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Executive Compensation And Performance Of Quoted Consumer Goods Companies In Nigeria (2011-2018)

[1]Ibeawuchi, Raymond Odinaka & [2]Onuora, J.K.J. (Ph.D)

Department of Accountancy, Faculty of Management Sciences,
Chukwuemeka Odumegu Ojukwu University, Igbariam Campus, Anambra State, Nigeria
[1]iberexo123@gmail.com; +2347012548002
[2]joshuaonuora@gmail.com;+2348035810553

ABSTRACT
The study investigated the relationship between executive compensation and performance of quoted consumer goods companies in Nigeria. To achieve the objective, executive compensation key proxy variables were used in the study, namely chief executive officers' salary and directors' cash compensation, while firms' performance which is the dependent variable on the other hand is represented by return on asset. Two hypotheses were formulated to guide the investigation and the statistical test of parameter estimates was conducted using Pearson Correlation Method. Ex-post facto research design was adopted and data for the study were obtained from the Nigerian Stock Exchange Factbook and the published annual financial reports of the selected consumer goods companies listed on Nigerian Stock Exchange (NSE) with data spanning from 2011 - 2018. Analyses of data indicated that chief executive officers' salary has negative and significant effect on performance of quoted consumer goods companies in Nigeria; while Board of directors' cash compensation has positive and insignificant effect on performance of quoted consumer goods companies in Nigeria. The study suggests among others that management and controlling of chief executive officers' salary is an important factor to be considered for maintaining, enhancing or boosting the performance of consumer goods companies in Nigeria.
Keywords: executive compensation, firm performance, chief executive officers' salary, directors' cash compensation.

INTRODUCTION

In the recent years, the scholarly writings on organization hypothesis and executive pay has contended that CEO remuneration ought to be adjusted to firm performance (Erick, Kefah and Nyaoga, 2014; Emre, 2016; Cieslak, 2018). Politicians and the media have equally argued that current executive compensation practices push employees to take short-term risks with little regard for the long-term effect on their companies (Sheikh & Khursheed, 2017). Consequently, recent regulatory proposals have propounded for example, that more pay should be offered through restricted stock or other forms of long-term compensation designed not to reward short-term performance. To the extent that long-term compensation plans offer incentives to CEOs to act in the best interest of shareholders going forward, and to the extent that markets do not fully incorporate pay information when it is made public, this would seem to imply a positive relationship between long-term incentive pay and future firm performance.

Executives who are improperly compensated may not have the incentive to perform in the best interest of shareholders, which can be costly to the shareholders. The level of executive compensation and its relationship to firm financial performance are central issues in a generally heated debate among legislators, corporate directors, economists, financial journalist and compensation professionals (Cieslak, 2018; Cooper, Gulen & Rau, 2009; Lambert & Larcker, 1985).

The common proposition underlying executive compensation is that in order to motivate executives to spend effort and work for the best interest of the shareholders, compensation contracts should include some form of incentive component (Murphy, 1998). Such an incentive component should establish a link between executive compensation and the performance of the firm they manage. Shareholders are mainly interested in maximizing their wealth. Executive compensation can be used as an effective instrument for creating value for shareholders by improving their firm performance (El-Akremi, Roussel & Trepo, 2001). Remuneration to executives serves as an incentive that affects decisions made and strategies adopted by an executive, both of which affect firm performance. It has a motivational effect and is an indicator of value for executives. It is a means for executives to realize rewards for their efforts.

Executive remuneration remains a controversial topic, especially in Nigeria where the wealth gap between rich and poor is still on the increase (Wray 2008). In view of the current financial crisis, it is not surprising that executive remuneration has attracted the attention of investors, the media, the public at large, trade unions and researchers (PWC 2009). The following quotations from the media illustrate this interest: "Corporate reports should illustrate a company's strategy, which include the link between executive reward and the delivery of the strategy" (Temkin 2007); "Shareholders should be required to approve the level of remuneration paid to company directors" (Crotty 2008); "What are the key performance indicators against which executives are measured?" (Claasen& Planting 2008); "Shareholders will tend to argue that pay increases should match performance, but executives ... rewarded for their efforts and risk" (Anderson 2008); "Shareholders vetoing directors' pay increases while profits are falling" (Rose 2009); "Boards compelled to review remuneration strategies" (Temkin 2009); "King 3 Report opposes excessive pay for executives" (Temkin 2009b); "Executive pay will take centre stage when boards and remuneration committees will have to prove their effectiveness to shareholders" (Temkin 2010).

There are many studies that examine CEO compensation and firm performance; and some of these studies find a positive relationship between CEO compensation and firm performance **(**Coughlan & Schmidt, 1985; Ozkan, 2007; Kajola, 2008; Cheng & Farber, 2008; Nwaorgu, Odesa &Nzoegbu, 2019). Other studies conclude that CEO compensation has no impact on firm performance at all (Boyd, 1994;Aduda, 2011; Okafor &Ifurueze, 2019). Finally, there are even some studies that find a negative relationship between CEO compensation and firm performance (Core, Holthausen & Larcker, 1999; Aduda, 2011; Nnubia & Obiora, 2018). Therefore, whether CEO compensation has an impact on firm performance or not is an outstanding issue. After many studies, the empirical record on this topic is still mixed (Finkelstein & Boyd, 1998). Besides that, most studies have been conducted for American, European, Japanese or Chinese firms (Kato & Kubo, 2006; Brunello, Graziano & Parigi, 2001; Hubbard & Palia, 1995).

This study focused on firms in Nigeria. Thus, it will be interesting to look whether this factor of CEO compensation has an impact on the firm performance for country like Nigeria. Empirical research is needed to determine whether CEO compensation has an impact on firm performance for Nigerian firms. With this information, the research objectives, research question and research hypotheses for this study are formed as follows:

Objectives of the Study

The main objective of the study is to examine the relationship between executive compensation and performance of quoted consumer goods companies in Nigeria. The detailed objectives of the study include to:

1. investigate the relationship between chief executive officers' salary and performance of quoted consumer goods companies in Nigeria.
2. determine the relationship between directors' cash compensation and performance of quoted consumer goods companies in Nigeria.

Research Hypotheses

1. Chief executive officers' salary does not have any relationship with performance of quoted consumer goods companies in Nigeria.

2. Board of directors' cash compensation does not have any relationship with performance of quoted consumer goods companies in Nigeria.

REVIEW OF RELATED LITERATURE

Executive Compensation:

The term executive compensation is used to indicate the top management or top employees' gross earnings in the form of financial rewards and benefits (Erick et al. 2014). Though, compensation can be examined as a system of rewards that can motivate the employees to perform (Aduda, 2011). Employees may receive financial and non-financial compensations for the work performed by them. Financial compensation includes salary, bonus, and all the benefits and incentives, whereas non-financial compensation includes awards, rewards, citation, praise, recognition, which can motivate the employees towards higher productivity (Junaidu&Sanni, 2014).

Junaidu and Sanni (2014) defined executive compensation or executive pay as financial compensation and other non-financial awards received by an executive from their firm for their service to the organisation. This is typically a mixture of salary, bonuses, shares of or call options on the company stock, benefits, and perquisites, ideally configured to take into account government regulations, tax law, the desires of the organisation and the Executive, and rewards for performance. Jegede (2012) conceptualized executive compensation as the remuneration package which goes with labour services. According to Mnzava (2012) basic salary is a key component of executive compensation that guarantees a minimum increase over time. Unlike other compensation components, basic salary is affixed component in the executive contracts which can be reviewed annually.

Aminu (2011) stated that executive compensation is the financial payments and non-monetary benefits provided to high level management in exchange for their work on behalf of an organisation. The types of employees that are typically paid with Executive compensation packages include corporate presidents, chief Executive officers, and chief financial officers, vice presidents, managing directors and other senior Executives. Greckhamer (2011) conceptually defined executive compensation as all forms of financial returns and tangible services and benefits that employees receive as part of an employment relationship.

Executive compensation or executive pay is the financial compensation received by an officer of a firm. It is typically a mixture of salary, bonuses, shares of and/or call options on the company stock, benefits, and perquisites, ideally configured to take into account government, regulations, tax law, the desires of the organisation and the executive, and rewards for performance (Maijoor &Vanstraelen, 2006). Bebchuk, Grinstein and Peyer (2010) argued that executive compensation is the pay received by an officer of a firm, often as a mixture of salary, bonuses, and shares of and/or call options on the company stock, paid expenses (perks) or insurance. It refers to the benefits and remuneration accruing to top management of a corporation mostly the Board of Directors including the CEO.

Chief Executive Officer's (CEO's) Salary:

A chief executive officer (CEO)is the highest-ranking executive in a company, whose primary responsibilities include making major corporate decisions, managing the overall operations and resources of a company, acting as the main point of communication between the board of directors (the board) and corporate operations and being the public face of the company (Erick, Kefah & Nyaoga, 2014). A CEO is elected by the board and its shareholders. A CEO's role varies from one company to another depending on the company's size, culture, and corporate structure (Sheikh & Khursheed, 2017). In large corporations, CEOs typically deal only with very high-level strategic decisions and those that direct the company's overall growth. In smaller companies, CEOs often are more hands-on and involved with day-to-day functions. CEOs can set the tone, vision, and sometimes the culture of their organizations (Emre, 2016).

Wiggins (2004) claims that CEO influences the size and the structure of the compensation package in their own interest. Furthermore, Boyle and Roberts (2012) argues initially that they expect executives in the compensation committees to have the highest salaries, but later discover that, comparing firms with the CEO on the board, on the committee and excluded from both, that in contrast with popular belief that a CEO being present on the compensation committee would influence their salary positively. The "CEOs

who sit on the compensation committee receive the lowest annual growth in compensation but the firms they lead also perform significantly less well" (Boyle & Roberts, 2012).

Emre (2016) examined the impact of CEO compensation on firm performance for Scandinavian firms and found an insignificant negative association between CEO compensation and firm performance. Sheikh and Khursheed (2017) investigated whether compensation (i.e. salary, bonus and allowances) offered to chief executive officers and executives affect the performance of Takaful (i.e. Islamic insurance) companies in Pakistan. They found that Takaful companies are offering reasonable compensation to CEOs and executives but their performance is weak. Sigler (2011) found a positive and significant relationship between total CEO compensation and company performance measured by return on equity.

Director's cash compensation

Cash Compensation means the cash compensation payable to a Director, including retainer, meeting fees and other fees payable for service as Director (Hyungseok &Woochan, 2015). It also means, as applied to any employee, nonemployee director or officer of, or any natural person who performs consulting or other independent contractor services for, the Company or any Company Subsidiary, the wages, salaries, bonuses (discretionary and formula), fees and other cash compensation paid or payable by the Company and each Company Subsidiary to that employee or other natural person (Hyungseok & Woochan, 2015).

CEOs have substantial influence over their own pay by providing a different set of incentive to directors (Weisbach, 2007). They are power agent that can shift the board of director's focus to consider their own interests rather than the interest of shareholders which they represent.

Johnson et al. (2000) was of the opinion that director tunnel their company by the transfer of company resources out of its shareholder by the board of director members. This may come in two ways; a controlling shareholder can transfer resources using the CEO (which he is instrumental in appointing) from the firm for his own benefit through self-dealings transaction. Such transaction include theft or fraud which is illegal but also assets sales and contracts such as transfer pricing advantageous to the controlling shareholder, excessive executive compensation, loan guarantees, expropriation of corporate opportunities. Second, the controlling shareholder can increase his share in the firm without transferring any asset through dilutive share issues, right issue, and minority freeze out insider trading, creeping acquisition or other financial transactions that discriminate the minority shareholder.

Firm Performance

There are a plethora of measures of financial performance; such as return on assets (ROA), return on investment (ROI), return on equity (ROE), and operation profit margin (OPM). ROA, which was developed by Dupont (1919), is the most common measure used as a proxy for financial performance (Boyle & Roberts, 2012; Ely, 1991); and this will be considered in this study.

Return-On-Assets (ROA)

There are differing opinions across the literature on whether to use accounting performance such as ROA (Return-On-Assets) as a proxy or the stock returns. (Ely, 1991) postulates that return on assets is considered because it is a traditional financial accounting measure of performance, but the stock returns are also important to consider since they "reflect all public information relevant to share values due to market efficiency. The authors conclude that "the stock return and the accounting variables are not substitutes and that accounting variables are useful in explaining variation in changes in compensation".

Basu et al. (2007) finds that in their sample of Japanese firms, the lagged ROA coefficient was significant at the 1% level, whereas "coefficient estimates for return and lagged return are not statistically significant", but explains that this "likely reflects the general decline in the Japanese stock market during the period studied" and that "Japanese top executive pay is primarily based on accounting profitability rather than sales or stock returns". Another study (Boyle & Roberts, 2012) agrees with this for companies based in New Zealand, stating that "very little of the variation in pay growth of New Zealand CEOs is attributable to variation in firm performance measured by stock returns"; however, we can only conclude that countries have different compensation practices and that these must be studied before deciding the relevant indicators.

Theoretical Framework

Human Capital Theory: The original idea of human capital can be traced back at least to Adam Smith in the 18th century. The modern theory was popularized by Gary Becker, an economist and Nobel Laureate from the University of Chicago, Jacob Mincer, and Theodore Schultz. Human capital signifies the combined brainpower and experience of staff as a source of competitive improvement that cannot be imitated by rivals (Resick, 2007). This theory advocates for attracting, engaging, repayment and developing people in organizations. In this context, some of the employee compensation practices in this research are meant to ensure that the performance of employees is improved, this theory is relevant. However this theory has been criticized for not addressing other underlying components of employee performance. Scholars have argued that ultimately, it's only the characteristics that improve employee performance. This is because it considers reward which is also a factor of compensation. This means that employees can be rewarded for their efforts despite the fact that the theory does not examine the effect of the rewards.

Empirical Review

Onuorah, Okeke and Ibekwe (2019) examined the effect of compensation management on employee performance in Nigeria organization. The study adopts descriptive survey research design. The study was carried out in Anambra State. The population of the study comprises 257 public secondary schools in Anambra State. The sample size for the study consists of 257employees drawn from the population of the study. The sample consists of entire population. The instrument for data collection is a structured questionnaire. The face content validity of the instrument was employee. The instrument was trial-tested on a representative sample of 20 employee randomly selected of Anambra State. In analyzing the data for the null hypotheses, Z-test was be used to test the hypotheses at 0.05 level of significance. Equity based compensation has no negative significance effect on employee performance in Nigeria organization. Competency based compensation has no negative significance effect on employee performance in Nigeria organization. Performance based compensation has no negative significance effect on employee performance in Nigeria organization. Therefore the study concludes that compensation management has significance effect on employee performance in Nigeria organization.

Aroh, Aroh and Odum (2018) examined the relationship between firm performance and abnormal directors' compensation for thirteen (13) listed banks in Nigeria for the period from 2012 through 2016. The study adopted Robust Least Square Regression Analysis in finding coefficient estimates that will be used for policy recommendations. The researcher found that there is a positive but insignificant relationship between firm performance measured by shareholders' value of Tobin Q and abnormal directors' compensation. The results also showed that the size of the firm significantly influence shareholder's wealth but not significantly affecting firms' profitability.

Sheikh and Khursheed (2017) investigated whether compensation (i.e. salary, bonus and allowances) offered to chief executive officers and executives affect the performance of Takaful (i.e. Islamic insurance) companies in Pakistan. Data was collected from annual reports of Takaful companies during 2007-2015 to estimate the relationship between compensation and accounting-based performance measures such as return on assets (ROA), return on equity (ROE) and earnings per share (EPS). It is worth mentioning that Takaful companies are unquoted on Pakistan Stock Exchange that is why only accounting-based performance measures used in this paper. Results indicate that compensation offered to CEOs and executives is statistically significant and negatively related to all performance measures. Descriptive statistics indicate that mean ROA and ROE are negative while mean EPS is positive but it is too small to dispense among shareholders.

Emre (2016) examines the impact of CEO compensation on firm performance for Scandinavian firms. The existing literature presents different findings on the impact of CEO compensation on firm performance. Two important theories, the agency theory and stakeholder theory are described. The test sample consists of Scandinavian firms that had a spot on the Forbes Global 2000 List of 2016. The impact of CEO compensation on firm performance is tested by using the performance measures of ROE and

ROA. The results show a non-significant negative relationship between CEO compensation and firm performance.

Anna and Johanna (2016) examined if there is a relationship between the top management variable compensation and firm performance. They aim to explore this subject in further depth by focusing on the Swedish context and by studying if contextual issues, in terms of different industries, have an impact on this relation. In order to examine this relation multiple regression analysis were performed. The empirical evidence displays that on a general level, incentive systems of the top management have no significant effect on firm performance.

Uwalomwa, Olubukola, Ebeguki, Jinadu and Otekunrin (2014) examined the association between the effect of financial performance and board size on corporate executive compensation in Nigeria. In accomplishing the research objectives of this study, the audited annual financial statement of listed banks covering the period 2005-2013 were analyzed. Also, a total of 10 listed banks in the Nigerian stock exchange market were selected and analyzed for the study using the purposive sampling method. Nevertheless, in analyzing the research hypotheses, the study adopted the use of both descriptive statistics and econometric analysis using the pooled ordinary least square regression analysis method in the estimation of the regression equation. Findings from the study show that a significant positive relationship was observed between banks financial performance and the corporate executive compensation (director's emoluments) for the sampled banks.

Ogbeideand Akanji (2016)examined executive remuneration and firms' performance in Nigeria. Specifically, the study seeks to ascertain the nexus between executive remuneration, firm size and board size variables and the performance of quoted companies. The population of the study consists of all the quoted firms as at 31st December, 2014. A sample of sixty (60) companies excluding non- financial firms was selected for the period 2013 and 2014. Summary statistics such as descriptive, correlation and granger causality tests were used. Inferential statistics, using panel Generalized Least Square (EGLS) with fixed effect was used for the purpose of empirical validations. This was after the application of diagnostic test to enhance the study. The study ascertained that executive remuneration has a relationship with firm performance, but negatively impacted on it; though was not statistically significant. Firm size was ascertained not to have significant positive relationship with firms' performance; though it has a causality relationship with the performance of the firms. Board size was found to negatively affect the performance of firms and is statistically not significant. Premised on this, the study suggests that executive remuneration of quote firms should be pegged constantly in a flexible manner.

Erick, Kefah and Nyaoga (2014) examined the effect of executive compensation on the financial performance of insurance companies in Kenya. The study considered functional form relationship between the level of executive remuneration and key performance ratios by using a regression model that establishes the relationship between pay and financial performance. The results show that there is a non-significant relationship between executive compensation and financial performance, P-Value>0.05. The negative correlation suggests the capping of executive compensation to maximize shareholders returns.

Abdul, Muhammad, Zubair, Ali and Muhammad (2014) measured the impact of compensation on employee performance. A questionnaire was designed to collect the data on the factors related to compensation like salary, rewards, Indirect Compensation and employee performance. The data was collected from different banks of Pakistan. The data collected were analyzed in SPSS 17.0 Version. Different analytical and descriptive techniques were used to analyze the data. It is founded from different results that Compensation has positive impact on employee performance. It is proved from correlation analysis that all the independent variables have weak or moderate positive relationship to each other. Regression analysis shows that all the independent variables have insignificant and positive impact on employee performance. Descriptive analysis also reveals that all the independent variables have positive impact on employee performance.

Aduda (2011) examined the relationship between executive compensation and firm performance among the commercial banks listed at the Nairobi Stock Exchange. The study considered functional form relationship between the level of executive remuneration and accounting performance measures by using a regression model that relates pay and performance. The findings of the study suggest that accounting

measures of performance are not key considerations in determining executive compensation among the large commercial banks in Kenya and that size is a key criteria in determining executive compensation as it was significantly but negatively related to compensation. The negative correlation suggests the capping of executive compensation to ensure maximization of returns to shareholders.

Sigler (2011) examines the relationship of CEO pay and company performance for 280 firms listed on the New York Stock Exchange for a period from 2006 through 2009. The time frame of the study is a period after the adoption of the Sarbanes Oxley Act and after the SEC approval of the corporate governance rules affecting executive pay for New York Stock Exchange companies. Sigler (2011) find there to be a positive and significant relationship between total CEO compensation and company performance measured by return on equity. The size of the firm appears to be the most significant factor in determining the level of total CEO compensation, according to the results, and the tenure of the chief executive officer is another significant variable.

METHODOLOGY

Research Design, Population, Sample size and Sampling Techniques

This study adopts ex-post facto design. The ex-post facto design was adopted on the basis that it does not provide the study an opportunity to control the variables mainly because they have already occurred and cannot be manipulated. The secondary data used for this study were obtained from the internet, annual financial reports of the selected firms and Nigerian Stock Exchange over a period of 2011 to 2018. The study sought to analyse with the available data on the effect of executive compensation as a predictive measure of firm performance. The data was collected from many consumers' goods firms in many years.

The population of this study consist of the total number of quoted consumers' goods companies on the Nigerian Stock Exchange (NSE). The population size of consumers' goods companies quoted on the Nigerian Stock Exchange amounted to 36. Using judgemental sampling method, ten (10) consumers' goods companies were purposively selected based on availability of the required data. The firms selected are PZ Cussons Nigeria, Guinness Nigeria Plc., International Breweries Plc., Nigerian Breweries Plc., Northern Nigeria Flour Mill, Flour Mills of Nigeria, Honey Well Flour Mill, Lives Stock Feed, Dangote Sugar plc and Union Dicon Salt.

Method of Data Analysis

The secondary data collected were analysed using descriptive statistics, correlation and Ordinary Least Square (OLS) regression analysis. The descriptive statistics were used to evaluate the characteristics of the data such as Mean, maximum, minimum, and standard deviation and also checks for normality of the data. The correlation analysis was used to evaluate the relationship between the variables and to check for multi-colinearity. The ordinary regression analysis will be used to evaluate the effect of the independent variables on the dependent variable. It reveals the degree of influence and effect the independent variables has on the dependent variable.

Model Specification

The model for the study was premised on the main objective and anchored on the sub-objective. The model was adopted from the work of Sheikh and Khursheed (2017) and modified to suite the independents variables used in this study.

The Sheikh and Khursheed (2017) model is as follows:

$ROA_{it} = \beta 0 + \beta_1 SA_{it} + \beta_2 BO_{it} + \beta_3 AL_{it} + ų$ ……..I

$ROE_{it} = \beta 0 + \beta_1 SA_{it} + \beta_2 BO_{it} + \beta_3 AL_{it} + ų$ …….II

$EPS_{it} = \beta 0 + \beta_1 SA_{it} + \beta_2 BO_{it} + \beta_3 AL_{it} + ų$ ……III

Where,

ROA = Return on assets

ROE = Return on equity

ROA = Earnings per share

SA = Salary

BO = Bonus

AL = Allowances

ų = the error term
β0 = the intercept
β_1- β_3 = the independent variable coefficients
The model for the study is anchored on the objective. Therefore, the above model was adopted and modified as follows:
ROA = f(CEO, DCC) - - - - - - -IV
This can be econometrically express as
$ROA_{it} = \beta_0 + \beta_1 CEO_{it} + \beta_2 DCC_{it} + ų$ - - - -V
Where,
ROA = Return on assets
CEO = Chief executive officer's salary
DCC = Director's cash compensation
Ų = the error term
β_0 = the intercept
β_1- β_2 = independent variable coefficients

3.8 Variable Description/measurement

The study used a panel data collected from the quoted manufacturing companies in Nigeria within the period covering 2011 – 2018. The variables and their proxy were operationlized as follow:

Variables	Measures
Firm performance	Return on assets (ROA) = net profit / total asset (Okafor & Ifurueze, 2019)
Chief executive officer's pay (CEO)	CEO's pay / Staff cost (Chena, Wanga and Lin, 2014; Nnubia & Obiora, 2018)
Director's cash compensation (DCC)	Cash compensation payable to a Director / operating expenses (Hyungseok & Woochan, 2015).

PRESENTATION AND DATA ANALYSIS

The summary of the analysis result and its corresponding interpretations of the effect of executive compensation on performance of quoted consumer's goods companies in Nigeria are presented below.

Descriptive Statistics

Table 1: Descriptive Statistics

VARIABLES	ROA	CEO	DCC
Mean	0.333500	0.349638	0.157000
Median	0.300000	0.300000	0.130000
Maximum	0.880000	0.890000	0.490000
Minimum	0.150000	0.100000	0.070000
Std. Dev.	0.160435	0.190076	0.066302
Skewness	2.033874	1.515608	2.530559
Kurtosis	6.993299	4.631736	11.34972
Jarque-Bera	108.3101	39.50276	317.7756
Probability	0.000000	0.000000	0.000000
Sum	26.68000	27.97100	12.56000
Sum Sq. Dev.	2.033420	2.854192	0.347280
Observations	80	80	80

Source: Researcher summary of descriptive statistics (2021)

Table 1 above shows the mean (average) for each variable, their maximum values, minimum values, standard deviation. The result provides some insight into the nature of the selected firms' data used for the study. Firstly, it was observed that over the period under review, the sampled companies have positive average return on assets (ROA) of 0.333500, and this means that the selected firms has a positive return on assets (performance) in the period of the study. The table also reveals a positive average value of 0.349638 for CEO and 0.157000 for DCCfor the selected firms used in the study. These values mean that within the period under review, quoted firms meet up to 33% of return on assets on the average within the period under review. The maximum value of CEO is 0.890000 and its minimum value is 0.100000, while the maximum value for DCC is 0.490000 and its minimum value is 0.070000. The large differences between the maximum and minimum value shows that the firm's data used for the study are homogeneous.

Correlation Analysis

Table 2: Correlation Analysis

VARIABLES	ROA	CEO	DCC
ROA	1.000000	-0.265526	0.057763
CHPAY	-0.265526	1.000000	0.144178
DIPAY	0.057763	0.144178	1.000000

Source: Researcher summary of correlation analysis (2021)

The correlation matrix is to check for multi-colinearity and to explore the association between each explanatory variable and the dependent variable. The findings from the correlation matrix table (table 2 above) shows that return on assets (ROA) has a negative association with CEO (-0.265526); and a positive association with DCC (0.057763). CEO has a strong positive association with DCC (0.144178). In checking for multi-colinearity, the study observed that no two explanatory variables were perfectly correlated.

Regression Analysis

Table 3: Return on Assets (ROA) Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.407474	0.060970	6.683217	0.0000
CEO	-0.246835	0.094072	-2.623903	0.0105
DCC	0.284089	0.272383	1.042975	0.3003

R-squared	0.900005	Mean dependent var	0.333500
Adjusted R-squared	0.905484	S.D. dependent var	0.160435
S.E. of regression	0.156036	Akaike info criterion	-0.828747
Sum squared resid	1.850401	Schwarz criterion	-0.709646
Log likelihood	37.14988	Hannan-Quinn criter.	-0.780996
F-statistic	2.505656	Durbin-Watson stat	1.834356
Prob(F-statistic)	0.006364		

Source: Researcher summary of Regression Analysis (2021)

In testing for the effect of executive compensation on performance of quoted consumer's goods companies in Nigeria, we adopted regression analysis. In table 3, we presented OLS regression analysis. The result revealed the follows:

Chief executive officer's salary (CEO), from the result of our test in table 3 above, we found out that the value of our t-test for CEO is -2.623903 with a probability of 0.0105. This probability value is less than the desired level of significant of 0.05. We accept the alternative and reject the null hypothesis, which says that chief executive officer's salary have significant effects on the performance of quoted consumer's goods companies in Nigeria. Thus, chief executive officer's salary is negative and has significant effect on performance of quoted consumer's goods companies in Nigeria at 5% level of significant. This means

that decrease in the chief executive officer's salary will has negative significant effect on performance of quoted consumer's goods companies in Nigeria.

The significant negative effect of chief executive officer's salary on Nigerian corporate performance measured by ROA indicates that increasing the level of chief executive officer's salary of Nigerian consumer's goods firms will decrease the corporate performance of Nigerian consumer's goods firms. Increasing the variable (chief executive officer's salary) will bring a significant negative effect on corporate performance. This finding were in line with the findings of Sheikh and Khursheed (2017) which found that Takaful companies offered reasonable compensation to CEOs and executives but their performance is weak. The finding were also in line with the results of Nwaorgu, Odesa and Nzoegbu (2019) and Nnubia and Obiora (2018) which found that CEO's pay has negative significant effect on the dependent variable (Performance) of consumer's goods companies in Nigeria; but were against the insignificant findings of Okafor and Ifurueze (2019).

Board of director's cash compensation (DCC), in the result of our test in the table 3 above, we found out that the value of our t-statistics for DCC is 1.042975 with a probability of 0.3003. This probability value is greater than the desired level of significance of 0.05. We therefore, reject the alternative and accept the null hypothesis, which says that board of director's cash compensation does not have significant effects on the performance of quoted consumer's goods companies in Nigeria. Thus, board of director's cash compensation is positive, but does not have any significant effect on performance of quoted consumer's goods companies in Nigeria at 5% level of significant. This means that increase in the board of director's cash compensation will has no significant effect on performance of quoted consumer's goods companies in Nigeria.

The insignificant positive effect of board of director's cash compensation on Nigerian corporate performance measured by ROA indicates that increasing the level of board of director's cash compensation of Nigerian consumer's goods firms will insignificantly affect the corporate performance of Nigerian consumer's goods firms at 5% level of significant. This finding were in line with the findings of Nwaorgu, Odesa and Nzoegbu (2019) and Nnubia and Obiora (2018) which found that board of director's pay is positive and has no significant impact on the Performance; and were against the negative findings of Okafor and Ifurueze (2019).

CONCLUSION AND RECOMMENDATIONS

Based on the result, the study concluded that chief executive officers' salary has negative effect on the performance (ROA) of quoted consumer's goods companies in Nigeria. Though, its negative effect of chief executive officer's salary on ROA is statistically significant at 5% level; and thus, the study rejects the null hypothesis and accepts the alternate hypothesis. On the board of director's cash compensation, the analysis reveals that board of director's cash compensation has positive effect on the performance (ROA) of quoted consumer's goods companies in Nigeria. Thus, the positive effect of board of director's cash compensation on ROA is statistically insignificant at 5% level. It therefore concludes that, chief executive officer's salary and board of director's cash compensation have effect on the performance (measured by ROA) of consumer's goods companies in Nigeria.

Due to the negative effect chief executive officer's salary has with performance of consumer's goods companies in Nigeria, Management and controlling of chief executive officer's salary is therefore an important factor to be considered in enhancing or boosting the performance of manufacturers in Nigeria. It is therefore necessary that adequate management and controlling of chief executive officer's salary should be pursued by the shareholders of the consumer's goods companies in Nigeria. This can be achieved by specifying the terms and conditions of the chief executive officer's salary in the annual general meeting of the shareholders.

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