

Effect of Board Characteristics on Related Party Transaction of Nigerian Conglomerate Firms

Okonkwo, Christian O. Udeh, Francis N. Ezekwesili,
Tochukwu P.

*Department of Accountancy
Nnamdi Azikiwe University, Awka, Nigeria*

Submitted: 02-01-2022

Revised: 09-01-2022

Accepted: 12-01-2022

ABSTRACT

This study examined the effect of board characteristics on related party transaction of Nigerian conglomerate firms. The specific objectives are to: determine the effect of Board sizes on related party transaction of quoted Nigerian conglomerate firms and examine the effect of board independence on related party transaction of quoted Nigerian conglomerate firms. Ex Post Facto research design was adopted for the study, and the study sample consisted of six Conglomerates firms in Nigeria. Data for the study were extracted from audited report and accounts of the sampled firms. The formulated hypotheses were tested with Ordinary Least Square (OLS) using E-View 9.0. The study found that board size has a positive insignificant effect on related party transaction of manufacturing firms in Nigeria, while board independence has a negative insignificant effect on related party transaction of manufacturing firms in Nigeria. the study recommended among others that there is should be need to have more outside directors in the size of the board and the proportion of outside directors sitting on the board, unlike inside directors, outside directors are better able to challenge the CEOs.

Keywords: Board characteristics, Related party transaction, Board size and Board independence.

I. INTRODUCTION

Tunneling is especially dangerous in emerging nations because of weak corporate governance frameworks that fail to protect minority shareholders and corporate ownership arrangements that encourage expropriation (Aharony, Wang & Yuan 2010; Liu & Lu 2007). Despite the fact that numerous tunneling methods have been proposed, RPTs have received a lot of

empirical attention. RPTs have a lot of potential to be a convenient vehicle for expropriating firm value from minority shareholders due to weak corporate governance systems and existing corporate structures in many countries throughout the world (Cheung, Qi & Rau, 2009; Gao & Kling 2008) RPTs are thought to be a high-risk factor for investors (Cheung, Jing, Lu, Rau & Stouratis 2009; Kohlbeck & Mayhew 2010). Abusive RPTs are increasingly posing a threat to the Asian economy's integrity.

The variable influence of corporate governance, whether at the national or firm level, has been a recurring subject in previous empirical tunneling research. In today's globalized world, the term "corporate governance" is frequently employed as a catch-all term that is sometimes used to refer to an all-encompassing idea and other times to a very specific set of circumstances. Despite the fact that corporate governance has been the subject of much debate in recent decades, the fundamental notion remains poorly understood due to a lack of agreement on a formal definition and conceptual bounds. Legal systems and investment protection are just parts of a larger framework at the national level. Meanwhile, ownership structure is just one feature of a larger set of corporate governance procedures at the firm level (Juliarto, Tower, Van der Zahn, & Rusmin, 2013).

Many research have been conducted on the topic of board qualities and related party transaction of corporations; many of the studies indicated a substantial positive relationship between board characteristics and related party transaction. In Turkey, Melsa, Hakan, and Burcin (2010) discovered a negative relationship between board size, board structure, and firm performance; in Nigeria, Nwakoby, Ezejiofor, and Ajike (2018)

discovered a negative significant relationship between board size and related party transaction of conglomerates firms. Meanwhile, Khaldoun (2014) found that the size of the board of directors and the size of the audit committee have a substantial positive link with the level of voluntary disclosure. Board size and directors accounting expertise on firm accounting performance in Malaysia, Satirenjit, Shireenjit, and Barry (2015) found that board size and board accounting/financial expertise are positively connected with firm accounting performance. In the light of the above, this study intends to determine the effect board characteristics on director's tunneling of Nigerian conglomerate firms.

The main objective of this study is to examine the effect of board characteristics on related party transaction of Nigerian conglomerate firms. The specific objectives are to:

- (i.) Determine the effect of Board size on related party transaction of quoted Nigerian conglomerate firms.
- (ii.) Examine the effect of board independence on related party transaction of quoted Nigerian conglomerate firms.

II. LITERATURE REVIEW

Related Party Transactions (RPT)

Johnson La Porta, Lopez-de-Silanes, and Shleifer (2000), the first researchers to use the term "RPT" to describe the misappropriation of company funds by controlling shareholders, list several methods for doing so: transferring growth opportunities belonging to listed companies to themselves or their subsidiaries; transferring profits via intra-group transactions from listed companies to other subsidiaries they own or control; and using assets or capital belonging to the listed company.

Chen and Wang (2005) find that the value of related party transactions is significantly positively related to ownership concentration and that increasing the number of controlling shareholders holding more than 10% reduces both the probability of related party transactions occurring and the value of such transactions. Jiang and Yue (2005) find a negative relationship between the use of funds by large shareholders and future profitability in listed companies, and show that the use of funds by large shareholders has a negative effect on the company. Gao et al. (2008) conclude that tunneling by controlling shareholders is exacerbated by ownership concentration and business group control, but is inhibited by managerial ownership and fund holdings, information disclosure transparency, investor protection and product market competition. Luo

and Tang (2007) observe that the less the regional government intervenes in the market and the more developed are financial markets, the lower the probability of tunneling by controlling shareholders in listed companies in the region. Jiang et al. (2010) examine other receivables in Chinese listed companies to examine the nature, content and economic consequences of controlling shareholder behavior.

Prior study has looked at the relationship between independent board oversight and related party transactions or the use of company funds by controlling shareholders of publicly traded companies. Independent directors play a governance role in minimizing channel excavation by significant shareholders through related party actions such as the use of company money, asset sales, and security and cash dividends, according to Tang et al. (2005), but these effects are not easily evident. Independent directors, on the other hand, have no influence on limiting shareholders' tunneling behavior, according to Gao et al. (2006). After controlling for the endogeneity of independent directors, Ye et al. (2007) conclude that increasing the number and proportion of independent directors can deter controlling shareholders from spending company funds. Huang and Pan (2010) find that the professionalism of independent directors has a significant monitoring effect on related party transactions between controlling shareholders and listed companies. They also demonstrate that independent director compensation is significantly positively related to the frequency of related party transactions between controlling shareholders and listed companies, but that the proportion of independent directors has no significant effect on such transactions.

Board Characteristics

Principles of effective corporate governance can help protect minority shareholders' interests by preventing controlling shareholders from engaging in opportunistic behavior. Companies can utilize two types of corporate governance systems, according to Lins and Warnock (2004): internal and external corporate governance methods. Control structure and corporate structure are two internal company governance mechanisms. The rule of law and the market for corporate control are two external corporate governance mechanisms. Corporate governance procedures may differ between institutional contexts and countries, according to certain reports (Filatotchev, Jackson & Nakajima 2013). The internal corporate governance procedures of Indonesian listed businesses are the topic of this research.

In relation to control structure, previous studies have found that the proportion of independent members in the board has a negative correlation with transfer pricing manipulations (Gao & Kling, 2008; Lo, Wong & Firth, 2010; Shan 2013), a positive correlation to financial performance (e.g. Brickley, Coles & Terry 1994) and a negative impact on financial fraud (Dechow, Sloan & Sweeney 1996). These findings imply that independent board members could counterbalance the influence of the controlling shareholders, and accordingly lead to better corporate governance practice. This perception has also been shared by some security exchanges. Indonesia Stock Exchange (IDX) for example, recommends any company listed on IDX to have at least 30% independent members on its board.

Furthermore, evidence suggests that audit committees with members with financial and industry backgrounds and expertise are more likely to demand higher-quality audits and reduce the risk of asset appropriation or transfer pricing manipulations (Gao & Kling 2008; Lo Wong & Firth, 2010). Stronger audit committee independence and competence were found to be significantly related to a lower number of incidents and a lower level of severity of financial restatements, resulting in companies producing more reliable financial statements, according to Lary and Taylor (2012). Any company listed on the Indonesian Stock Exchange (IDX) must have an audit committee of at least three members, one of whom must be an independent commissioner of the company and serve as the audit committee's chairman.

In the case of emerging markets, Gunarsih (2002) discovered that large domestic institutional investors tended to represent their own interests, whereas Khanna and Palepu (2000) discovered that foreign institutional investors provided better monitoring functions than domestic institutional investors when interacting with emerging markets in the global economy. According to Khanna and Palepu (2000), corporate performance is positively related to foreign institutional ownership and negatively related to domestic institutional ownership.

In a company with a concentrated ownership structure, the controlling shareholder could control the company's resources and implement policies that benefit them at the expense of the non-controlling shareholders (La Porta, Lopez-de-Silanes & Shleifer 2000).

Structure of Board: Board Size and Independent Directors

There is another controversial issue involving board sizes and independent members as being one of the main factors of the firms' success. The board controls the firm on behalf of shareholders and the board size is expected to affect firm's performance. What is the appropriate size of a successful board? Also the board size may cause agency problems. Several researches conducted found inverse relationship between the board size and firm performance (Cahit & Ali, 2016).

Larger boards, according to some studies, may be less effective than smaller ones. Due to greater communication and decision-making, a smaller board is likely to perform better than a larger one. Some academics, on the other hand, suggest that tiny boards may not have the advantage of delivering expert counsel in large numbers. Between 2002 and 2009, Ammari, Kadria, and Ellouze (2014) looked at the board structure (board size, independent members) of 40 French companies listed on the SBF 120. They discovered a significant negative correlation between board size and performance. Using a panel data regression model, Zakaria, Purhanudin, and Palanimally (2014) investigated the Malaysian listed trading and services sector. They discovered that the size of a company's board of directors has a positive impact on its performance. They also found that the effects of board independent members are insignificant on firm performance.

Review of Empirical Studies

Tunneling in corporate entities has been the subject of research all over the world. Ali (2011) looked into the relationship between firm characteristics and the voluntary disclosure level of graphs in annual reports of Turkish companies listed on the Istanbul Stock Exchange (ISE). The study's methodology is a content analysis of annual reports from companies listed on the ISE-100 Index in 2006. The results of univariate and multivariate analyses revealed that the size of the firm and the size of the auditor have a significant positive relationship with the level of voluntary disclosure of graphs. Profitability and ownership structure, on the other hand, have no significant relationship with graphical disclosure level. Ali, Merve, and Nizamettin (2013) investigated the factors that influence the level of voluntary information disclosure by Turkish manufacturing companies listed on the Borsa Istanbul stock exchange (BIST). To investigate the relationship between the explanatory variables and voluntary disclosure level, they used Ordinary Least Square (OLS) and Two-Stage Least Squares (2SLS) regressions. The findings show a link between voluntary

information disclosure and variables like firm size, auditing firm size, proportion of independent directors on the board of directors, institutional/corporate ownership, and corporate governance. Khaldoun (2014) focuses on Jordanian corporate annual reports and voluntary disclosure. Weighted disclosure index consisting of 63 voluntary items was developed to assess the level of voluntary disclosure in the annual reports of 124 listed companies on ASE for the period of 2010 to 2012. Univariate and Multivariate analysis were applied to explore the relationship between each explanatory variables and the level of voluntary disclosure and a number of sensitivity tests were taken to further analysis. The findings of the study reveal that the level of voluntary disclosure in Jordanian corporate annual reports is low (its average is 35.7% for three years), although there is a significant increase in the level of voluntary disclosure from year to year. In Nigerian quoted firms, Osazuwa, Ayoib, and Noriah (2016) investigated the relationship between political connections, board characteristics, and firm performance. The study's model is based on the theory of agency. It makes use of cross-sectional data from 116 companies for the year 2013, which was obtained from the companies' annual reports. The study discovered that board gender was positively related to firm performance, whereas political connections and CEO incentives were negatively related. For the period 2005 to 2009, Dabor and Mohammed (2018) investigated the impact of ownership structure (directors' shares) on earnings management (and, by extension, earnings quality) in the Nigerian banking sector. The study did not use block shareholding by directors to examine the influence of ownership interest on earnings quality. Wambui (2018) looked at the impact of some demographic diversity variables (gender, age, and nationality) on commercial bank financial performance in Kenya from 2012 to 2017. The combined influence of board diversity traits of gender, age, and nationality on the financial performance of commercial banks in Kenya was found to be minor, according to the study. Hashim, Ahmed, and Huey (2019) evaluated the influence of age on the board diversity and earnings quality of listed non-financial enterprises in Malaysia for the year 2017. They looked at 90 out of 745 listed companies. The current research is in the financial industry, and it is based on panel data rather than cross-sectional data. Age (as defined by youthful directors) was revealed to be a factor in the study. Onuoha, Okpanachi, and Jim-Suleiman (2021) looked into how board diversity influences the profits quality of 13 of Nigeria's 14 publicly traded

deposit money banks. To meet the research goals, the study used fixed effect regression with two models. The Board Diversity Index was found to have a negative and significant impact on the discretionary loan loss provision of Nigeria's listed deposit money banks. As a result, the study found that the combined effect of board diversity qualities increases the profits quality of Nigeria's publicly traded deposit money institutions.

Various studies on nexus board characteristics and related party transactions have been conducted all around the world. The current study extends previous research by looking at not just the single effect of gender, but also the combined effect of gender and other demographic and statutory diversity characteristics on the profits quality of Nigeria's listed deposit money institutions. When Bala and Kumai (2015) looked at the financial expertise of board members as one of the variables in their study of the effect of board characteristics on earnings management of listed food and beverage enterprises in Nigeria, they received a different result (2009 - 2014). Financial knowledge on the board enhances earnings quality by lowering earnings management, according to the study.

III. METHODOLOGY

Research Design

The study used an ex-post facto research design. This is appropriate because the study's goal is to determine the relationship between two variables without manipulating the variables. This entails generating a financial analysis based on an organization's financial accounts in order to determine the significant difference.

Sample Size and Population

From 2012 to 2019, the researcher used the six (6) Conglomerates firms listed on the Nigerian Stock Exchange as a sample for the study. The companies that were chosen were those that disclosed information about their related party transactions. These firms include:

A.G Leventis Nigeria plc

1. John Holt plc
2. Chellarams Plc
3. SCOA Nigeria Plc
4. Transnational Corporation Plc
5. UAC

Secondary sources of data were used in respect of this study. Data will obtain from the audited financial accounts of the sampled firms from 2012 to 2019.

Model specification

In the specification of the model for the study, the researcher adapted the Nosakhare, Ayoib Noriah (2016) as follows:

$$RPT_{it} = a + \beta_1 BSZ_{it} + \mu_{it} \dots\dots\dots i$$

$$RPT_{it} = a + \beta_2 BODIND_{it} + \mu_{it} \dots\dots\dots ii$$

Where:

The Independent variables: (Board characteristics)
 =

BSZ = Board size

BODIND = Board Independent

The dependent variable: (RPT) Related party transaction

(β) = Coefficient to be estimated for firm in period

Method of Data Analysis

The hypotheses formulated for the study were tested with the Ordinary Least Square regression with aid of E-view version 9.0 software package.

The dependent variable director tunneling is operationalized in this study using loan to related party divided by total assets as a proxy for tunneling (Gao & Kling 2008; Juliarto et al. 2013). While independent variables are measured using Board size (BSZ), Board Independent (BDIND), Board Composition Diligence (BC).

Decision rule:

Using E-view, 5% is considered a normal significance level. Accept null hypothesis if the p-value is less than the 0.05 level of significance, otherwise reject null hypothesis and accept alternative hypothesis.

IV. DATA ANALYSIS

Table 1: Descriptive Analysis

	RPT	BSZ	BODIND
Mean	2.37E+09	7.625000	5.750000
Median	2.08E+09	8.000000	6.000000
Maximum	4.87E+09	8.000000	6.000000
Minimum	4.53E+08	7.000000	5.000000
Std. Dev.	1.95E+09	0.517549	0.462910
Skewness	0.140357	-0.516398	-1.154701
Kurtosis	1.197052	1.266667	2.333333
Jarque-Bera	1.109807	1.357037	1.925926
Probability	0.574128	0.507368	0.381760
Sum	1.89E+10	61.00000	46.00000
Sum Sq. Dev.	2.67E+19	1.875000	1.500000
Observations	8	8	8

Table 1 shows the mean (average) for each of the variables, their maximum values, minimum values, and standard deviation. The results in table 1 provide insight in the nature of the Nigerian quoted manufacturing firms that were used in this study. It was observed that on the average over the eight (8) years periods (2012-2019), the sampled quoted Nigerian manufacturing firms were characterized by improved related party transaction (RPT) =2.370 The gap between the maximum and minimum value of the related party transaction and board characteristics (board size, board independence, and board composition)

showed that board characteristics really determine the level of related party transaction of the companies.

Test of hypotheses

Hypothesis One

H₀₁ Board size has no significant effect on related party transaction of conglomerates firms in Nigeria.

H₁₁ Board size has significant effect on related party transaction of conglomerates firms in Nigeria.

Table 2: Regression analysis between board size and related party transaction

Dependent Variable: RPT
Method: Least Squares
Date: 08/13/21 Time: 21:36
Sample: 2012 2019
Included observations: 8

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.75E+09	1.12E+10	-0.604722	0.5675
BSZ	1.20E+09	1.46E+09	0.818515	0.4443
R-squared	0.100445	Mean dependent var		2.37E+09
Adjusted R-squared	-0.049480	S.D. dependent var		1.95E+09
S.E. of regression	2.00E+09	Akaike info criterion		45.88355
Sum squared resid	2.40E+19	Schwarz criterion		45.90341
Log likelihood	-181.5342	Hannan-Quinn criter.		45.74960
F-statistic	0.669968	Durbin-Watson stat		0.930121
Prob(F-statistic)	0.444348			

Interpretation of Regression Result

In table 2, a panel least square regression analysis was conducted to test the relationship between board size and related party transaction. R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the table 2, the value of R squared was 0.100, an indication that there was variation of 10% on related party transaction due to changes in board size. This implies that only 10% changes in related party transaction of conglomerates could be accounted for by board size, while 90% was explained by unknown variables that were not included in the model. The probability of the slope coefficients indicate that; $P(= 0.444 > 0.05)$. The coefficient value of; $\beta_1 = 1.20$ for BSZ implies that RPT is positively related to BSZ, though not statistically significant at 5%.

The Durbin-Watson Statistic of 0.9301 suggests that the model does not contain serial correlation.

The F-statistic of the RPT regression is equal to 0.66996 and the associated F-statistic probability is equal to 0.444, so the null hypothesis was accepted and the alternative hypothesis was rejected.

Decision

Since the Prob (F-statistic) of 0.444 is higher than the critical value of 5% (0.05), then, it would be upheld that there is no significant relationship between board size and related party transaction of conglomerates in Nigeria at 5% level of significance, thus, H_0 is preferred over H_1 .

Hypothesis Two

H_{02} There is no significant effect of Board independence on related party transaction of conglomerates firms in Nigeria.

H_{02} There is no significant relationship between board independence and related party transaction of Nigerian conglomerate firms.

Table 3: Regression analysis between board independence and related party transaction

Dependent Variable: RPT
Method: Least Squares
Date: 08/13/21 Time: 21:39
Sample: 2012 2019
Included observations: 8

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.18E+10	9.15E+09	1.289213	0.2448
BODIND	-1.64E+09	1.59E+09	-1.033320	0.3413
R-squared	0.151074	Mean dependent var		2.37E+09

Adjusted R-squared	0.009586	S.D. dependent var	1.95E+09
S.E. of regression	1.94E+09	Akaike info criterion	45.82562
Sum squared resid	2.27E+19	Schwarz criterion	45.84548
Log likelihood	-181.3025	Hannan-Quinn criter.	45.69167
F-statistic	1.067751	Durbin-Watson stat	1.084202
Prob(F-statistic)	0.341294		

In table 3, a panel least square regression analysis was conducted to test the relationship between board independence and related party transaction. Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the table 3, the value of R squared was 0.151, an indication that there was variation of 15% on related party transaction due to changes in board independence. This implies that only 15% changes in related party transaction of conglomerates could be accounted for by board independence, while 85% was explained by unknown variables that were not included in the model. The probability of the slope coefficients indicate that; $P(= 0.3413 > 0.05)$. The co-efficient value of; $\beta_1 = -1.64$, implies that RPT is negatively related to BODIND, though not statistically significant at 5%.

The Durbin-Watson Statistic of 1.0842 suggests that the model does not contain serial correlation. The F-statistic of the RPT regression is equal to 1.0678 and the associated F-statistic probability is equal to 0.3413, so the null hypothesis was accepted and the alternative hypothesis was rejected.

Decision

Since the Prob (F-statistic) of 0.341 is higher than the critical value of 5% (0.05), then, it would be upheld that there is a negative insignificant relationship between board independence and related party transaction of conglomerates in Nigeria at 5% level of significance, thus, H_0 is preferred over H_1 .

V. CONCLUSION AND RECOMMENDATIONS

According to the findings, board size has a positive but insignificant effect on related party transactions in Nigerian manufacturing firms. As a result, we accept the alternative hypothesis that board size has no effect on related party transactions in Nigerian manufacturing firms. This conclusion confirms our expectations and those of Roman and Persida (2012), while contradicting Juliarto, Tower Van der Zahn, and Rusmin (2013).

Furthermore, the findings suggest that there is a negative negligible effect between Board independence and linked party transactions in Nigerian manufacturing enterprises. As a result, we accept the alternative hypothesis that board independence has a significant (positive) impact on related party transactions in Nigerian manufacturing firms. As a result, this discovery backs up our expectations as well as Melas, Haken, and others' conclusions. Conclusively, board characteristics have a significant effect of related party transaction in Nigerian manufacturing firms.

Recommendations

The following recommendations were made based on the study's findings:

- i. Outside directors, as opposed to inside directors, are better able to challenge CEOs, so the size of the board and the proportion of outside directors on the board should be increased.
- ii. To ensure shareholder returns, corporations should encourage board members to be chosen based on their expertise, character, and professional qualifications.

REFERENCES

- [1]. Aharony, J., Wang, J., & Yuan, H. (2010). Tunnelling as an incentive for earnings management during the IPO process in China. *Journal of Accounting and Public Policy*, 29(1), 1–26. <https://doi.org/10.1016/j.jaccpubpol.2009.10.003>.
- [2]. Ali, U., Merve, K., & Nizamettin, B., (2013). Association between firm characteristics and corporate voluntary disclosure: Evidence from Turkish listed companies. *IC*, 2013 – 9(4): 1080-1112 – Online ISSN: 1697-9818 – Print ISSN: 2014-3214 <http://dx.doi.org/10.3926/ic.439>.
- [3]. Ali U. (2011). Firm characteristics and voluntary disclosure of graphsnin annual reports of Turkish listed companies. *African Journal of Business Management* Vol. 5(17), pp. 7651-7657,
- [4]. Bala, H., & Kumai, G. B. (2015). Board characteristics and earnings management of listed food and beverages firms in Nigeria.

- European Journal of Accounting, Auditing and Finance Research, 3(8), 25-41.
- [5]. Cheung, Y.L., Jing, L., Lu, T., Rau, P.R. & Stouratis, A. (2009a). Tunneling and propping up: An analysis of related party transaction by Chinese Listed Company. *Pacific Basin Finance Journal* 17: 372-393.
- [6]. Cheung, Y.L., Qi, Y., Rau, P.R. & Stouraitis, A.(2009). Buy high, sell low: How listed firm price asset transfer in related party transaction. *Journal of Banking and Finance* 33: 914-924.
- [7]. Dabor, A. O., & Mohammed, F. (2018). Earnings management and corporate governance in the Nigerian banking sector. *West African Journal of Business and management Sciences*, 3(2), 26-33.
- [8]. Filatotchev, I., Jackson, G. & Nakajima, C. (2013). Corporate governance and national institutions: A review and emerging research agenda. *Asia Pacific Journal of Management* 30: 965-986.
- [9]. Gao, L. & Kling, G. (2008). Corporate governance and tunneling: Empirical evidence from China. *Pacific Basin Finance Journal* 16: 591-605.
- [10]. Hashim, F., Ahmed, E. R., & Huey, Y. M. (2019). Board diversity and earnings quality: Examining the role of internal audit as a moderator. *Australasian Accounting, Business and Finance Journal*, 13(4), 73-91.
- [11]. Jian, M., & Wong, T. J. (2010). Propping through related party transactions. *Review of Accounting Studies*, 15 (1), 70–105. <https://doi.org/10.1007/s11142-008-9081-4>Jiang, J., Wang, I. Y., & Philip Wang, K. (2019). Big N auditors and audit quality: New evidence from quasi- experiments. *Accounting Review*, 94(1),
- [12]. Johnson, S., La Porta, R., Lopez-de-Silanes, F. & Shleifer, A. (2000). Tunneling. *The American Economic Review* 90: 22-27.
- [13]. Juliarto, A., Tower, G., Van der Zahn, M. & Rusmi, R. (2013). Managerial Ownership Influencing Tunnelling Behaviour. *Australasian Accounting, Business and Finance Journal*. 7(2).
- [14]. Kohlbeck, M. J., & Mayhew, B. W. (2004). Agency costs, contracting, and related party transactions. *SSRN Electronic Journal*, March 2017. <https://doi.org/10.2139/ssrn.592582>.
- [15]. Khanna, T. & Palepu, K. (2000). Is group membership profitable in emerging markets? An analysis of diversified Indian Business Groups. *Journal of Finance* LV: 867-891.
- [16]. La Porta, R., Lopez-de-Silanes, F., Shleifer, A. & Vishny, R.W. (2000). Investor protection and corporate governance. *Journal of Financial Economics* 58: 3-27.
- [17]. Lary, A.M. & Taylor, D.W. (2012). Governance characteristics and role effectiveness of audit committees. *Managerial Auditing Journal* 274: 336-354.
- [18]. Lo, A.W.Y., Wong, R.M.K. & Firth, M. (2010). Can corporate governance deter management from manipulating earnings? Evidence from related-party sales transactions in China. *Journal of Corporate Finance* 16: 225-235.
- [19]. Lins, K. & Warnock, F. (2004). Corporate governance and the shareholder base. *International Finance Discussion Paper*. Board of Governors of the Federal Reserve System. Washington DC.
- [20]. Melsa, A. Bernard S. B. & B. Burcin Y. (2014). Corporate Governance, Business Groups, and Market Value: Time-Series Evidence from Turkey. *European Corporate Governance Institute Finance Working Paper No. xxx/2013 Northwestern University School of Law Law and Economics Research Paper No. 13-19*.
- [21]. Nwakoby, N. P.Ezejiofor, R. A. & Ajike, A.K. (2018). Board Characteristics and Directors Tunneling: An Empirical Analysis of Conglomerate Firms in Nigeria. *International Journal for Social Studies*. 04(08) ISSN: 2455-3220. Available online: <http://edupediapublications.org/journals/index.php/IJSS/P a g e | 82>
- [22]. Osazuwa, N. P., Ayoib,C.,& Noriah, C. (2016). Political connection, board characteristics and firm performance in Nigeria. *International Soft Science Conference*.
- [23]. Onuoha, O. J, Okpanachi, J., Jim-Suleiman S., Agbi S. E. (2021). Board diversity and earnings quality of listed deposit money banks in Nigeria. *Journal of Finance and Accounting*, 9(1), 11-31 Available online at <http://pubs.sciepub.com/jfa/9/1/2> Published by Science and Education Publishing DOI:10.12691/jfa-9-1-2
- [24]. Shan, Y.G. (2013). Can internal governance mechanisms prevent asset appropriation? Examination of type I tunneling in China. *Corporate Governance: An International Review* 21: 225-241.
- [25]. Wambui, W. K. (2018). Influence of board diversity on financial performance of

- commercial banks in Kenya. (MBA Thesis submitted to Strathmore University, Kenya).
- [26]. Wan, Y., & Wong, L. (2015). Ownership, related party transactions, and performance in China. *Accounting Research Journal*, 28(2), 143–159. <https://doi.org/10.1108/ARJ-08-2013-0053>.
- [27]. Yunling, S. Xinwei, J. & Chi-Wen, J. L. (2013). Ownership balance, supervisory efficiency of independent directors and the quality of management earnings forecasts. *China Journal of Accounting Research* 6 ,113–132
- [28]. Zakaria1, Z., Purhanudin, N. & Palanimally, Y.R. (2014). Board Governance and Firm Performance: A Panel Data Analysis. *Journal of Business Law and Ethics*. 2(1), pp. 01-12. ISSN: 2372-4862 (Print), 2372-4870 (Online)