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CORPORATE GOVERNANCE AND TAX AVOIDANCE OF QUOTED CONSUMER GOODS MANUFACTURING COMPANIES IN NIGERIA

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Abstract
This study investigated the relationship between corporate governance and tax avoidance of quoted consumer goods manufacturing firms in Nigeria. Specifically, the study sought to examine the effect of board size, and CEO duality on effective tax rate. The study adopted the Ex Post Facto research design. The population comprised of all quoted consumer goods manufacturing firms on the Nigerian Stock Exchange (NSE). The sample was purposively drawn from all the consumer goods manufacturing firms of the NSE. Data were obtained from annual reports and accounts of the quoted companies. The study used both descriptive and inferential statistics to analyse the data. The hypotheses were tested using Regression analysis technique with aid of E-view 9.0. From the analysis, the study found that there is a positive relationship between board size, CEO duality and effective tax rate of quoted consumer goods manufacturing firms, and this relationship is not statistically significant. The study therefore recommended among others that Moderate board sizes: Since an overly large board size may not improve the efficiency of decisions, the firm should maintain optimum board size level and not exceed the sufficient number necessary to drive the company through its vision.

Keywords: Board size, CEO duality and Effective tax rate

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Introduction

Corporate governance refers to policies and procedures adopted by firms to achieve certain sets of objectives, corporate missions and visions with regard to different stakeholders (Poudel, 2015). Corporate governance provides the structure through which "the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined" (The Organisation for Economic Co-operation and Development [OECD], 2004). It is directed at improving corporate behaviour and the reliability of accounting information provided to the stakeholders (Ianniello, Mainardi, & Rossi, 2013). Corporate governance "involves a set of relationships between a company's management, its board, its shareholders and other stakeholders" (OECD, 2004). According to Pilos (2017) corporate governance "deals with whether the suppliers of finance earn a return on their investments or not".

Prior to 2012, manufacturing companies in Nigeria were required to prepare accounts using the Statement of Accounting Standards. However, following the recommendation of the Financial Reporting Council of Nigeria (FRCN), henceforth from 2012 all manufacturing companies complied with the provisions of the International Financial Reporting Standards in the preparation of financial statements. The FRCN also recently released the Nigerian Code of Corporate Governance ('the Code") on January 15, 2019 pursuant to Sections 11(c) and 41(c) of the Financial Reporting Council of Nigeria Act, 2011. This formed part of the move to strengthen and institutionalise corporate governance best practices in Nigerian companies. The Code adopts a principle-based approach in specifying minimum standards of practice that companies should adopt Proshare, (2019), which is that companies must be required by law (or by some other form of compulsory regulation) to comply with established principles of good corporate governance. The rules might apply only to some types of company, such as Quoted companies.

Tax is a financial charge or other levy imposed upon a taxpayer (an individual or legal entity) by a state or the functional equivalent of a state (Edame & Okoi, 2014). The government uses the proceeds of the tax to render their traditional functions, which include the provision of public goods, maintenance of law and order, defense against external aggression, regulation of trade and business to ensure social and economic support (Edame & Okoi, 2014; Takumah, 2014). Corporate tax avoidance refers to the deliberate attempt to reduce the amount of taxes paid. Tax avoidance can be divided into acceptable (legal) tax avoidance and unacceptable (illegal) tax avoidance (Fadhilah, 2014). A tax avoidance is the deliberate use of taxable expenses to offset taxable income. Tax shield lowers tax bills, which is one of the major reason why taxpayers whether individuals or corporations spend a considerable amount of time determining which deduction to apply in their financial statement for each year. The intent of a tax shield is to defer or eliminate a tax liability. This can lower the effective tax rate of a business or individual.

Taxes remain a crucial aspect of many managerial decisions. Thus, tax avoidance involves a range of managerial decisions affecting capital structure, cost of capital, cash retention and payout policy (Lanis & Richardson, 2011;.Faulkender & Smith, 2015; Goh, Lee, Lim, & Shevlin, 2016; Faulkender & Petersen, 2012; Dharmapala, Foley, & Forbes, 2011).

Given the differing preferences between shareholders and managers on corporate tax avoidance it is therefore believed that corporate governance influences managerial tax avoidance decisions (Armstrong, Blouin, Jagolinzer, & Larcker, 2015), because policies/decisions taken by managers are often a reflection of corporate governance; and, comprises elements such as board size and composition, board independence, board diligence, CEO duality and audit committee diligence (Pilos, 2017; Gomes, 2016; Armstrong, Blouin, Jagolinzer, & Larcker, 2015; Richardson, Taylor, & Lanis, 2013; Lanis & Richardson, 2011). In fact the boards of directors play a key role in corporate governance (Raut, 2003). The board has the "responsibility of endorsing the organization's strategy, developing policy direction, appointing, supervising and remunerating senior executives and ensuring accountability of the organization to its investors and authorities". Against this backdrop, the study sought to evaluate the relationship between corporate governance and corporate tax avoidance of manufacturing firms in Nigeria.

Prior studies have examined the corporate governance and tax avoidance in several countries. They include studies by Oyenike, Olayinka, and Emeni (2016) in Nigeria; Hoseini, Gerayli, and Valiyan (2018) in Iran; Bayar, Huseynov, and Sardarli (2018) using several databases; Pilos (2017) using Standard and Poor's 500 firms; among several others. The studies provide counterintuitive predictions on the link between governance and tax avoidance. While some document a positive effect, others report a negative association. Studies, such as Hossain, Mitra, Rezaee, and Sarath (2011) and Xie, Davidson, and DaDalt (2003) found that accrual-based earnings management is negatively related to board and audit committee meeting frequency; whereas, Abbott, Parker, and Peters (2004) found that the probability of duplication is lower in firms with more audit committee meetings.

In addition, a common methodological approach mainly used in prior studies based on the estimates on how governance relates to the conditional *mean* of the tax avoidance (Armstrong, Blouin, Jagolinzer, & Larcker, 2015). This stems mainly from models based on Ordinary Least Squares (OLS) properties. While such models can conveniently address the issue of nature of relationship based on the conditional mean function; it fails to address the issue of tax avoidance at various quantiles (i.e., low, median or high). The study by Armstrong, Blouin, Jagolinzer, and Larcker (2015) found no relation between various corporate governance mechanisms and tax avoidance at the conditional mean and median of the tax avoidance distribution. However, using quintile regression, Armstrong, Blouin, Jagolinzer, and Larccker (2015) found a positive relation between board independence and financial sophistication for low levels of tax avoidance; and, a negative relation at high levels of tax avoidance. The inconsistency associated with the prior studies ranging from positive to negative significant created gap in literature. Thus, this study therefore sought to bridge the gap by examining the relationship between corporate governance and tax avoidance from Nigerian perspective.

The broad objective of the study is to investigate the relationship between corporate governance and tax avoidance of quoted consumer goods manufacturing companies in Nigeria. Specifically, the study seeks to:

1. Ascertain the relationship between board sizes and effective tax rate of quoted consumer goods manufacturing firms.
2. Investigate the relationship between CEO duality and effective tax rate of quoted consumer goods manufacturing firms.

Review of Related Literature

Corporate Governance

Several authors have defined corporate governance from diverse perspectives; Corporate governance refers to policies and procedures adopted by firms to achieve certain sets of objectives, corporate missions and visions with regard to different stakeholders (Poudel, 2015). According to Yusoff and Alhaji (2012), corporate governance is a set of mechanisms through which investors protect themselves against expropriation (utilize assets without permission) by management (managers and/or controlling shareholders). This expropriation acts includes among others the diversion of profits/output; sale of assets or securities to other firms at below market (fair) prices; employ unqualified family members in managerial positions; and/or over compensation packages. Corporate governance is concerned with promoting corporate fairness, transparency and accountability (Effiong, Akpan, & Oti, 2012).

Du Plessis, Hargovan, and Bagaric (2010) defined corporate governance as:

> *The system of regulating and overseeing corporate conduct and of balancing the interests of all internal stakeholders and other parties (external stakeholders, governments and local communities ...) who can be affected by the corporation's conduct, in order to ensure responsible behaviour by corporations and to achieve the maximum level of efficiency and profitability for a corporation (Du Plessis, Hargovan, & Bagaric, 2010, p. 4).*

Corporate governance comprises all the mechanisms related to the definition and fulfilment of corporate goals (Silva, Vitorino, Alves, Cunha, & Monteiro, 2006). Maier (2005) opines that corporate governance "is a set of relationships between a company's management, its board, its shareholders and its stakeholders. It is the process by which directors and auditors manage their responsibilities towards shareholders and wider company stakeholders". Solomon and Solomon (2004) defined corporate governance as "the systems of checks and balances, both internal and external to companies, which ensure that companies discharge their accountability to all their stakeholders". Raut (2003) opines that "corporate governance is a process that aims to allocate corporate resources in a manner that maximizes value for all stakeholders – shareholders, investors, employees, customers, suppliers, environment and the community at large and holds those at the helms to account by evaluating their decisions on transparency, inclusivity, equity and responsibility". According to Chapra and Ahmed (2002), corporate governance is a "set of relationships between a company's management, its board, its shareholders and other stakeholders". Corporate governance is the system by which companies are directed and controlled (Cadbury Report, 1992).

Broadly, corporate governance mechanisms are sub-divided into two: internal and external corporate governance mechanisms. The external governance mechanisms include such as market for corporate control, legal system, stock market, among others (Cremers & Nair, 2005; Bushman & Smith, 2001). Internal governance mechanisms include such as board of directors, managers compensation, audit committee, remuneration committee, ownership structure, among others (Gebba, 2015; Dalwai, Basiruddin, & Abdul Rasid, 2015; Denis & McConnell, 2003). The internal governance mechanisms are mainly associated with the structure, composition and characteristics of board of directors (Karaibrahimoglu, 2013). The study by Bhagat and Bolton (2008) found a relationship between improved corporate governance and firm performance.

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Corporate Tax Avoidance (CTA)

There is no generally accepted definition of corporate tax avoidance [CTA] in the literature (Hanlon & Heitzman, 2010). This lack of universal definition follows the consequential tax effect of every business transaction aimed at increasing profit (Annuar, Salihu, & Obid, 2014). Terms such as "Tax Planning", "Aggressive Tax Planning" and "Abusive Tax Planning" are commonly used. According to Martinez (2017) CTA involves "taking advantage of legitimate concessions and exemptions foreseen in the tax law; and, involves the process of organizing business operations so that tax obligations are optimized at their minimum amount". According to Mgbame, Chijoke-Mgbame, Yekini and Yekini (2017) tax aggressiveness refer to different activities, engaged by management, to lower taxable income and could be legal or illegal. Tax planning forms part of strategic decisions by the managers aimed at reducing explicit and implicit taxes (Franca, Moraes, & Martinez, 2015). Annuar, Salihu, and Obid (2014) defined CTA as a reduction in the explicit corporate tax liabilities.

Dyreng, Hanlon, and Maydew (2010) opine that CTA refers to "anything that reduces the firm's taxes relative to its pretax accounting income". Hanlon and Heitzman (2010) view tax avoidance as a continuum of tax planning strategies that range from perfectly legal real transactions at one end (e.g., investments in tax-favoured assets, such as municipal bonds) to aggressive tax avoidance practices (e.g., tax shelters) at the other end.

Martinez (2017) observed that generally tax planning activities lead to a reduction in tax obligations. This however depends on the intensity and legality with which these practices are adopted. Osuegbu (2007, p.1), defines tax avoidance as "the legal application of tax laws to one's own advantage, in order to reduce the amount of tax that is payable by means that are within the law." Braithwaite (2005) defines tax aggressiveness as a scheme or arrangement put in place with the sole or dominant purpose of avoiding tax.

Tax planning, avoidance or aggressiveness has significant costs and benefits to a firm and her shareholders (Desai & Dharmapala, 2008). The benefits to the firm includes such as higher cash flows and net income; while, to the shareholders it implies higher residual income (Blouin, 2014). The costs includes negative consequences such as large penalties, negative publicity (Lisowsky, 2009; Wilson, 2009), political costs (Mills, Nutter, & Schwab, 2013), or the firm labelled as a "poor corporate citizen" (Hanlon & Slemrod, 2009). Three conditions must exist for an individual or firm to engage in tax avoidance; incentive, access, and awareness (Alstadsaeter & Jacob, 2013). Incentive implies that the perceived benefit must outweigh its costs. Access presupposes that the individual or firm have access to tax-minimizing strategies. Finally, the individual or firm is aware of the applicable tax laws that allow such opportunities available to avoid taxes.

Annuar, Salihu, and Obid (2014) identified three classes of groups used in prior literature to measure tax avoidance. The first group includes measures that consider the multitude of the gap between book and taxable income. These comprise of total book-tax gap; residual book-tax gap and tax-effect book-tax gap. The second group includes measures the proportional amount of taxes to business income. These comprise effective tax rates (with variants such as; ETR; current ETR; cash ETR; long-run cash ETR; ETR differential; ratio of income tax expense to operating cash flow; and ratio of cash taxes paid to operating cash flow). The third group includes measures such as discretionary permanent differences (PERMIDIFF)/DTAX; unrecognized tax benefits (UTB); and tax shelter estimates.

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The study conducted by Atwood, Drake, Myers, and Myers (2012) which examined whether three tax system characteristics (i.e., required book-tax conformity, worldwide versus territorial approach, and perceived strength of enforcement) affect corporate tax avoidance across countries found that, on average, tax avoidance is less when required book-tax conformity is higher, a worldwide approach is used, and tax enforcement is perceived to be stronger.

Board Size

Board size refers to the total number of directors on the board, i.e., the size of the board, of any corporate organization (Pilos, 2017; Ogbechie & Koufopoulos, 2010). Directors are directly elected by shareholders to represent their interests in the firm. The primary role of directors is that of trusteeship to protect and enhance shareholders' value through strategic supervision (Kumar & Singh, 2010). The board is responsible for verifying financial reliability and its compliance with the laws and regulations; more so, via its role reduces information asymmetry between shareholders and managers (Hill & Jones, 2009). In Nigeria, the board structure of listed companies can best be described as one or single-tier, which comprises both executive and non-executive directors. The SEC Code recommends that the board of a public company should be made up of at least five directors but sets no upper limit for the number of directors on a board. The Code further recommends that the majority of the board members should be non-executive directors and at least one should be an independent director.

There is no consensus on the optimal board size; however, the optimal size may depend on several factors, such as size and complexity of the firm, nature of industry, the proportion of insiders and outsiders on the board, among others (Coles, Daniel, & Naseen, 2008; Harris & Raviv, 2008; Raheja, 2005). The empirical literature provides evidence of an association between board size and firm performance (Majeed, Aziz, & Saleem, 2015; Dalton, Daily, Johnson, & Ellstrand, 1999; Yermack, 1996). However, the evidence on the effect of board size is inconclusive.

The literature also attributes several benefits to large board sizes. For instance, Majeed, Aziz, and Saleem (2015) document that board size influence corporate disclosure and transparency level. Consistently, Hashim, Nawawi, and Salin (2014) showed that number of directors significantly affects the level of strategic information disclosure. As regards firm value, Larmou and Vafeas (2010) found a positive association between board size and firm value.

Abbott, Parker, and Peters (2004) found a significant positive relationship between board size and the probability of financial statement fraud and earnings restatement. Makni, Kolsi, and Affes (2012) found a positive association between board size and higher quality audits. This is consistent with Carcello, Hermanson, Neal, and Riley (2002) that reported that external auditors are more likely to indicate lower risk for firms with large boards; whereas, Osma (2008) found no significant relationship between board size and real earnings management.

CEO Duality

According to Booth, Cornett and Tehranian (2002) a measure of board independence is whether the CEO also serves as Board chairman. The separation of CEO from Board chairman provides the necessary checks and balances of power and authority on management behaviour (Chapra & Ahmed, 2002). The non-separation of the two functions presents an obstacle (Adjaoud, Mamoghli, & Siala, 2008) and leads to managerial entrenchment

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(Minnick & Noga, 2010). Non-separation of the two roles decreases the effectiveness of the board in monitoring management (Firth, Fung, & Rui, 2007); and, its ability to control managers effectively (Holtz & Neto, 2014). The empirical literature documents mixed findings on the association between CEO duality and firm performance.

Huafang and Jianguo (2007) and Al Arussi, Selamat, and Hanefah (2009) found a significant negative association between duality and disclosure. In Nigeria, the study by Ehikioya (2009) found evidence to support the fact that CEO duality adversely impact firm performance.

On the contrary, Li, Pike, and Haniffa (2008), Said, Hj Zainuddin, and Haron (2009) found an insignificant relationship between duality and disclosure. Bliss (2011) reported a positive association between board independence and audit fees. However, the positive association was only present in firms without CEO duality; suggestive of the fact that CEO duality constrains board independence.
The diagram below illustrates the interrelatedness of the dependent and independent variables in this study.

Review of Empirical Studies
This section presents the details of empirical studies reviewed; the studies comprised local and international studies:

Ezejiofor and Ezenwafor (2020) determine the effect of CEO duality on the effective tax rate of quoted foods and Beverage companies. Ex-post facto research design was adopted. A purposive sampling technique was applied in selecting nine (9) companies during the data collection process. Data were collected from annual reports and accounts of the sampled companies from 2013-2019. Data for the study analyzed using descriptive statistics and regression was used with aid of the e-view was at 95% confidence at five degrees of freedom (df). The result shows that CEO duality was significant and had a positive coefficient on tax planning of food and beverage companies in Nigeria. The study, therefore recommended that non-separation of CEO from Chairman of the Board may lead to higher levels of tax planning; and an opportunity for manager's rent extraction, because of their dominating role to ensure that adequate oversight roles are separated

Nwaorgu, Oyekezie and Abiahu (2020) examined the effect of corporate tax on the sustainable financial performance of listed firms in Nigeria, specifically the listed manufacturing firms. The study employed ex post facto research design using data from 10 listed manufacturing firms. The data span across 5 years ranging from 2013-2017 and were analyzed using simple linear regression. Findings from the study revealed that corporate tax payment has no significant effect on the return on equity of firms. Further findings revealed a positive and significant effect of corporate tax payment on the debt to equity ratio of the listed firms.

Oyeshile, and Adegbie (2020) evaluated the effect of corporate tax planning on the financial performance of Quoted food and beverages firms in Nigeria, with a population comprising 15 quoted food and beverages firms on the Nigerian Stock Exchange for ten years between 2008-2018, forming the sample using total enumeration sampling method. The study employed ex-post facto research design. The validity and reliability of the instruments were based on the statutory audit of the financial statement and approval for use by the regulator. The data were analyzed using descriptive and influential statistics. From the analysis done, it has shown that corporate tax planning variables of effective tax rate, capital intensity, thin capitalization do not have a significant positive effect on financial performance of a quoted food and beverages firm in Nigeria Adjusted R2= 0.069: F-statistic(input)=8.81, p= 0.0383<0.05). The analysis revealed that all proxies of corporate tax planning practices do not significant effect on return on capital employed of quoted food, and beverages firm in Nigeria (Adjusted R2= 0.038: F-statistic 1.09, p= 0.03537>0.05).

Vržina and Dimitrijeviæ (2020) analyzed the financial performance of agricultural companies and corporate income tax as key determinants of financial performance. They analyzed the corporate income tax burden of agricultural companies in Vojvodina, as well as its impact on company profitability. They carried out r simple descriptive statistics test which showed that effective corporate income tax rates (ETRs) in agricultural companies are significantly lower than the statutory corporate income tax rate. Their result further revealed that, nearly 69% of observations have both a current effective tax rate and cash effective tax rate of 0%, which indicates that agriculture is an industry with an exceptionally low corporate income tax burden.

Umeh, Okegbe and Ezejiofor (2020) determined the effect of tax planning on firm value in quoted consumer goods manufacturing firms in Nigeria. The specific objectives are to: Determine the effect of Effective Tax Rate (ETR) on firm value of Nigerian consumer goods manufacturing companies; Ascertain the effect of Book Tax Differences (BTDs) on the firm value of Nigerian consumer goods manufacturing companies. Ex-post facto research design was adopted for the study. A sample size 21 of firms was selected based on availability of the financial statement of the selected firms from the population of all the non-financial quoted on the Nigeria Stock Exchange. Data for the study will be obtained from annual published financial of the non-financial covering a period of ten years from 2009-2018. Ordinary lease square regression was used to test the three formulated hypotheses with the aid of E-View 9.0. This study found that Effective tax rate (ETR) to impact negatively on firm value, but this impact was statistically significant. However, the study found that, book tax difference (BTD); impact positively on firm value, but this impact was not statistically significant.

Edwin and Victor (2019) undertook a study titled 'Corporate board characteristics and tax aggressiveness: A study of manufacturing firms in Nigeria'. The sample comprised of forty-nine (49) manufacturing firms listed on the Nigeria stock exchange (NSE). The study used secondary data; obtained from annual financial statements for the years 2011 to 2016. The data were analysed using the fixed effect panel regression model. The results showed that board size and board independence exert significant negative effect on tax aggressiveness; while, board gender had an insignificant negative effect.

Ugbogbo, Omoregie, and Eguavoen (2019) undertook a study titled 'Corporate determinants of aggressive tax avoidance: Evidence from Nigeria'. The sample comprised of a total of forty (40) companies quoted on the Nigerian Stock Exchange. The study used secondary data; obtained from annual reports and accounts for the years 2013 to 2017. The data were analysed using OLS. The results showed that firm size had a positive relationship with effective tax rate; while, profitability and leverage have a significant negative effect.

Fagbemi, Olaniyi, and Ogundipe (2019) conducted a study titled 'The corporate tax planning and financial performance of Systemically Important Banks (SIBs) in Nigeria'. The study adopted the ex-post facto research design. The sample comprised of eight SIBs in Nigeria. The study used secondary data; obtained from annual reports of the SIBs. The data were analysed using the Pooled OLS technique. The results show that ETR had a negative and significant effect on ROE.

Thanjunpong and Awirothananon (2019) undertook a study titled 'The effect of tax planning on financial performance in the Stock Exchange of Thailand'. The sample comprised of 873 firm-year observations. The study used secondary data; obtained from company website and SETSMART database for the years 2014 to 2016. The data were analysed using multiple regression technique. The results showed that ETR had a positive effect on ROE; while, ratio of tax/asset was negative. The variable Big 4 auditors was positive and significant in both the ETR and ratio of tax/asset models

Bayar, Huseynov, and Sardarli (2018) conducted a study titled 'Corporate governance, tax avoidance, and financial constraints'. The objective of the study was to investigate the effect of corporate governance on the relationship between corporate tax avoidance and financial constraints. The sample comprised of over thirty five thousand (35,000) firm-year observations from 1990 to 2015. The study relied on secondary data; obtained from four databases: Compustat, Institutional Shareholder Services (ISS, formerly RiskMetrics), Execucomp, and Thomson Institutional Holdings databases. They employed two-stage least squares (2SLS) analysis to validate the hypothesis. The results showed that for firms with strong governance, tax avoidance had negative impact on financial constraints. However, in weak governance, tax avoidance is associated with greater financial constraints and a greater likelihood of financial distress.

Onyali and Okafor (2018) undertook a study titled 'Effect of corporate governance mechanisms on tax aggressiveness of quoted manufacturing firms on the Nigerian Stock Exchange'. The study used the ex-post facto research design. The sample comprised forty-four (44) listed manufacturing firms. The study relied on secondary data; obtained from annual reports and accounts from the period 2005 to 2016. The hypotheses were tested using fixed and random effects regression procedures. The results showed that board size had a negative non-significant effect on tax aggressiveness (ETR); while, board diversity and independent director had positive significant effect on tax aggressiveness (ETR). The proportion of non-executive directors to executive directors had negative significant effect on tax aggressiveness (ETR).

Hoseini, Gerayli, and Valiyan (2018) conducted a study titled 'Demographic characteristics of the board of directors' structure and tax avoidance: Evidence from Tehran Stock Exchange'. The sample comprised a total of five hundred and five (505) firm-year observations from companies listed on the TSE. The study relied on secondary data; between the periods 2012 to 2016. The hypothesis was tested using panel regression models. The results showed that presence of women on corporate boards reduces corporate tax avoidance; also, firms with larger board sizes were associated with more tax avoidance.

Mappadang, Widyastuti, and Wijaya (2018) undertook a study titled 'The Effect of corporate governance mechanism on tax avoidance: Evidence from manufacturing industries listed in the Indonesian Stock Exchange'. The study adopted the descriptive causality design. The sample comprised eighty seven (87) manufacturing firms listed on the Indonesian Stock

Exchange during the years 2012 to 2016. The study relied on secondary data; and smart PLS3 was used for analyzing the data and test the hypotheses. The results showed that board of commissioners had a positive significant effect on tax avoidance; while, institutional ownership had a negative significant effect on tax avoidance.

Kadir (2018) investigated the 'Impact of corporate governance mechanisms on corporate tax avoidance in Nigerian listed manufacturing companies'. The sample comprised of twenty three (23) manufacturing companies quoted on the Nigerian Stock Exchange. The study used secondary data; obtained from annual reports for the years 2012 to 2014. The data were analysed using the random effects panel regression procedure. The results showed that CEO duality had a positive significant effect; while, board independence had a negative significant effect on corporate tax avoidance. Board size and independent audit committee were both positive and not statistically significant

Kurawa and Saidu (2018) conducted a study titled 'Corporate tax and financial performance of listed Nigerian consumer goods'. The study adopted the ex-post facto research design. The sample comprised of sixteen consumer goods firms quoted on the NSE. The study used secondary data; obtained from annual reports for the years 2006 to 2016. The data were analysed using multiple regression analysis. The results showed an insignificant negative relationship between corporate tax and ROA. However, age and risk had positive non-significant relationship with ROA; while, size showed a positive significant relationship with ROA.

Ogbeide and Iyafekhe (2018) undertook a study titled 'Empirical assessment of tax aggressiveness of listed firms in Nigeria'. The study adopted the longitudinal research design. The sample comprised of eighty five (85) quoted manufacturing firms. The study used secondary data; obtained from annual financial statements for the years 2012 to 2016. The data were analysed using descriptive analytic method. The results revealed that twenty six (26) firms from the sample were highly tax aggressive; thirteen (13) were moderately tax aggressive; sixteen (16) were tax aggressive at equilibrium; while, thirty (30) firms were not tax aggressive.

Ogbeide and Obaretin (2018) explored 'Corporate governance mechanisms and tax aggressiveness of listed firms in Nigeria'. The study adopted the longitudinal and causal effect research designs. The sample comprised of eighty-five (85) quoted non-financial firms. The study relied on secondary data; obtained from annual financial statements for the years 2012 to 2016. The hypotheses were tested using the General Method of Moment. The results showed that ownership concentration has a positive significant effect on tax aggressiveness; whereas, managerial ownership, board size, board gender diversity and board independence have negative significant effect.

Inua (2018) investigated the 'Determinants of corporate effective tax rate: Empirical evidence from listed manufacturing companies in Nigeria'. The sample comprised of thirty (30) manufacturing quoted on the NSE. The study used secondary data; obtained from annual reports and accounts for the years 2011 to 2016. The data were analysed using a panel data regression model. The results showed that leverage, board independence and board size had a negative and significant effect on ETR; while, firm size was negative but non-significant.

Salawu and Ololade (2018) investigated 'Corporate tax avoidance of listed firms in Nigeria'. The sample comprised of nineteen (19) listed firms drawn from the list of NSE 30 firms on the Nigeria Stock Exchange. The study used secondary data; obtained from the annual financial statements. The data were analysed using descriptive statistics. The results showed that there exists variation across firms in the average long run cash ETR.

Putri, Adam, and Fuadah (2018) conducted a study titled 'The effect of corporate governance mechanism on tax aggressiveness with earnings management as intervening variable'. The sample comprised of forty three (43) manufacturing companies listed on the Indonesian Stock Exchange. The study used secondary data; obtained. The data were analysed using path analysis model. The results showed that institutional ownership and proportion of independent directors have a significant negative effect on earnings management. Institutional ownership had a significant negative impact on tax aggressiveness; while, proportion of independent directors have a significant positive effect. The path analysis also showed that earnings management had a positive significant effect on tax aggressiveness. The results of the Sobel Test showed that earnings management mediates the relationship of institutional ownership and proportion of independent directors to tax aggressiveness.

Pilos (2017) undertook a study titled 'Tax Avoidance and Corporate Governance- Does the board of directors influence tax avoidance?'. The sample comprised four hundred and ninety five (495) firms in the Standard and Poor's 500 firms. The study covered the period from 2007 to 2015. The study relied on secondary data from Compustat and Institutional Shareholders Services (ISS). The hypothesis was validated using the fixed effects model. The results showed that board independence had a significant negative effect on tax avoidance; while, CEO duality had a negative insignificant effect on tax avoidance.

Prastiwi (2017) conducted a study titled 'Does corporate governance moderate the effect of earnings management on tax aggressiveness?'. The study used a quantitative research design. The sample comprised seven hundred and fifty six (756) companies listed on the Indonesia Stock Exchange (IDX) from the period 2011 to 2015. The study employed secondary data from annual report and accounts from the official website of the companies and the IDX website. The independent variable earnings management was calculated using the Modified Jones Model. The dependent variable tax aggressiveness was measured as Book Tax Difference (BTD). The corporate governance variables are institutional ownership, board independence, board size, and audit committee obtained from Principal Component Analysis. The results showed that good corporate governance moderates the influence of earnings management toward the tax aggressiveness.

Oraka, Ogbodo and Ezejiofor (2017) determined the effect of Tertiary Education Tax Fund (TETFUND) on management in Nigerian tertiary education. Specifically, the study sought to determine whether ETF fund allocations to Nigerian Tertiary Institutions significantly affect the enrollment ratio to Nigerian Tertiary Institutions in Nigeria. The hypothesis was formulated in line with the objectives of the study. Survey research design was adopted. Data were obtained from National Bureau of Statistics by use of financial ratios and tested using regression analysis with aid of SPSS statistical package version 20.0. Based on the analysis, the study found that ETF fund allocations to Nigerian Tertiary Institutions have no correlation with the enrollment ratio of Nigerian Tertiary Institutions.

Jamei (2017) undertook a study titled 'Tax avoidance and corporate governance mechanisms: Evidence from Tehran Stock Exchange'. The study used quasi-experimental research approach. The sample comprised one hundred and four (104) companies listed on the Tehran Stock Exchange during the years 2011 to 2015. The study relied on secondary data obtained from annual reports and accounts of the sampled companies. The hypothesis was tested using multiple linear regression. The results showed that number of board members and proportion of non-duty members had positive non-significant effect on tax avoidance; while, institutional ownership had negative non-significant effect. The variable of managerial ownership had a negative significant effect.

Ogbeide (2017) undertook a study titled 'Firm characteristics and tax aggressiveness of listed firms in Nigeria: Empirical evidence'. The study adopted the causal effect research design. The study used secondary data; obtained from annual reports for the years 2012 to 2016. The data were analysed using dynamic panel data. The results showed that firm size, audit quality and interest charges had positive significant effect on tax aggressiveness. However, leverage had a negative significant effect.

Salawu, Ogundipe, and Yeye (2017) undertook a study titled 'Granger causality between corporate tax planning and firm value of nonfinancial quoted companies in Nigeria'. The sample comprised of fifty (50) quoted nonfinancial firms. The study used secondary data; obtained from annual financial reports and the Nigerian Stock Exchange fact books for the years 2004 and 2014. The hypothesis was tested using pairwise VAR Granger Causality test. The results showed that that there is no causality between tax planning (ETR) and firm value (Tobin Q) at 5% level of significance. Thus, there is no significant casual nexus between Tax Planning (ETR) to Firm Value (Tobin Q).

Uchendu, Ironkwe, and Nwaiwu (2016) undertook a study titled 'Corporate governance mechanism and tax planning in Nigeria'. The population comprised of twenty three (23) commercial banks quoted in Nigerian Stock Exchange as at December, 2015. The study used secondary data; obtained from audited financial statement and the CBN bulletin from 1994 to 2014. The data were analyzed using Ordinary Least Squares (OLS). The results showed that both board size and audit committee independence had negative significant effect on tax savings.

Oyenike, Olayinka, and Emeni (2016) conducted a study titled 'Female directors and tax aggressiveness of listed banks in Nigeria'. The study used a cross sectional time-series research design. The sample comprised eleven (11) listed banks. The study relied on secondary data obtained from 2012 to 2014. The hypotheses were tested using panel regression analysis. The results showed that there was a positive non-significant effect of female directors on tax aggressiveness. The interaction of board size with female directors was positive and significantly associated with reduced level of tax aggressiveness. Board size had a negative effect; while, independent board members was positive and significant.

Tandean and Winnie (2016) conducted a study titled 'The effect of good corporate governance on tax avoidance: An empirical study on manufacturing companies listed in IDX period 2010-2013'. The sample comprised one hundred and twenty (120) manufacturing companies listed in Indonesian Stock Exchange. The study relied on secondary data; obtained from audited annual report from the period 2010 to 2013. The hypotheses were tested using multiple regression technique. The results showed that audit committee and risk had a positive significant effect on tax avoidance; while, other variables: executive compensation, firm size, institutional ownership, proportion of board commissioners and audit quality had no significant effect on tax avoidance. The variables of executive compensation and proportion of board commissioners were also negative.

Kourdoumpalou (2016) undertook a study titled 'Do corporate governance best practices restrain tax evasion? Evidence from Greece'. The sample comprised of a total of ninety six firms, i.e., two hundred and twenty five (225) firm year-observations from the period 2000 to 2004. The study relied on secondary data; manually collected from annual reports and accounts and the Athens Stock Exchange website. The hypotheses were tested using t-test to test the differences between the means; and, Mann-Whitney and Kolmogorov-Smirnov tests to test the differences in the medians. The results showed that tax evasion were significantly lower in firms where board chairman and CEO are same. This was also the case for firms were board chairman is also the owner of the firm (that is, main shareholder). Thirdly, the higher the percentage of stock held by directors the extent of tax evasion decreases; also, a negative association was documented for an increased percentage of stock held by main shareholder and its family members and extent of tax evasion. There was a positive association when board members are employee and tax evasion; but, in conclusive results when board members are compensated through distribution of profits.

Amidu, Kwakye, Harvey and Yorke (2016) examine the relationship between corporate tax avoidance (CTA), earnings management (EM) and corporate social responsibility (CSR) within a context of an emerging economy. The study employs system methods of moments (GMM) and logistic regression to establish whether firms in Ghana manage earnings and avoid tax to finance corporate social responsibility. The results show that almost all the firms sampled have engaged in some management of their earnings and tax during the period. The study also find evidence that an increase in CSR activities is associated with an increase in EM, suggesting that, sampled firms may use CSR as a cover for engaging in opportunistic behaviour such as earnings management. By extension, these results have important policy implications for policy makers in assessing the effectiveness of the tax laws.

Shevlin, Blaylock and Gaertner (2016) examine the effect of increased book-tax conformity on corporate capital structure. Prior studies document a decrease in the informativeness of accounting earnings for equity markets resulting from higher book-tax conformity. They argue that the decrease in earnings in formativeness impacts equity holders more than debt holders because of the differences in payoff structures between debt and equity investments such that increases in book-tax conformity lead to increases in firms' reliance on debt capital. They exploit a natural experiment in the U.S. and find that firms facing an increase in required book-tax conformity increase leverage relative to other firms. Also the study provide evidence of an increase in the cost of equity (but not of debt) capital for firms facing an increase in required book-tax conformity relative to control firms and that these increases in cost of equity capital are positively associated with an increase in leverage. Findings are consistent with firms substituting away from equity and towards more debt in the presence of higher book tax conformity.

Gao (2016) empirical study on the influence of non-debt tax shield on the choice of corporate debt levels----based on the tax preference. Policy exploits the data from A- share listed corporations of China from 2008 to 2013, using the ratio of the sum of fixed assets depreciation and intangible assets amortization and R&D expenses and R&D expenses plus deduction to total assets as substitute variables of NDTS, attempts to check the impact of the non- debt tax shield on the choice of corporate debt levels, and further analyzes whether the effect of the non-debt tax shields is different in different nature of enterprise ownership or different industries. This study finds a negative and significant relationship between NDTS and corporate debt levels, which is consistent with the NDTS's effect theory of capital structure. In addition, they further find that the effect of the non-debt tax shields has ownership nature and industry characteristics.

Boussaidi and Hamed (2015) conducted a study titled 'The impact of governance mechanisms on tax aggressiveness: Empirical evidence from Tunisian context'. The sample comprised thirty nine (39) firms listed on the Tunisian Stock Exchange. The study relied on secondary data; obtained from annual reports and the BVMT web-site for the period 2006 to 2012. The data was analysed using multiple regression technique. The results showed that board size had negative non-significant effect on tax aggressiveness. Diversity, managerial ownership, firm size, and debt had positive significant effect. The variable of audit quality had a positive non-significant effect; while, ownership concentration had a negative significant effect.

Smit (2015) conducted a study titled 'The quality of reported earnings and the monitoring role of the board: Evidence from small and medium companies'. The sample comprised forty eight (48) firms listed on the Alternative Exchange (AltX). The study employed secondary data from the Johanessburg Stock Exchange and data from McGregor BFA. The duration of the study was from the period 2008 to 2011. They used regression to examine the relationship. The study finds no evidence that boards and non-executive directors of small and medium-sized companies are inclined to adopt conservative accounting practices that will result in the asymmetric timeliness of earnings.

Armstrong, Blouin, Jagolinzer, and Larcker (2015) conducted a study titled 'Corporate governance, incentives, and tax avoidance'. The sample comprises between three thousand one hundred and thirty seven (3,137) and four thousand one hundred and twenty eight (4,128) firm-year observations of firms listed on Compustat from the period 2007 to 2011. The study relied on secondary data; obtained from Equilar database. They employed quantile regression technique to validate the hypothesis. The results revealed that financial expertise and independence had a positive relationship with tax avoidance at low levels of tax avoidance; and, but had a negative relationship at high levels of the tax avoidance.

Rezaei and Azimi (2015) conducted a study titled 'The relationship between corporate governance mechanisms and tax management in companies'. The sample comprised eighty (80) companies listed on the Tehran Stock Exchange between the period 2004 to 2011. The study relied on secondary data. The data was analysed using multiple regression technique. The results showed a significant relationship between independence of board members and the variables of effective cash tax rate and long-term effective cash tax rate.

Harrington, Smith and Donald (2013) propose to harness the information in net deferred tax assets/liabilities (NDTA/L) reported on the balance sheet and available in Compustat. The NDTA/L directly measures future expected changes in tax payments that will likely affect the firm's future marginal tax rate. This study considers how the NDTA/L, as a composite measure of temporary non-debt tax benefits/obligations, influences debt policy when firms make financing decisions. A NDTA/L is present in 37% of the observations in a sample of U.S. public corporations from 1994-2008. Consistent with the substitution hypothesis, the results indicate that firms with NDTA are significantly less likely to issue debt at a refinancing point and have lower leverage ratios following a refinancing. Similarly, firms with NDTL are more likely to issue debt and tend to have higher leverage after a refinancing.

Jalali, Jalali, Moridi, Garshasbi, and Foroodi (2013) conducted a study titled 'The impact of the board of directors' structure on tax avoidance in the companies listed in Tehran Stock Exchange'. The sample comprised eighty five (85) firms listed on the Tehran Stock Exchange. The study relied on secondary data; obtained from the period 2010 to 2012. They employed a binary logistic regression (forward method) to test the hypotheses. The results showed that board non-executive members and board change ratio had non-significant effect on tax aggressive policy. However, CEO duality had a significant effect on tax aggressive policy.

Ijeoma and Ezejiofor (2013) determined whether corporate governance contributes significantly in ensuring accountability and transparency in order to improve performances of an enterprise and to determine the extent at which corporate governance can facilitate the organizations in achieving their social responsibilities to the environment. The population for the paper was judgmentally selected from the management, staff of seven Small and Medium Enterprises (SMEs) in Anambra state, Nigeria. Data for the study were collected from both primary and secondary sources. The Hypotheses formulated for this paper were analyzed and tested with the Two Way ANOVA for opinion differences, using the Statistical Package for Social Sciences (SPSS) version 17.0 software package. The paper therefore conclude that corporate governance assists in provides structure through which the objectives of the SMEs are set and means of attaining those objectives and monitoring performances all to ensure effectiveness in operations and efficiency in their services.

Zemzem and Khaoula (2013) carried out a study titled 'The effects of board of directors' characteristics on tax aggressiveness'. The sample comprised seventy three (73) companies listed on the SBF 120 index, France. The study relied on secondary data; obtained for the period 2006 to 2010. The study employed multiple regression to analyse the data. The results showed that board size negatively affect effective tax rate; board independence has a negative non-significant; board diversity has a positive significant effect on effective tax rate; and, CEO duality has a negative non-significant effect on effective tax rate.

Prior studies have examined the corporate governance and tax avoidance in several countries. They include studies by Oyenike, Olayinka, and Emeni (2016) in Nigeria; Hoseini, Gerayli, and Valiyan (2018) in Iran; Bayar, Huseynov, and Sardarli (2018) using several databases; Pilos (2017) using Standard and Poor's 500 firms; among several others. The studies provide counterintuitive predictions on the link between governance and tax avoidance. While some document a positive effect, others report a negative association.
Such studies have mainly used proxies such as meeting frequency, board size, board independence, CEO duality, among others as proxies for good corporate governance. This is primarily because the integrity of financial reports depends on the characteristics of the board and the audit committee (Zalata & Roberts, 2016). Within the Nigerian context, few studies

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are yet to address the efficiency with which the board and other sub-committees discharge their responsibilities. According to Zalata and Roberts (2016) board and committee activity may be measured by the frequency of meetings. The Cadbury Report (1992) suggested three or four meetings a year; whereas, the Combined Code by the Financial Reporting Council [FRC] recommended that boards meet regularly and frequently to discharge their duties efficiently.

The inconsistency that associated with the prior studies ranging from positive to negative significant great gap in literature, this study therefore sought to determine the effect of corporate governance on tax avoidance from a developing country perspective.

Methodology

Research Design

This study adopted *ex post facto* research design. Ex post facto research design is a systematic empirical inquiry, in which the observer has no direct control of independent variables because their manifestations have already occurred or because they are inherently not manipulated. The study adopts this method because it is interested in establishing the causal relationship between the dependent and independent variables; and, the researcher has no direct control over the independent variables.

Population of the Study

The population of the study comprised of twenty one (21) quoted consumer goods manufacturing firms on the Nigerian Stock Exchange (NSE) as at end of 2019 financial year. This quoted consumer goods manufacturing firms are presented in the appendix.

The study relied upon secondary sources of data. The data was retrieved from the annual financial statements of the sampled companies. The data extracted includes; board size, board independence, CEO duality, and effective tax rate of quoted consumer goods manufacturing firms. The reliability of such data is in line with the requirement that all quoted companies conduct independent external audit on published financial statements.

Methods of Data Analysis

The data for the study analysed using descriptive statistics, and the formulated hypotheses were tested with multiple regression technique to ascertain the relationship between the independent variables and the dependent variables. This was done with aid of the E-view 9.0 at 5% level of confidence.

Decision Rule

The decision for the hypotheses is to accept the alternative hypotheses if the p-value of the test statistic is less or equal than the alpha (0.05) and to reject the alternative hypotheses if the p-value of the test statistic is greater than alpha at 5% significance level.

Model Specification

In testing for the value relevance of corporate tax planning and in testing for the moderating effect of agency cost mitigating variables on the nexus, the study will adopt a firm-value model originally derived from Ohlson (1995) and have been widely used in value relevance studies including those that relate to tax avoidance as used by Abdul Wahab and Holland (2012). Their model centered on Tax Planning, is given as:

$$FMV = \beta 0+ \beta 1\ BVEit + \beta 2\ CTAit\text{-}1 + \beta 3COGit + \beta 4\ PFTit + \beta 5\ CAPINTit + \beta 6\ LEVit + \beta 7\ EXGit + \beta 8\ CTA\ it\text{-}1 *COGit + \beta 8\ MVEit\ DIV + AGE + \varepsilon it$$

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The model was modified thus:

$$Y = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu$$

Where:

Y	=	tax avoidance (dependent variable)
X	=	corporate governance (explanatory/independent Variable)
β_0	=	constant term (intercept)
β_1- β_3	=	Coefficients of financial leverage
μ	=	Error term (stochastic term)

Explicitly, the equation can be defined as:

Tax avoidance = f (corporate governance) + μ

Representing the equations with the variables of the construct, hence the equations below are formulated:

$$ETR_{it} = \beta_0 + \beta_1 BOSIZ_{it} + \mu_{it} \quad - \quad - \quad i$$

$$ETR_{it} = \beta_0 + \beta_1 CEODU_{it} + \mu_{it} \quad - \quad iii$$

Where:

β_0	=	Constant term (intercept)
β_{it}	=	Coefficients to be estimated for firm í in period t
μ_{it}	=	Error term/Stochastic term for firm í in period t
ETR_{it}	=	Effective Tax Rate í in period t
$BOSIZ_{it}$	=	Board Size of firm í in period t
$CEODU_{it}$	=	CEO Duality of firm í in period t

Description of variables

The table below presents the description of variables included in the model

Table 3.1: Description of variables

Dependent Variable

ETR_{it} = Proxied as the Effective Tax Rate. This is the proportion of the profit before tax paid as tax. It is computed as tax paid divided by profit before tax. The Statutory Tax Rate is the official corporate tax rate; which presently in Nigeria is 30% of assessable profit.

Independent Variables

$BOSIZ_{it}$ = Measured as the number of directors in the board of directors in the period (t)

$CEODU_{it}$ = Takes the value of 1 if CEO and the chairperson positions are held by the same individual, 0 otherwise in the period (t)

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DATA PRESENTATION AND INTERPRETATION OF RESULT

Data Analysis

Table 1: Descriptive analysis

	ETR	BOSIZ	CEODU
Mean	2.582322	11.90000	0.900000
Median	1.393165	12.00000	1.000000
Maximum	7.364707	12.00000	1.000000
Minimum	0.316622	11.00000	0.000000
Std. Dev.	2.467782	0.316228	0.316228
Skewness	0.816666	-2.666667	-2.666667
Kurtosis	2.254915	8.111111	8.111111
Jarque-Bera	1.342884	22.73663	22.73663
Probability	0.510971	0.000012	0.000012
Sum	25.82322	119.0000	9.000000
Sum Sq. Dev.	54.80951	0.900000	0.900000
Observations	10	10	10

Table 1 shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and Jarque-Bera (JB) Statistics (normality test). The results in table 1 provided some insight into the nature of the selected Nigerian quoted banks that were used in this study.

Firstly, it was observed that on the average over the ten (10) years (2011-2020), the sampled quoted companies in Nigeria were characterized by positive effects. Also, the large difference between the maximum and minimum value of the corporate governance; board size (BODSZ), and CEO Duality and show that the sampled quoted companies in this study are not dominated by companies with large tax aggressive.

The Jarque-Bera (JB) which test for normality or the existence of outliers or extreme values among the variables shows that most of the variables are normally distributed at 5% level of significance. This means that any variables with outlier are not likely to distort our conclusion and are therefore reliable for drawing generalization.

Correlation Analysis

In examining the association among the variables, we employed the Pearson correlation coefficient (correlation matrix) and the results are presented in table 2

Table 2: Correlation Analysis Matrix

	ETR	BOSIZ	CEODU
ETR	1.000000	-0.070416	-0.070416
BOSIZ	-0.070416	1,000000	1.000000
BOIND	0.128701	-0.937401	-0.937401
CEODU	-0.070416	1.000000	1.000000

Source: researcher's computation (2021)

The use of correlation matrix in most regression analysis is to check for multi-colinearity and to explore the association between each explanatory variable (BOSIZ, and CEODU) and the dependent variable as effective tax rate. Table.2 focused on the correlation between effective tax rate and the independent variables (BOSIZ, and CEODU).

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Finding from the correlation matrix table shows that all our independent variables, (BOSIZ = -0.07, and CEODU = -0.07) were observed to be negatively and positively associated with tax avoidance. In checking for multi-colinearity, it was notice that no two explanatory variables were perfectly correlated. This means that there is no problem of multi-colinearity between the explanatory variables. Multi-colinearity may result to wrong signs or implausible magnitudes in the estimated model coefficients, and the bias of the standard errors of the coefficients.

Test of Hypotheses

Hypothesis One

H_1: Board size has significant relationship with effective tax rate of quoted consumer goods manufacturing firms.
H_O: Board size has no significant relationship with effective tax rate of quoted consumer goods manufacturing firms.

Table 3: Regression analysis between ETR and BOSIZ

Dependent Variable: ETR
Method: Least Squares
Date: 04/19/21 Time: 09:08
Sample: 2010 2021
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.121520	32.76176	0.278420	0.7878
BOSIZ	-0.549512	2.752215	-0.199662	0.8467

R-squared	0.004958	Mean dependent var	2.582322
Adjusted R-squared	-0.119422	S.D. dependent var	2.467782
S.E. of regression	2.610980	Akaike info criterion	4.934185
Sum squared resid	54.53774	Schwarz criterion	4.994702
Log likelihood	-22.67092	Hannan-Quinn criter.	4.867798
F-statistic	0.039865	Durbin-Watson stat	1.490543
Prob(F-statistic)	0.846727		

In Table 3, R-squared and adjusted Squared values were (0.005) and (-0.119) respectively. The indicates that the independent variable jointly explain about 5% of the systematic variations in (BOSIZ) of our samples companies over the ten years periods (2010-2019). The F-statistics (0.040) and its P-value (0.847) show that the board size regression model is well specified.

Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 4.3.1, it is observed that DW statistics is 1.491 and an Akika Info Criterion and Schwarz Criterion which are 4.934 and 4.994 respectively also further confirmed that our model is well specified. In addition to the above, the specific finding from the explanatory variable is provided below.

Based on the t-value of -0.199662 and p-value of 0.847, was found to have a negative effect on our sampled quoted companies and this effect is not statistically significant as its p-value is higher than 0.05 values. This result, therefore suggests that we should accept our null

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hypothesis one which states that Board size has no significant relationship with effective tax rate of quoted consumer goods manufacturing firms.

Hypothesis Two

H_I: CEO duality has significant relationship with effective tax rate of quoted consumer goods manufacturing firms.

H_O: CEO duality has no significant relationship with effective tax rate of quoted consumer goods manufacturing firms.

Table 4: Regression analysis between ETR and CEODU

Dependent Variable: ETR
Method: Least Squares
Date: 04/19/21 Time: 09:10
Sample: 2010 2021
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.076883	2.610980	1.178440	0.2725
CEODU	-0.549512	2.752215	-0.199662	0.8467

R-squared	0.004958	Mean dependent var	2.582322
Adjusted R-squared	-0.119422	S.D. dependent var	2.467782
S.E. of regression	2.610980	Akaike info criterion	4.934185
Sum squared resid	54.53774	Schwarz criterion	4.994702
Log likelihood	-22.67092	Hannan-Quinn criter.	4.867798
F-statistic	0.039865	Durbin-Watson stat	1.490543
Prob(F-statistic)	0.846727		

In Table 4, R-squared and adjusted Squared values were (0.005) and (-0.119) respectively. The indicates that the independent variable jointly explain about 2% of the systematic variations in (CEODU) of our samples companies over the ten years periods (2010-2019). The F-statistics (0.040) and its P-value (0.847) show that the board size regression model is well specified.

Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 4.3.3, it is observed that DW statistics is 1.491 and an Akika Info Criterion and Schwarz Criterion which are 4.934 and 4.994 respectively also further confirmed that our model is well specified. In addition to the above, the specific finding from the explanatory variable is provided below.

Based on the t-value of -0.199662 and p-value of 0.847, was found to have a negative effect on our sampled quoted companies but this relationship is not statistically significant as its p-value is higher than 0.05 values. This result, therefore suggests that we should accept our null hypothesis one which states that CEO duality has no significant relationship with effective tax rate of quoted consumer goods manufacturing firms.

Discussion of findings

The results from the analysis show that the independents variables were all insignificant. The positive coefficient of board size in the present study suggests that as board size increases tax avoidance also increases. This finding is consistent with studies by Hoseini, Gerayli, and

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Valiyan (2018) in Iran; which reported that firms with larger board sizes were associated with more tax avoidance. Also, in Indonesia, Mappadang, Widyastuti, and Wijaya (2018) using smart PLS showed that board of commissioners had a positive significant effect on tax avoidance.

Board independence had a negative coefficient. The sign of the coefficient of board size contrasts with the study by Onyali and Okafor (2018) using panel data methods (fixed and random effects); reported a negative non-significant for board size. Another study by Oyenike, Olayinka, and Emeni (2016) using a sample of listed banks in Nigeria also reported a negative effect of board size. In Tunisia, the study by Boussaidi and Hamed (2015) showed that board size had negative but non-significant effect on tax aggressiveness. On a sample of firms listed on the SBF 120 index, France the study by Zemzem and Khaoula (2013) revealed that board size had a negative effect on effective tax rate.

The other corporate governance variable of CEO duality was also insignificant. CEO duality had a positive coefficient. The sign of the coefficient of CEO duality is consistent with the study by Pilos (2017) on firms drawn from S & P 500 which documented a negative insignificant effect of CEO duality on tax avoidance. Also, Zemzem and Khaoula (2013) on a sample of firms listed on the SBF 120 index, France reported a negative non-significant effect of CEO duality on effective tax rate. Kourdoumpalou (2016) on a sample of firms listed on the Athens Stock Exchange, Greece showed that tax evasion were significantly lower in firms where board chairman is also the CEO. However, the study by Jalali, Jalali, Moridi, Garshasbi, and Foroodi (2013) in Iran using binary logistic regression showed that CEO duality had a significant effect on tax aggressiveness.

Conclusion and Recommendations

Conclusion

The study concluded that a relationship exists between corporate governance and corporate tax avoidance. The board size and CEO Duality were found to have positive effect on effective tax rate though they were insignificant, while board independence was found to has negative effect on effective tax rate and insignificant. All the corporate governance variables were insignificant as the studies have shown that low ETR rates implies that a firm engages in tax planning more aggressive. In checking for the normality of the data set, the study expands the scope of prior research by estimating the relationship not only at the conditional mean; with regards to the distribution of the corporate governance. While a higher ETR rates may imply a more conservative approach to tax planning, the separation of CEO from Board chairman provides the necessary checks and balances of power and authority on management behaviour

Recommendations

The study makes the following recommendations:

1. Moderate board sizes: Since an overly large board size may not improve the efficiency of decisions, the firm should maintain optimum level and not exceed the sufficient number necessary to drive the company through its vision.
2. The non-separation of the CEO from Chairman of the Board may lead to higher levels of tax planning; and an opportunity for manager’s rent extraction because of their dominating role. It is therefore recommended that to ensure adequate oversight both roles should be separated.

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