
ENHANCING FINANCIAL PERFORMANCE OF QUOTED FIRMS IN NIGERIA THROUGH REMUNERATION COMMITTEE ATTRIBUTES

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ABSTRACT

The high remuneration received by directors of corporate bodies have been questioned as to if such remuneration is justified by the underlying economic performance of the company in question. As a result, remuneration committee was established to harmonize the take home of directors in order to improve the profitability of firms in Nigeria. In line with the above assertion, this study examined how remuneration committee attributes can enhance performance of selected non-financial firms in Nigeria. The study adopted ex-post facto and cross sectional research design. The study relies on secondary data derived from various non-financial firms' financial statements to determine and measure the attributes of remuneration committee members, applying an all-inclusive multivariate analysis. Samples of 40 selected non-financial firms quoted in Nigeria Exchange limited were used for the period of twelve years spanning 2013 to 2024. Five (5) specific objectives were formulated and its hypothesis were subjected to some preliminary data tests such as descriptive statistics, Pearson correlation analysis and Variance Inflation Factor. The formulated hypotheses were tested and analyzed using panel regression analysis. The empirical analyses using a total of 480 firm year observations showed that remuneration committee independence and expertise documented a positive and significant effect on profitability of quoted non-financial firms in Nigeria which

was statistically significant at 5% level of significance respectively while remuneration committee size and gender diversity showed a negative but non-significant effect on profitability of quoted firms in Nigeria. Following on the significant findings above, the study recommended among other things that non-financial firms' management should ensure that their remuneration committee is constituted with expert and independent members to give a seasoned advice without bias on ways to improve firm profitability. This will promote transparency and accountability and enable the remuneration committee be independent and make quality decision that will boost profit without unnecessary interference.

Keywords: Remuneration committee size, independence, gender, meetings, committee expertise and performance

INTRODUCTION

The rise in corporate failures in the world since the twentieth century has necessitated intensification of corporate governance practices to safeguard the interest of the stakeholders (Orjinta & Okeke, 2025; Al-Absy & AlMahari, 2023; Obeitoh, Bulusson, & Yusuf, 2023; Onipe, 2022). The existence of various cases of major corporate failures, such as WorldCom, Enron, and Satyam, has caused considerable concern among investors and regulators. To alleviate these concerns and provide investors with increased confidence in financial investments, authorities have introduced initiatives to improve internal control structures of corporations. In Nigeria, this process started in 2001, with the introduction of the Code of Corporate Governance issued by the National Assembly on Corporate Governance (Okafor & Orjinta, 2025; Al-Absy & AlMahari, 2023; Obeitoh, Bulusson, & Yusuf, 2023; Onipe, 2022). A subsequent version was issued in 2018 promoting the voluntary establishment of certain board committees, such as audit committee, nomination committee, remuneration committee, risk policy and corporate governance committees.

The most recent edition of the Nigeria Corporate Governance Code, issued in 2020, states that listed companies "must have" audit, nomination and remuneration committees. This shift in focus from voluntary formation of board committees to mandatory formation is interesting, as little or no research has been conducted in Nigeria about the effectiveness of such sub committees like Remuneration Committee (RC). The debate on remunerations committee has been driven by the view that some directors are being overpaid to the detriment of the shareholders, other employees, and the company as a whole. The need for the practice of good corporate governance is therefore not only necessary but could be defeated when directors' remunerations are questioned through the activities of the remuneration committee as a means of improving firm profitability.

Remuneration committee is an important component of corporate governance mechanism that stands to reduce information asymmetry by the conduct of its periodic review of reporting processes and disclosure, support and advise to the board of directors on remuneration, such as setting the salary, honorarium, incentives, and allowances, compliance to operational standards and oversight over management's process ((Okafor & Orjinta, 2025; Orjinta & Okeke, 2025; Al-Absy & AlMahari, 2023; Obeitoh, Bulusson, & Yusuf, 2023; Onipe, 2022; Okeke, 2023)

Recent reviews of Corporate Governance research on corporate boards have specified that though much has been learned and already done, it's time for reflection and the exploration of new directions in board research and focus on less researched. It is worthy to note that Remuneration Committee (RC) is one of the least researched subject areas in the effectiveness of board committees (Okafor & Orjinta, 2025; Ileagu & Orjinta, 2025; Orjinta & Okeke, 2025; Al-Absy & AlMahari, 2023; Obeitoh, Bulusson, & Yusuf, 2023; Onipe, 2022; Demaki, 2018; Handa, 2018). Again, most studies on remuneration committee and performance of firms were conducted in developed countries (Al-Absy & AlMahari, 2023; Harymawan, Agustia, Nasih, Inayati, & Nowland, 2020). To the best of our knowledge, few of the existing studies in Nigeria have produced little or no clear consensus on the relationship between remuneration committee attributes, and corporate financial performance. In addition, most of the empirical evidences supporting this nexus are coming from developed economies. This however form the significant reasons and justification for this publishable paper, hence the need to x-ray the effect of remuneration committee attributes on profitability of non-financial firms.

2.1: THEORETICAL CONCEPTUAL CONSTRUCTS AND HYPOTHESIS DEVELOPMENT

Financial Performance and Remuneration Committee Attributes

Firm financial performance is generally defined as a measure of the extent to which a firm uses its assets to run the business activities to generate revenues. It examines the overall financial health of a business over a given period and can be used to compare the performance of identical firms in similar industries or between industries in general (Orjinta & Okeke, 2025; Udoh, Ikpe & Emenyi, 2023). Firm financial performance is commonly reflected in the calculation of financial ratios that show the link between numbers in the financial statement. The financial ratios may include the computation of the profitability, efficiency, liquidity, gearing, and investment of a particular firm (Orjinta, Iloh & Udoezika, 2024; Onyejebu & Orjinta, 2023).

Remuneration Committee is a committee whose duty is to support and advise the board of directors on remuneration, such as setting the salary, honorarium, incentives, and allowances of the board of directors and executives in order to maximize performance. Thus, the establishment of specific committees like remuneration committee are expected to improve the oversight and control of management, while remaining in line with the expectations and interests of shareholders. This study helps to address this issue by examining the role of the remuneration committee on the remuneration practices of quoted firms in Nigeria and its associated effect on firm financial performance. The responsibility of the Remuneration Committee is to ensure that the interests of shareholders and executive management are closely aligned (Okafor & Orjinta, 2025; Orjinta & Okeke, 2025; Al-Absy & AlMahari, 2023; Obeitoh, Bulusson, & Yusuf, 2023; Onipe, 2022; Conyon, 2013).

Remuneration committee attributes defines the features necessary to drive the responsibilities of the remuneration committee to imbue transparency and attributes that will engender quality financial reporting that will improve profitability and performance of the firms (Orjinta & Okeke, 2025; Orjinta, Iloh & Udoezika, 2024; Onyejebu & Orjinta, 2023). The reviewed

literature on remuneration committees' attributes connotes that committee size, independence, gender diversity, committee meeting, competence and expertise are some of the essential attributes of remuneration committee members in any firms. This implies that the remuneration committee will possess adequate number of members of the committees, that have experts, non-executive independent person, satisfactory representation of all gender in its composition, yet having adequate number of meetings in carrying out its duties.

Remuneration Committee Size and firm performance

One of the most important things or attributes that decides a remuneration committee is its size and strength. Size is the number of persons in the membership of the remuneration committee. The success of a remuneration committee is often attributed to the resources available, that is, the number of members in the committee (Orjinta & Okeke, 2025; Ileagu & Orjinta, 2025). The findings of past studies with respect to remuneration committee size and firm profitability revealed mixed findings. For example, findings by Okafor and Orjinta (2025), Hemathilake, Ruparatne and Meegaswatte (2019); Iraya, Mwangi and Muchoki (2015); Saona, Muro and Alvarado (2020) reveal significant negative interaction between remuneration committee size and firm performance. The above finding aligns with agency theory postulation but contradicts the finding of Alimi et al (2023) quoting Adamu, Ishak and Chandren (2017) which posits that a small board size may not have the required number of expertise to detect Profitability. Thus, a small board size does not have the required number of directors to effectively monitor, review and examine financial reports. Further investigations from the findings of Obigbemi, Omolehinwa, Mukoro, Ben-caleb and Olusanmi (2016) as cited in Alimi et al (2023): Dakhlallah, Norfadzilah, Abdullah and AL Shehab (2021) as cited in Alimi et al (2023) show a strong association between board size and Profitability of a firm.

Remuneration Committee Independence and firm performance

Corporate board norms in most developed and developing countries like Nigeria require the constitution of a board remuneration committee that is free from management interference and bias to oversee the salary and remuneration payment process. An independent remuneration committee member is a non-executive member in the remuneration committee. The person does not have any pecuniary relationship with the company except for the payment of sitting fees that the person receives. As aptly defined by Onipe (2022) that an independent remuneration committee member is a person who is not employed by or providing any services to, the organization beyond his or her duties as a committee member. Empirical evidence from the findings of Okafor and Orjinta (2025), Saona, Muro and Alvarado (2020); Kankanamage (2015) reveal a significant negative relationship which indicates that board independence reduces profitability. Further findings from the studies of Aleqab and Ighnaim (2021); Mardessi and Fourati (2020); Akpomedaye and Williamson (2021) which are contrary to the finding of Tran, Kabir and Huang (2020) indicate that board independence diminishes opportunistic behavior associated with manipulation of profit. The findings above show a significant negative association as regards the relationship between independence of the corporate board and profit manipulation, which appears logical as independent directors bring independent judgment to financial reports.

Remuneration Committee Gender Diversity and firm performance

Gender diversity is the proportion of female involved in the composition of the remuneration committee. A remuneration committee can comprise male only, female only or a mixture of both gender. The National Code of Corporate Governance (NCCG) (2016) did not make provision for any proportion in the make-up of the remuneration committee. However, literatures are of the view that both gender shall be combined in the board of companies for effectiveness. For instance, Al-Absy and AlMahari, (2023); Obeitoh, Bulusson, and Yusuf, (2023) posit that gender diversity will provide opportunities for more women in the board and this has led to an increase in the number of women on boards. Findings from studies in literature suggest that female gender on the remuneration committee have superior monitoring prowess as their presence on the committee assuages profitability drastically; however, it remains unclear as to which skill of female director drives such monitoring ability. Thus, in our study, we focus on the finance and accounting expertise of women on the remuneration committee an area which is largely unexplored in literature. Extant literature in accounting, for example, Saona, Muro, San Martín and Baier-Fuentes (2019); Zalata, Ntim, Alsohagy and Malagila (2022) supports the idea of female directors having excellent supervision and intelligent monitoring prowess than their male counterparts.

Remuneration Committee Expertise and firm performance

Expertise is the possession of special skill relevant to performing the audit function. Section 407 of SOX (2002) requires the Securities Exchange Commission (SEC) to adopt rules mandating that committees of public firms contain at least one member who is deemed a financial expert. This is also so in Nigeria where corporate governance requires that at least one person with pecuniary skill must be in the membership of the remuneration committee (NCGC, 2016). A remuneration committee member should be taken as an expert if the person has: “accounting expertise, that is, from work experience as a certified public accountant, auditor, chief financial officer, financial controller, or accounting officer; finance expertise, that is, from work experience as an investment banker, financial analyst, or any other financial management role; supervisory expertise, from supervising the preparation of financial statements (Adeleke, 2021).

Measuring board expertise as a function of directors with degrees and professional qualifications in accounting and finance, Kankanamage (2015) reveals a significant negative interaction as regards board expertise and profitability. This implies that a director with expertise in accounting and finance brings to bear his/her technical knowledge in reducing profitability. In addition, study by Al-Absy and AlMahari, (2023) quoting Abu-Dawleh et al. (2021) emphasizes the need for directors with expertise in financial skills in dealing with profit manipulation. In similar vein, studies by Aleqab and Ighnaim, (2021); Mardessi and Fourati (2020); Zalata, Tauringana and Tingbani (2018) suggest that board expertise with particular reference to accounting and finance reduces profit manipulation significantly.

Remuneration Committee Meeting Frequency and firm performance

Another attribute of remuneration committee considered in the literature as a determinant of the effectiveness of the committee is frequency of meetings. The NAICOM Code of Corporate Governance recommends that remuneration committee meets at least three times annually. It

is contended that a remuneration committee that meets frequently are effective. Prior studies use the number of committee meetings held annually as a proxy for frequency of remuneration committee meetings. This study is of the opinion that remuneration committee meeting attendance is superior to the frequency of remuneration committee meetings held. The studies by Binashour, Albairaq, Sulaiman, Hayek and Hazarika (2021); DeBoskey, Luo and Zhou (2019); Nazir and Talat (2018) lend credence to the above assertion on the frequency of board meeting but not the actual attendance of board meetings. The empirical findings from the studies show a significant negative association in relation to remuneration committee meetings and profitability of a firm. The implication of this finding is that the frequency of the remuneration committee meetings diminish profitability manipulation, lowers discretionary and non-discretionary accruals. Further empirical finding by Luo and Jeyara (2019) indicates that remuneration committee meetings are of significant negative association with profitability, this suggests that remuneration committee meeting promotes profitability through a significant reduction in opportunistic self-driven manipulation of profit by managers.

Theoretical Foundation: Agency Theory by Jensen and Meckling (1976).

Jensen and Meckling (1976) highlighted the existing rift between ownership and control, the situation that gave rise to the issue of agency theory. This study is premised on the agency theory where an agency relationship occurs when one or more principals engage another person as their agent to do a service at their behest. One of the most important assumptions of this theory is the focus on the conflict between the leader (shareholders) and the agent (board of directors). The agency theory explains that to maintain the independence, accountability, transparency, objectivity, and fairness of the board, it must ensure a proper mix of outside and inside directors (Okafor & Orjinta, 2025).

Again, the theory suggests that in order that the principal's interest is protected at all times, agents must show integrity, utmost faith, competency, duty of care, and loyalty free from conflict of interest and opportunism. This can be achieved when board appointment, recruitment, and selection process are transparent, devoid of any executive management manipulations or influences by majority shareholders. The theory expects that the appointment and selection process of executive management be based on qualification, experience, skill, and for supervisory directors, independence and availability of the member be included. Therefore, agency theory was chosen to anchor this work on because, agency theory has advocated that executive remuneration be tied to shareholder value and be adequate enough to induce maximum performance (Jensen & Meckling, 1976). By this, executive remuneration is expected to be consistent with corporate performance and in conformity with shareholders' wealth. It is the responsibility of the remuneration committee to ensure the adoption and implementation of a remuneration policy which follows the alignment theory.

Empirical Review

Okafor and Orjinta (2025) investigated the effect of remuneration committee attributes on profitability of selected non-financial firms quoted on Nigerian Exchange Group (NGX). Their study relies on secondary data derived from various companies' financial statements to determine and measure the attributes of remuneration committee members, applying an all-inclusive multivariate analysis. Samples of 30 selected non-financial firms quoted on NGX

were used for the period of twelve years spanning 2012 to 2023. The study employed Ex-Post Facto and cross sectional research design. The secondary sources of data were collected from annual reports of the selected non-financial companies and two specific objectives were formulated and its hypotheses were subjected to some preliminary data tests, such as descriptive statistics, Pearson correlation analysis and Variance Inflation Factor and the formulated hypotheses were tested and analyzed using panel regression analysis. The analysis using a total of 360 firm year observations showed that remuneration committee size negative and insignificant effect on profitability while remuneration committee independence positive and significant effect on profitability of quoted non-financial firms in Nigeria which was statistically significant at 5% level of significance respectively. The study recommends among other things that non-financial firms' management should ensure that their remuneration committee is constituted with independent members to give seasoned advice without bias on ways to improve firm performance.

Sunny and Hoque (2025) study investigates the moderating role of nomination and remuneration committees on the relationships between board characteristics and the financial performance of listed textile businesses in Bangladesh. The study utilizes the theoretical frameworks of agency, resource dependence and stakeholder theories. The study investigates the moderating effect of nomination committees using regression analysis by evaluating a sample of 270 firm-year observations from 2016 to 2021. The results reveal that nomination committee presence enhances the performance benefits of larger board size and frequent meetings but negatively reinforces the detrimental effects of excessive independent directors lacking firm-specific expertise. Female board representation demonstrates an unexpected negative association, implying suboptimal selection. Overall, nuanced moderating effects of nomination committees on board characteristic-performance relationships are evidenced. This timely study contributes empirical evidence on an underexplored area and provides a foundation to advance academic literature on the linkages between nomination committees, corporate boards and firm-level outcomes. Further research avenues are highlighted. The findings have salient implications for enhancing board competency and engagement, reforming nomination committee policies towards competency-based nominations and discouraging token appointments to fulfil regulatory mandates on board diversity.

Assfaw and Sharma, (2024) explored the impact of corporate governance (CG) mechanisms, as measured by board size, board meeting frequency, board gender diversity, number of board subcommittees, board remuneration, size of audit committee, and audit committee meeting frequency, on bank intellectual capital (as calculated by the modified value-added intellectual coefficient (M-VAIC) and its components (human capital efficiency (HCE), structural capital efficiency (SCE), and relational capital efficiency (SCE)). Panel data was extracted from the financial and other internal reports of 14 commercial banks and the National Bank of Ethiopia for the period 2011–2022. A two-step system generalized method of moments (2SYS-GMM) was used to account for the unobserved endogeneity and heteroscedasticity problems. The empirical findings suggest that board size and board meeting frequency have a negative and significant impact on all IC performance measures. Besides, audit committee size has a negative and significant effect on HCE, SCE, and M-VAIC of the banking industry in Ethiopia.

Moreover, board remuneration has a significant positive relationship with IC efficiency (HCE, SCE, and M-VAIC). Also, audit committee meeting frequency has a positive and significant effect on the HCE of banks. However, board gender diversity and the number of board subcommittees have not made statistically significant contributions to IC performance.

Al-Absy and AlMahari, (2023) examined the interaction effect of the nomination committee's effectiveness on the board of directors' characteristics and firm performance (measured by return on assets and earnings per share). The nomination committee was scored for committee separation, size, independence, meeting frequency, and the number of female directors. Their study selected all listed firms on the Bahrain Bourse for two years, 2020 and 2021, using ordinary least-squares regression to examine the relationship. The results showed that the interaction of the nomination committee with some characteristics of the board of directors had a significant impact on firm performance. With the interaction of the nomination committee, board meeting frequency became significantly positively associated with firm performance as measured by return on assets and earnings per share, as opposed to the insignificant results found in the direct relationship. Similarly, with the interaction of the nomination committee, the number of female directors became more significantly positively associated with firm performance using the measurement of return on assets, while it became significantly positively associated with firm performance using earnings per share, compared to an insignificant positive impact found in the direct relationship. The results show that there is a need to re-evaluate the role of the board of directors and strengthen its effectiveness.

Awad and Ghanem (2023) explores the different attributes of audit committees and boards of directors' effect on firm performance. Mainly the board's size and independence and the audit committee's employment, size, independence, financial experience, and frequency of meetings. This paper also talks about resource dependency theory which considers that. Non-independent directors have a positive effect on firm performance. On the contrary, agency theory suggests that the more independent the board is, the better the performance. Taking a sample of 96 companies, the results show that a more extensive and independent board positively affects business results, and the same applies to the implementation of an audit committee. However, our results found no link between the different characteristics of audit committees with firm performance.

Khan, Khakwani, and Kouser (2022) investigated the impact of the remuneration & HR committee on the remuneration of the CEO, directors, executives, all (CEO, directors, executives), and auditor. Further, this study also explores the influence of the remuneration & HR committee on firm performance. This study used data between 2009 and 2017. For analysis, this study used OLS regression with cross-section fixed effects. Our findings suggest remuneration in presence of remuneration & HR committee, minimizes the conflict of interest between management and shareholders, further remuneration payments impact positively on firm performance. This study reveals the role of the remuneration & HR committee, which suggest incorporation improves the corporate governance and firm performance in Pakistan.

Onipe (2022) focused on the role of board of directors' remuneration committee in creating the atmosphere in which board members would feel well remunerated or motivated to work towards improving profitability. This study used ordinary least square regression to test the

relationship between the remuneration committee and firm profitability, after controlling for regression diagnostics (normality and homoscedasticity of residual, multi-collinearity, model specification, panel tests). The data was based on 112 companies trading on the floor of the Nigerian Exchange Group over ten years (2012-2021). Descriptive statistics, correlation and regression analysis are used to analyze the data. The findings indicate a significantly positive relationship between the remuneration committee and profitability. It is concluded therefore that remuneration committee is a major determinant of profitability among firms quoted in Nigeria.

Yang (2021) examines the role of the remuneration committee (RC) in improving Chief Executive Officer (CEO) performance-related compensation, and the effect of RC regulatory reform on companies' governance practices. The study provides evidence on corporate governance characteristics that define an effective RC. One that designs an optimal CEO compensation package. Further, the findings also indicate that the listing rule reform regarding the RC enhances companies' concern about their effective governance. Two empirical studies are presented to answer these research questions. The first empirical study examines the impact of a broad set of RC characteristics on CEO compensation. This study evaluates four groups of characteristics of an RC monitoring, involvement, expertise and close ties to the CEO and relates these characteristics to CEO performance-related compensation. The results suggest that involvement and expertise are important, whereas close ties do not affect CEO compensation as expected. The implications from this study are that shareholders and directors should be concerned about a range of characteristics when selecting RC members, and that regulators should expand the definition of an effective RC beyond independence from management.

3 METHODOLOGY

Ex-post facto research design was adopted and used to describe the effects of remuneration committee attributes on performance of 40 quoted non-financial firms in Nigeria by using existing secondary data on the selected proxies from financial statement of the quoted firms which cannot be manipulated or altered by the researcher. The variables of this study were of two sets. The dependent variable known as profitability ratio captured using return on asset, while drivers for the independent variables are on remuneration committee size, remuneration committee independence, remuneration committee gender diversity, remuneration committee expertise, and remuneration committee meeting frequency. The model adopted in this study assumed a linear relationship between Remuneration Committee attributes and performance of firms and panel least square was adopted for the purpose of hypothesis testing and was guided by the following linear model:

$$FPERF_{it} = \beta_0 + \beta_1 RCSZE_{it} + \beta_2 RCIND_{it} + \beta_3 RCGEND_{it} + \beta_4 RCEXP_{it} + \beta_5 RCMEF_{it} + \epsilon_{it} \dots \dots 1$$

FPERF stands for Firms Performance measured using Return on Assets (ROA)

RCSZE represents Remuneration Committee Size

RCIND means Remuneration Committee Independence

while RCGEND represents Remuneration Committee Gender Diversity,

RCEXP connotes Remuneration Committee Expertise

RCMEF means Remuneration Committee Meeting Frequency,

ε_{it} = component of unobserved error term of firm i in period t , β_0 = constant term, $\beta_1, \beta_2 \dots \beta_5$ = are slopes to be estimated of firm i in period t , i = firm identifier (40 firms), t = time variable (2013,2024) – (Twelve Years)

Table 1: Where the measurements for all the variables are shown in the table below:

Variable Type	Proxy	Variable Symbols	Variables Explanation
Independent Variables (Remuneration Committee attributes)			
	Remuneration Committee Size	RCSZE	Total number of Remuneration Committee board members. Inspiration were drawn from prior studies of Okafor and Orjinta (2025)
	Remuneration Committee Independence	RCIND	No of independent directors /total no of remuneration committee board member. Inspiration were drawn from prior studies like; Okafor and Orjinta (2025) and Agyemang-Mintah, (2016)
	Remuneration Committee Gender Diversity	RCGEND	The ratio of the number of women to total board size. i.e the total numbers of female executive and non-executive directors in the board of a company excluding company secretary (inspiration drawn from prior studies like; Onipe. (2022)
	Remuneration Committee Expertise	RCEXP	The proportion of financially literate Remuneration Committee members to the total number of board members (membership in any accounting professional bodies) inspiration drawn from prior studies like; Onipe. (2022)
	Remuneration Committee Meeting Frequency	RCMEF	Number of meeting held during the financial year. Inspiration drawn from prior studies like Al-Absy and AlMahari, (2023), Alimi, Adegun and Agboola (2023)
Dependent Variable: Firm Performance (FPERF)			
	Firm Performance is measured using Return on Assets (ROA)	FPERF	The book value of operating profit at the end of a financial year, divided by the book value of total assets at the end of a financial year. Inspiration were drawn from Agyemang-Mintah, (2016)

Source: Researchers Compilation (2025)

4.1 RESULTS AND DISCUSSION OF FINDINGS

The study investigated the effect of Remuneration Committee Attributes on performance of quoted non-financial firms in Nigeria for a period of 12 years spanning 2013 and 2024. The study carried out some preliminary data tests like descriptive statistics, correlations analysis and variance inflation factor (VIF). The descriptive statistics was used to analyze the data in order to ascertain the normality and nature of the data. Correlation analysis was used to ascertain the association between the variables and to test for the presence of multi-collinearity. To further check for the case of perfect correlation among variables, Variance inflation factor (VIF) was conducted to test for the presence of multi-collinearity. Finally, the study used panel least regression analysis in obtaining functional causal effect between performance of firms and remuneration committee attributes like remuneration committee size, remuneration committee independence, remuneration committee gender diversity, remuneration committee expertise and finally remuneration committee meeting frequency.

Descriptive Statistics

The table below shows the descriptive statistics of the selected 40 non-financial firms in Nigeria that make up our sample.

Table 2: Descriptive Statistics Result

	FPROF	RCSIZE	RCIND	RCGEND	RCEXP	RCMEF
Mean	0.653583	1.662500	0.847917	0.460417	0.593750	1.983333
Median	0.650000	1.500000	0.500000	0.000000	0.000000	1.500000
Maximum	0.990000	4.000000	3.000000	2.000000	2.000000	5.000000
Minimum	0.010000	0.000000	0.000000	0.000000	0.000000	0.000000
Std. Dev.	0.223303	1.696936	0.951757	0.688783	0.719228	2.067679
Skewness	-0.400116	0.120187	0.583355	1.178460	0.781720	0.226575
Kurtosis	2.603668	1.180856	1.934933	3.039761	2.304082	1.307140
Jarque-Bera	15.94899	67.34126	49.91161	111.1330	58.57292	61.42239
Probability	0.000344	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	313.7200	798.0000	407.0000	221.0000	285.0000	952.0000
Sum Sq. Dev.	23.88504	1379.325	433.8979	227.2479	247.7813	2047.867
Observations	480	480	480	480	480	480

Source: researchers' summary of descriptive result (2025)

The aim of the descriptive statistics was to describe the general distributional properties of the data, to identify any unusual observations or any unusual patterns of observations that may cause problems for later analyses to be carried out on the data. Thus, initial exploration of the data using simple descriptive tools was provided to describe and summarize the data generated for the study. The researcher sought to establish the central tendency and distribution of board remuneration committee attributes and financial performance among the selected non-financial firms in Nigeria. It was observed that over the period under review, the sampled firms have average positive financial performance (profitability) measured using return on assets of

0.6535. Within the period under review, the firms have maximum profit of 0.990 while the minimum value of return on assets was 0.010. This therefore means that firms with mean value of FPROF higher or equal to 0.990 are high profitable firms while firms with the value below 0.010 are low profitable firms. Hence, it can be argued that Nigeria non-financial firms had been efficient enough to generate a higher rate of return out of their assets.

The average value of the remuneration committee size is 1.66 and a standard deviation of 1.696. On the same vein, remuneration committee independence stood at mean value of 0.847 persons suggesting that over 75% of remuneration committee members of firm under study are non-executive directors that is independent directors while about 25% is executive directors. On the same vein, remuneration committee gender diversity was measured as the number of female directors in the remuneration committee. Mean gender diversity was 0.460 suggesting that the average gender diversity for the 40 listed firms in Nigeria studied was about a female member in the committee. We observed on the average that remuneration committee in our sampled firms is comprised of maximum of 2 persons that are accounting and financial experts while on the average, they have only one person with minimum value that stood at nobody. This means that some firms do not even have one person with additional qualification in accounting and finance in their remuneration committee. For remuneration committee meetings, the table shows a maximum of five meetings. This means that the highest number of meeting held within a financial year was five times. Generally, the JB Probability values of 0.0000 shows that all the variables are normally distributed at 1% level of significance which indicates that the variables follow the Gaussian standard distribution. This is an indication that all variables are approximately normally distributed with no exception.

Pearson Correlation Matrix

Pearson's correlation matrix was applied to check the degree of association between remuneration committee characteristics and financial performance of quoted non-financial firms in Nigeria so as to determine the nature or degree of association i.e. positive or negative correlation and the magnitude of the correlation between dependent variable (financial performance) and independent variables with other explanatory variables.

Table 3: Correlation Analysis Result

	FPROF	RCSIZE	RCIND	RCGEND	RCEXP	RCMEF
FPROF	1.000000	0.047769	0.075554	0.060783	0.045739	0.049640
RCSIZE		1.000000	0.892381	0.667281	0.794010	0.836111
RCIND			1.000000	0.610204	0.717752	0.843149
RCGEND				1.000000	0.483712	0.667978
RCEXP					1.000000	0.805448
RCMEF						1.000000

Source: Researchers' summary of correlation result (2025).

Generally, the strength of the relationship between variables measured by the Pearson product-moment correlation showed that the association between the variables is relatively high and average but was below the threshold of 0.90, suggesting the absence of the problem of multi-

collinearity in the predictor variables. The result of the correlation coefficient above showed mixed correlation. This association identified buttresses the point that our variables have a linear relationship with varying degrees of direction.

To further check for multi-collinearity problem or to know whether the independent variables used are perfectly correlated, we conducted Variance Inflation Factor (VIF) to check for the multi-collinearity problem. The result of the Variance Inflation Factor (VIF) is provided in table 4 below:

Table 4: Variance Inflation Factor Result

Variance Inflation Factors

Date: 10/12/25 Time: 02:38

Sample: 2013 2024

Included observations: 480

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.000582	1.263346	NA
RCSZE	0.000622	18.60765	8.076979
RCIND	0.000935	8.364948	6.810641
RCGEN	0.000550	2.368639	2.086554
RCEXP	0.000923	3.809427	3.209589
RCMEF	0.000289	12.42208	2.950937

Source: Researchers' summary of VIF result (2025)

According to the guidelines of this test, the existence of multicollinearity can be confirmed only in circumstances where the value of the variance inflation factor is more than 10. Sequel to the guidelines of this test, we found that there is no intercorrelation between our independent variables as all the variables had a variance inflation factor (VIF) of less than 10. Table 4 above revealed that the various variables as indicated in the regression model are significant to the study as the variance inflation factors are noticed to have a benchmark that is below 10. It further revealed the nonappearance of the multicollinearity problem in regression model. As can be observed from the result of VIF in table 4 above, the mean value of the independent variables coefficient is less than 10. The variance inflation factor (VIF) values of all variables are less than 10; therefore, the effect of multi-collinearity is negligible. This implies that there was no multicollinearity problem with the variables thus all the variables were maintained in the regression model.

Regression Results

This study tested the hypotheses on the effect of remuneration committee attributes on profitability of quoted non-financial firms using EVIEW software Version. Panel data methodology was followed because of the nature of data of this study and because of many advantages of panel data as well. According to Gujarati and Porter (2009), panel data allows

controlling for any individual heterogeneity arising in a model due to the different characteristics of firms and, therefore, removes the risks of obtaining biased results.

Table 5: Random Effects Regression Result

Cross-section random effects test equation:

Dependent Variable: FPROF

Method: Panel Least Squares

Date: 10/12/25 Time: 02:36

Sample: 2013 2024

Periods included: 12

Cross-sections included: 40

Total panel (balanced) observations: 480

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.650307	0.015657	41.53558	0.0000
RCSZE	-0.004411	0.025963	-0.169877	0.8652
RCIND	0.014488	3.032942	1.439822	0.0504
RCGEND	-0.022440	0.024005	-0.934816	0.3506
RCEXP	0.017364	4.031622	2.549101	0.0533
RCMEF	0.003710	0.017261	0.214957	0.8299

Effects Specification

Cross-section fixed (dummy variables)			
Root MSE	0.200479	R-squared	0.538179
Mean dependent var	0.661500	Adjusted R-squared	0.458481
S.D. dependent var	0.230010	S.E. of regression	0.210998
Akaike info criterion	-0.181767	Sum squared resid	14.46910
Schwarz criterion	0.196048	Log likelihood	67.71809
Hannan-Quinn criter.	-0.031541	F-statistic	2.988517
Durbin-Watson stat	1.855343	Prob(F-statistic)	0.000000

Source: Researchers' Random Regression result (2025)

The table 5 above shows the panel regression analysis of 40 quoted non-financial firms in Nigeria. From the table above, the F-statistics value of 2.988 and their P-value of 0.0000 showed that the regression analysis of our variables in the regression model was generally significant at 1% level of significance and it shows that the model was well specified in explaining financial performance of quoted non-financial firms in Nigeria. From the result above, the study observed that the R. squared value was 0.538 (54%) approximately and R-squared adjusted value was 0.458 (46%) approximately. The value of R- squared which is the

coefficient of determination stood at 54% which implies that 54% of the systematic variations in individual dependent variables were explained in the model while about 46% were unexplained thereby captured by the stochastic error term.

The analysis result of the effect of remuneration committee size which measured the total number of members in the remuneration committee on profitability of non-financial firms in Nigeria showed a negative coefficient value of -0.0044, t-value of -0.1698 and a P-value of 0.8652. The coefficient value of -0.0044 reveals that the size of remuneration committee has negative effect on firm performance, hence the smaller the remuneration committee is expected to contribute more to the improvement of firm performance which is being reflected in the profitability index of the firm than large remuneration committee. Conversely, remuneration committee independence (RCIND) is positively and significantly related to firm performance. This is evidenced in their positive coefficient value of 0.0144, and t-value of 1.4398 such that the more independence the remuneration committee is, the better the performance of the non-financial firms in Nigeria. This entails that a firm with more percentage of non-executive directors or independent remuneration committee members tend to have an improved performance records.

On the contrary, the study established that remuneration committee gender diversity has a negative and statistically insignificant effect on profitability of non-financial firms in Nigeria, hence when remuneration committee gender diversity decreases by one female member, performance of firms increases by 2.24 naira. The coefficient value of 0.0173 shows that remuneration committee financial expertise has positive influence on the profitability of quoted non-financial firms in Nigeria, hence the more remuneration committee financial expertise plays their role the more the profit and performance is improved as a result of their expertise. An increase in remuneration committee financial expertise will result to about 1.73% increase in profitability of firms. This entails that a firm with more proportion of remuneration committee member who are professionals in any accounting body with financial expertise tends to have an improved profitability base. We discovered that remuneration committee meeting frequency has positive effect on profitability of quoted non-financial firms in Nigeria. This implies that having meeting constantly improves the profitability of non-financial firms in Nigeria.

5. CONCLUSION AND RECOMMENDATIONS

The most recent edition of the Nigerian Corporate Governance Code, issued in 2020, states that listed companies should establish a remuneration committee. This shift from voluntary formation of board committees to mandatory formation is interesting, as little or no research has been conducted in Nigeria on the effectiveness of such committees. This study therefore helps to address this issue by examining the attributes of the remuneration committee members and how it can influence performance of non-financial firms in Nigeria. Based on the results, there are several conclusions that can be drawn. First, the more the remuneration committee is constituted with independent members that are financially literate, the more the performance is improved that resulted in higher profit and the higher the company's current performance.

Our results indicate that Remuneration Committees are positively related to the level of profitability and firm performance.

On the basis of the findings and conclusions of this article, we therefore recommend that management of non-financial companies should maintain an optimal size of remuneration committee members for effective monitoring to be able to improve firm profitability. Again, non-financial firms' management should ensure that their remuneration committee is constituted with independent members to give a seasoned advice without bias on ways to improve firm performance. In addition, having more members with financial expertise in remuneration committee should be encouraged while emphasis on regular meetings of the remuneration committee members should be encouraged in order to maintain firm profitability.

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Appendix

	FPROF	RCSZE	RCIND	RCGEND	RCEXP	RCMEF
Mean	0.653583	1.662500	0.847917	0.460417	0.593750	1.983333

Median	0.650000	1.500000	0.500000	0.000000	0.000000	1.500000
Maximum	0.990000	4.000000	3.000000	2.000000	2.000000	5.000000
Minimum	0.010000	0.000000	0.000000	0.000000	0.000000	0.000000
Std. Dev.	0.223303	1.696936	0.951757	0.688783	0.719228	2.067679
Skewness	-0.400116	0.120187	0.583355	1.178460	0.781720	0.226575
Kurtosis	2.603668	1.180856	1.934933	3.039761	2.304082	1.307140
Jarque-Bera	15.94899	67.34126	49.91161	111.1330	58.57292	61.42239
Probability	0.000344	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	313.7200	798.0000	407.0000	221.0000	285.0000	952.0000
Sum Sq. Dev.	23.88504	1379.325	433.8979	227.2479	247.7813	2047.867
Observations	480	480	480	480	480	480

	FPROF	RCSIZE	RCIND	RCGEN	RCEXP	RCMEF
FPROF	1.000000	0.047769	0.075554	0.060783	0.045739	0.049640
RCSIZE	0.047769	1.000000	0.892381	0.667281	0.794010	0.936111
RCIND	0.075554	0.892381	1.000000	0.610204	0.717752	0.843149
RCGEN						
D	0.060783	0.667281	0.610204	1.000000	0.483712	0.667978
RCEXP	0.045739	0.794010	0.717752	0.483712	1.000000	0.805448
RCMEF	0.049640	0.936111	0.843149	0.667978	0.805448	1.000000