship theory postulates that managers are motivated by a desire to achieve and
gain intrinsic satisfaction by performing challenging tasks; hence, their motivation transcends
mere monetary considerations. Stewardship theory recognizes the need for executives to act
more autonomously to maximize the shareholders returns. Consequently, managers require
authority and desire recognition from peers and bosses to effectively perform their tasks.
Hence, shareholders must authorize the appropriate empowering
governance structure,
mechanisms, authority and information to facilitate managers' autonomy, built on trust, to
take decisions that would minimize their liability while achieving firm's objectives (Donaldson
and Dave, 1991).

Unlike agency theory, stewardship theory emphasizes the role of top management as
stewards because they are expected to integrate their goals as part of the organization.
Managers are expected to maximize investors profit and to establish a good reputation to
enable them retain their positions (Shleifer & Vishny, 1997). Thus, stewardship theory
advocates unifying the role of the CEO and the chairman to reduce agency costs (Abdullah &
Valentine, 2009). Furthermore, Davis et al. (1997) highlight five components of the
management philosophy of stewardship: trust, open communication, empowerment, long-term
orientation and performance enhancement.

Stakeholder Theory

The stakeholder theory advocates that managers in organizations have a network of
relationships to serve; this include employees, shareholders, suppliers, business partners and
contractors. The theory is developed by Freeman (1984). The theory is at variance with agency
theory which advocates that there is contractual relationship between managers and
shareholders; whereby managers have the sole objective of maximizing shareholders wealth.
Stakeholder theory considers this view to be too narrow, as manager actions impact other
interested parties, other than shareholders. In essence, the stakeholder theory emphasizes the
need for managers to be accountable to stakeholders. Stakeholders are “any group or
individual that can affect or is affected by the achievement of a corporation’s purpose”
To ensure adequate protection of stakeholders’ interest, stakeholder theory proposes the representation of various interest groups on the organization’s board to ensure consensus building, avoid conflicts, and harmonize efforts to achieve organizational objectives (Donaldson & Preston, 1995).

Stakeholder theory has been criticized for over saddling managers with responsibility of being accountable to several stakeholders without specific guidelines for solving problems associated with conflict of interests. However, Freeman (1984) contends that the network of relationships with many groups can impact decision making processes, as stakeholder theory is concerned with the nature of these relationships in terms of processes and outcomes for the firm and its stakeholders. Likewise, Donaldson & Preston (1995) assert that stakeholder theory focuses on managerial decision making and interests of all stakeholders have intrinsic value, and no sets of interests is assumed to dominate the others. This suggests that managers are expected to consider the interests and influences of people who are either affected or may be affected by a firm’s policies and operations (Frederick, 1992). Similarly, Jensen (2001) affirms that managers should pursue objectives that would promote the long-term value of the firm by protecting the interest of all stakeholders. The analysts of the theory state that all parties with legitimate interests in the company shall get benefits and there is no priority in terms of these interest and benefits (Donalds & Preston 1995) and the diagram in their support is down below.

**Business Ethics Theory**

Business ethics theory addresses rights and wrongs decisions-making situations in business. It influences business activity in the society, as businesses support the society in terms of jobs, products and services. Survival of businesses has a greater impact on society than ever. Encompasses mechanisms, disciplinary and cognitive dimensions, of creation/distribution of value to maximize potential in creating value by innovation consequently, business ethics is a relevant governance issue because it is relevant in identifying benefits and problems associated with ethical issues both within a firm and a sector.

**Empirical Studies**

Empirical Studies of the corporate governance attribute and equitable treatment of shareholders in Nigeria has been mixed and remained a debated subject. In a study carried out by Awotunde, Kehinde & Somoye (2011) titled “Corporate governance and stakeholders’ interest” the paper research design adopted for the study was descriptive research study design and sample of 10 commercial banks was used for the study. The funding of the study revealed that corporate governance has not been fairly treated. The paper recommended that pragmatic approach and political will to implement principles of corporate governance to ensure fair treatment of shareholders.

In another study carried out by George, Johnson & Freddie (2014) titled “Corporate governance and the interest of the shareholders. The study focused on examining the relationship between corporate governance and interest of the shareholders in Uganda. Across sectional research design was used for the research study. The population included 69 companies from which 59 companies were obtained and a simple random sampling technique was used. The data were collected using a self-administered questionnaire with perception and beliefs sought to a five point likert scale. The data obtained were analysed using factors, correlation and regression analyses. From the analyses, it was established that, corporate governance has no significant effect on the interest of the shareholders of a company. The findings of the study revealed that the principles of corporate governance are more theoretical rather than practical in improving the interest of the shareholders and the study concluded that there is no relationship between corporate governance and the interest of the shareholders. The study recommended that those charged with corporate governance should try to make operation of corporate governance more practical rather than theoretical.

In a study carried out by Adeoye (2015) titled “Corporate Governance in the Nigerian Banking Sector Issued and Challenges”. The paper examines the issues and challenges around corporate governance in the Nigerian Banking Industry. The population of the study was 125
from which a sample size of 100 was drawn. The data used for the study was collected via survey questionnaire and the data were analysed with the aid of SPSS. The findings of the study revealed that frauds override of internal control and non-adherence to limit of authority is limiting the effective of corporate governance in order to ensure equitable treatment of shareholders. The study concluded that corporate governance is to ensure equitable treatment of the shareholders of the companies. The study recommended that promoting the culture of whistle blowing, promoting business ethics through moral education and strengthens the financial system to encourage compliance with the code of corporate governance.

The research of Marn & Romuald (2012) is based on the sample of 20 Malaysian public companies. Their purpose is to examine the association between corporate governance and corporation performance measured by earning per share. The data is collected cover 5 years, spanning from 2006 to 2010. Their study find that board size is positive associated with company performance. Using the sample of 62 Romanian firms listed on the Bucharest Stock Exchange for the year 2010, Moscu (2013) explores that the increase in board size leads to the improvement of the company profitability. Also, expanding the size of board increases information as well as diversity in companies.

C. Methodology

Survey research method was adopted by the researcher to gather information from the sample drawn from the population which is suitable for the study being investigated. The study adopted survey research design because it requires the population of study to be selected carefully in order to ensure adequate representation. The population of the study comprises the number of all manufacturing companies in Nigeria. In order to make a logical inferences about the population, a research sample was designed to cover a spectrum of the population. Since the interest of this study is to investigate the corporate attribute and equitable treatment of shareholders in manufacturing companies, a sample of 300 participants were selected for the study. This consisted of twenty (20) respondents from each manufacturing companies, using random sampling techniques respectively. The major instrument used for this study is Questionnaires Five point Likert scale questionnaire is used as research instrument for the study. Three hundred copies of questionnaires were distributed among the top management of the selected 15 manufacturing companies. Selective or convenience sampling is used for data collection. The set of questionnaire were personally administered by the researcher. The set of questionnaire were personally administered by the researcher after scrutiny of responses 11 questionnaires were found incomplete and inappropriate. Therefore, 289 (96.3%) constitutes the sample size and were used for data analysis. Spearman rank order Correlation was used to test the three hypotheses formulated. To compute the Spearman Rank Order Coefficient of Correlation, this simple formula is used:

\[ r = 1 - \frac{6 \sum d^2}{n(n^2 - 1)} \]

Results and Discussions

This segment focuses on data presentation, analysis and interpretation, test of hypotheses and discussion of findings drawn from the study. This section coordinates and harmonizes relevant information that was gathered from the entire study. Validity of the purpose of the study and research hypotheses were also examined. The presentation and analysis of the hypotheses were carried out one after the other in a standardized form. Based on this, inferences were made.

Test of hypotheses

The research hypothesis was based on researcher experience and previous knowledge of the subject being investigated, these ideas were believed to be true, but the result of the researcher may prove to be otherwise. As a result of this, the need arises for research hypotheses to be tested.

Hypothesis one (H0)

H0: There is no significant influence of Directors on equitable treatment of shareholders in Manufacturing Companies in Nigeria
Correlations

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<tr>
<th>Spearman's rank</th>
<th>Correlation Coefficient</th>
<th>Sig. (2-tailed)</th>
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<td>the directors has positive impact on the equitable treatment of shareholders in manufacturing companies</td>
<td>1.000</td>
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<td>96</td>
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<td>The directors ensure effective communication of financial information to the shareholders in order to help them to make a right decision</td>
<td>.627**</td>
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**Correlation is significant at the 0.01 level (2-tailed).**

From the SPSS table above, spearman’s rank coefficient is 0.627 showing a strong positive relationship between the directors and equitable treatment of shareholders. The probability value of 0.000 is less than 0.01 that is 0.01>0.000 suggest that there is a significant relationship between the directors and equitable treatment of shareholders.

**Decision Rule**

Reject H0 if the alpha value is greater than P-value, since 0.01>0.000 we therefore reject the null hypothesis and accept the alternate hypothesis, which states that there is a significant influence of Directors on equitable treatment of shareholders in Manufacturing Companies in Nigeria.

**Hypothesis two**

H0: There is no significant relationship between the work performed by external auditors and equitable treatment of shareholders in Manufacturing Companies in Nigeria.

Correlations

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<th>Correlations</th>
<th>The work performed by external auditors ensure that enable the shareholders to have access to the financial information available to them.</th>
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<td>The work performed by external auditors ensure that enable the shareholders to have access to the financial information available to them.</td>
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The work performed by the external auditors ensure that true and fair financial statements are made available to the shareholder. 

Correlation Coefficient 1.000 .496**
Sig. (2-tailed) .000 .000
N 96 96

Similarly, from the SPSS table above, spearman’s rank coefficient is 0.496 showing a weak positive relationship between the work performed by external auditors and equitable treatment of shareholders. The probability value of 0.000 is less than 0.01 that is 0.01>0.000 suggest that there is significant relationship between the work performed by external auditors and equitable treatment of shareholders.

**. Correlation is significant at the 0.01 level (2-tailed).

** Decision Rule

Reject H0 if the alpha value is greater than P-value, since 0.01>0.000 we therefore reject the null hypothesis and accept the alternate hypothesis, which states that there is significant relationship between the work performed by external auditors and equitable treatment of shareholders in Manufacturing Companies in Nigeria.

** Hypothesis three

H0: There is no significant relationship between the roles performed by audit Committee and equitable treatment of Shareholders in Manufacturing Companies in Nigeria.

** Correlations

| Spearman’s rank | there is a positive relationship between the roles performed by audit committee and equitable treatment of shareholder. | The audit committee ensure that adequate return are made to the shareholder of the company | Correlation Coefficient 1.621** 1.000
| | | | Sig. (2-tailed) .000 .000
| | | | N 96 96

| Spearman’s rank | There is a positive relationship between the work performed by the external auditors and equitable treatment of shareholder. | The audit committee ensure that true and fair financial statements are made available to the shareholder | Correlation Coefficient 1.000 1.496**
| | | | Sig. (2-tailed) .000 .000
| | | | N 96 96

| Spearman’s rank | The work performed by the external auditors enable the shareholders to have access to the financial information on time. | Correlation Coefficient 1.000
| | | | Sig. (2-tailed) .000
| | | | N 96 96

| Spearman’s rank | The audit committee ensure that adequate return are made to the shareholder of the company. | Correlation Coefficient 1.621**
| | | | Sig. (2-tailed) .000
| | | | N 96 96

| Spearman’s rank | Correlation Coefficient 1.496**
| | | | Sig. (2-tailed) .000
| | | | N 96 96

| Spearman’s rank | Correlation Coefficient 1.000
| | | | Sig. (2-tailed) .000
| | | | N 96 96
**. Correlation is significant at the 0.01 level (2-tailed).

From the SPSS table above, spearman’s rank coefficient is 0.621 showing a strong positive relationship between the roles performed by audit committee and equitable treatment of shareholders. The probability value of 0.000 is less than 0.01 that is 0.01>0.000 suggest that there is a significant relationship between the roles performed by audit committee and equitable treatment of shareholders.

**Decision Rule**

Reject $H_0$ if the alpha value is greater than $P$-value, since 0.01>0.000 we therefore reject the null hypothesis and accept the alternate hypothesis, which states that there is a significant relationship between the roles performed by audit Committee and equitable treatment of Shareholders in Manufacturing Companies in Nigeria.

**D. Discussion of Findings**

This is centered on comparison of past authors and findings that were being derived from the research works. The study sought to establish the relationship between corporate governance attribute and equitable treatment of shareholders in Nigeria. According to Eke (2015), corporate governance is the system by which companies are directed and controlled and it encompasses the processes, customs, policies, laws and institutions affecting the way a company is directed, administered and controlled. The corporate governance focuses on the relationship among the various stakeholders associated with a corporation and the goals for which the corporation is set up. The major principle or aim of corporate governance is to ensure equitable treatment of the shareholders of the company.

The first hypothesis tested shows that there is a significant influence of Directors on equitable treatment of shareholders in Manufacturing Companies in Nigeria. This implies that whether the shareholders of the manufacturing companies will be equitably treated or not depend on the directors of the company. The equitable treatment of shareholders is fundamental to the maintenance of public confidence in corporations and in the securities market in general and is achieved by the establishment of a minimum set of industry standards applicable across the board against which all corporate action and behavior can be tested. The failure to maintain the confidence of investors could result in a decline in share purchases and in a general lethargy in investment due to the uncertainty and unpredictability of corporate behaviour. The result of this study shows that the director has positive impact on the equitable treatment of shareholders in manufacturing companies. This indicates that if there is effective governance by the board of directors of the company, equitable treatment of the shareholders of the company will be guarantee and this is one of the recommendations of Cadbury report (1992) where they said that companies should be headed by a board of directors for effective governance. When the respondents were asked whether the directors ensure effective communication of financial information to the shareholders in order to help them to make a right decision, a high percentage of the respondents strongly agree that directors ensure effective communication of necessary financial information about the operation of the company to the shareholder so that the shareholder can decide on what next to do that is whether to sell his share in company or keep it. The same group of respondents were asked whether the directors ensure that the shareholders of the manufacturing companies exercise their voting right at the annual general meeting, the response of the respondents went in favour of strongly agree and agree, voting is one of the fundamental right of every shareholder of the company and a shareholder cannot be said to be equitably treated unless they has the right to vote at the annual general meeting of the company, hence the directors of the company must ensure that every shareholder of the company have the right to vote at the annual general meeting. However, the right to participate and vote at general meetings may be only as good as, and be partially dependent upon, the right of the shareholder to obtain relevant and material information on his or her company in a timely manner and on a regular basis. The result further reveals that the directors ensure that dividend is being paid to the shareholder on regular basis. The shareholders of the company are entitled to dividend which is the return on their investment in the company and the level of equitable treatment of the shareholder can be measured in term of how regular are this dividend and whether there is
increase in the dividend pay to the shareholders of the company, if the dividend are not being paid on regular basis and also if there is no increase in the dividend paid to the shareholder, there is no equitable treatment of the shareholder. Hence there is a need for the directors of the company to ensure that dividends are being paid to the shareholders on regular basis and to also ensure that there is an increase in the dividend paid to the shareholders. Finally, the researcher asked the respondents whether the directors of the manufacturing companies encourage the shareholder to attend the annual general meeting of the company, high percentage of the respondents strongly agree and agree that the directors of the manufacturing companies encourage the shareholder to attend the annual general meeting in order to exercise their rights to vote. The director does this by holding the annual general meeting of the company at a place very close to majority of their shareholders. From the various questions the researcher asked the respondents, it is clear that the corporate governance framework has help to ensure equitable treatment of the shareholders. From the first hypothesis, the researcher concludes that there is a significant influence of Directors on equitable treatment of shareholders in Manufacturing Companies in Nigeria. The finding of the first hypothesis correlates with the conclusion reached by the past researcher. For instance, Anthony (2012), concluded in his study that there is a strong connection between director which one of the basic attribute of corporate governance and equitable treatment of the shareholder that is the more effective and efficient the directors are, the more equitable the shareholders of the company will be treated and this emphasize the importance of effectiveness of directors in equitable treatment of the shareholders. He suggested that there is a high correlation between both.

The second hypothesis tested revealed that there is significant relationship between the work performed by external auditors and equitable treatment of shareholders in Manufacturing Companies in Nigeria. This shows how important the work performed by the external auditors was in ensuring equitable treatment of the shareholder. The external auditors as an independent accountant appointed to report on the financial statement of the entity as to whether or not the financial statement of the entity shows a true and fair view and were prepared in accordance with the relevant legislation and standards, the work performed by the external auditors therefore ensure that the financial statement presented by the management of the company to the shareholders shows a true and fair view so that on the basis of the financial information the shareholders can made a right decision. The Cadbury report of 1992, recommended that external auditor independence should be preserved and the major reason for this recommendation was to ensure that the external auditor performed their work without any bias. The result of the hypothesis tested shows that there is a positive relationship between the work performed by the external auditors and equitable treatment of shareholders in the manufacturing companies. This implies that the credibility of the work performed by the external auditors goes in long way in determine how equitable the shareholder of the company will be treated. When the respondents were asked whether the work performed by the external auditors ensure that true and fair financial statements are made available to the shareholder, high percentage of respondents strongly agree and agree that the work performed by the external ensure that true and fair financial statements are made available to the shareholder, a financial statement is said to be true when the information contained in them are factual and also the word fair relates to the manner in which items have been presented and the extent which material matters have been disclosed in the financial statement and where the presentation and disclosure has been made is such a way that the conclusion drawn by the users is consistent with the transactions that transpired during the period covered then the view shown is said to be. The work performed by the external auditors ensures these things two and this helps the shareholder in making a rational decision.

The result further reveals that the work performed by the external auditors enable the shareholders to have access to the financial information on time. When the respondents were also asked whether the work performed by the external auditors enable the shareholder to have a better understanding about the financial position of the company, high percentage of the respondents strongly agree and agree that the work performed by the external auditors enable the shareholder to have a better understanding about the financial position of the
company because the work performed by the external auditors ensures that the financial statements are free from any form of window dressing and other irregularity, hence the financial statement reflect the true picture of the financial position of the company as at the date of the presentation of such financial statement to the shareholders. When the same set of the respondents were asked whether the work performed by the external auditors enable the shareholders to check the overriding tendency of the directors, the response of majority of the respondents went in favour of strongly agree and agree which implies the that the work performed by the external auditors enable the shareholders to check the overriding tendency of the directors. The existence of the external auditors has strengthened the effectiveness and efficiency of corporate governance in the manufacturing companies and this has help to ensure equitable treatment of the shareholders. From the hypothesis tested the researcher therefore conclude after a thorough research that there is significant relationship between the work performed by external auditors and equitable treatment of shareholders in Manufacturing Companies in Nigeria.. The finding was in line with the findings of the past researcher. Such as Frederik (2010) who concluded in his study that in order to ensure equitable treatment of the shareholders, the external auditors of the company must performed their work efficiently and effectively and above all, he said the external auditor must be interdependent. He concluded by saying that there is a significant relationship between the work performed by the external auditors and equitable treatment of the shareholders.

The analysis of the third hypothesis revealed that there is a significant relationship between the roles performed by audit committee and equitable treatment of shareholders. The audit committee is a sub-committee of the board of directors made up of a number of directors and representative of the shareholders and in line with CAMA 1990, the audit committee should be made up of an equal number of directors and representatives of the shareholders subject to a maximum of six (6) members and one of the major object of setting up an audit committee is to have an independent committee which can provide oversight on the performance and reports of the directors and thereby increase public confidence in the credibility and objectivity of the financial reporting. The roles performed by the audit committee if effectively and efficiently carried out will go n way in ensuring that the shareholders of the company are equitably treated irrespective of their status that is whether they are minority or majority in the company. The result reveals that there is a positive relationship between the roles performed by audit committee and equitable treatment of shareholders; this implies that if the audit committee performs their oversight function very well, it is guarantee equitable treatment of the shareholders.

When the respondents were asked whether the audit committee ensure that adequate return are made to the shareholder of the company, larger percentage of the respondents strongly agree and agree that the role performed by the audit committee ensures that adequate return are made to the shareholder of the company. When the researcher also asked the same set of respondents whether the audit committee ensures that interest of the shareholders is protected in the company, a high percentage of the respondents strongly agree and agree that the roles of oversight performed by the audit committee helps in protecting the interest of the shareholder in the company most especially the minority shareholders who the majority shareholders and the directors may want to override. The result further reveals that the audit committee ensure that adequate information are made available to the shareholders at the annual general meeting of the company and finally, when the respondents were asked whether the audit committee helps to protect the integrity of the financial statement of the company, a high percentage of the respondents strongly agree and agree and this shows that the oversight roles performed by the audit committee helps in ensuring equitable treatment of the shareholder. From the third hypothesis, it can be concluded that there is a significant relationship between the roles performed by audit Committee and equitable treatment of Shareholders in Manufacturing Companies in Nigeria. The finding correlated with the argument put forward by the past some researcher for example Awoniyi (2009), when he concluded in his study that the audit committee as one of the arm of corporate governance performed a crucial roles at ensuring equitable treatment of the shareholders irrespective of the number of shares they held in the company whether small or large.
E. Conclusion

From the discussion presented in the preceding section of this study, the following conclusions were made;

Nigerian manufacturing companies have been characterized by corporate governance standards above other economies in West Africa. Results on this study support two complementary sets of conclusions. First, we have looked at specific aspects of corporate governance practices in companies, finding that Nigerian manufacturing companies are especially good in aspects related to transparency and information disclosure. Among other reasons, this result might be related to early reforms in Securities and Exchange Commission Nigeria in the context of the pension fund privatization process. There is also indications that more recent legal reform implemented in Nigeria following what is understood to be the world’s best corporate governance practices has also played a role. Because Nigeria shares other legal and political history with countries in the region, the relatively better standards achieved by Nigerian companies mean that adequate legal reform is important in shaping corporate governance practices at the firm level.

Investors and creditors are important stakeholders in Nigerian firms and they understand that good corporate governance practices are valuable. They are crucial players in order to translate better corporate governance practices into better access to capital for firms. The worse aspects of Nigerian corporate governance practices are related to conflict of interest between controlling and minority shareholders. It can be concluded that, for corporate governance to be effective in relation to equitable treatment of shareholders there should be uniformity in the disclosure of corporate governance practices made by manufacturing companies in Nigeria.

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