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# CORPORATE GOVERNANCE AND NON-FINANCIAL PERFORMANCE OF QUOTED FAST MOVING CONSUMER GOODS (FMCG) COMPANIES IN NIGERIA

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## ABSTRACT

This study investigates the relationship between corporate governance and non-financial performance, specifically focusing on customer satisfaction in quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria. The research aims to determine the effects of board composition, board independence, and board committees on customer satisfaction through a Purposive sampling survey of 394 accountants, auditors and management staff across FMCG companies. Utilizing a structured questionnaire with a five-point Likert scale, data analysis includes descriptive statistics and multiple regression models to examine these relationships. The findings indicate that board independence and board committees have significant impact on customer satisfaction, ($\beta = 5.39$, $p = 0.000$; $\beta = 0.48$, $p = 0.000$ respectively), while Board composition does not have significant influence on customer satisfaction ($\beta = -0.18$, $p = 0.18$). The p-value (0.000) for board independence and board committee is extremely small, much less than the standard significance level of 0.05. This suggests that the regression model is statistically significant. The study concludes that board independence and board committee significantly influence customer satisfaction in quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria. The study underscores the complexity of governance impacts in the Nigerian Fast Moving Consumer Goods sector and recommends further exploration into additional governance dimensions and external market factors that may also influence non-financial performance metrics beyond customer satisfaction.

**Keywords:** Corporate Governance, Non-Financial Performance, Customer satisfaction.

## 1. INTRODUCTION

Corporate governance has gained significant attention in recent years, especially when considering its impact on different dimensions of organizational performance. Among these dimensions, customer satisfaction is one of the most important non-financial success metrics among these indicators. Customer satisfaction not only reflects the success of a company's products and services but also indicates the effectiveness of its governance structures. In order to maintain competitiveness, achieve optimal performance and long-term success, listed Fast Moving Consumer Goods firms in Nigeria must comprehend the relationship between corporate governance and consumer satisfaction.

Corporate governance is the set of policies, procedures, and guidelines that regulate how a business is run. Corporate governance is a global phenomenon that involves balancing the interests of a company's stakeholders, such as shareholders, management, customers, suppliers, financiers, government, and the community (Hossain, Hasan, & Hasan, 2024). It involves a variety of systems, procedures, and practices employ by directors to guarantee that the business is run in the best interests of its stakeholders, and for competitiveness and long-term success. It plays a critical role in enhancing performance by ensuring transparency, accountability, and integrity in business operations (Adedeji & Olajide 2021).

Board composition is a critical aspect of corporate governance, which refers to the composition of a company's board of directors. A combination of executive and non-executive directors is usually present on a well-composed board, contributing a range of viewpoints and areas of experience. The board's capacity to make well-informed choices that improve customer satisfaction may be strengthened by this diversity. According to studies, boards with a balanced membership are more likely to adopt strategies that suit the requirements and preferences of their clients, increasing customer satisfaction (Pfeffer 2019).

Board independence is another significant factor in corporate governance. Independent directors are those who do not have any material or pecuniary relationship with the company, other than their board duties. Their independence ensures unbiased oversight and decision-making, which can lead to more effective governance. Independent boards are better positioned to protect shareholder interests and ensure that management actions are aligned with customer expectations, thereby enhancing customer satisfaction (Ideh et al 2021)

Board committees, such as audit, remuneration, and nomination committees, play a pivotal role in the governance framework of a company. These committees focus on specific areas of governance, ensuring thorough oversight and accountability. Effective board committees can improve a company's operational efficiency and strategic direction, ultimately leading to higher customer satisfaction. By focusing on critical areas such as financial integrity and executive remuneration, board committees ensure that the company's practices meet high standards, which can positively influence customer perceptions and satisfaction (Kalin et al 2019).

The interrelationship between board composition, board independence, board committees, and customer satisfaction is complex and multifaceted. Board composition affects the quality of decision-making and strategic direction, which in turn influences customer satisfaction. A well-composed board that includes independent directors is more likely to implement effective governance practices that align with customer needs. Furthermore, the presence of independent directors ensures that board decisions are made in the best interest of stakeholders, including customers. Effective board committees enhance this relationship by providing focused oversight on key governance areas, thereby reinforcing practices that boost customer satisfaction.

Customer satisfaction is a critical performance metric that reflects the extent to which a company's products or services meets or exceeds customer expectations. It is influenced by various factors, including product quality, service delivery, and overall customer experience. In other words, when a person experiences a performance of a good or service that lives up to their expectations, they are said to be satisfied. In the context of corporate governance, customer satisfaction can be viewed as an outcome of effective governance practices. Companies that prioritize strong governance structures are more likely to deliver high-quality products and services, leading to satisfied customers. Hence, consumer experiences and satisfaction with a company's goods or services are greatly influenced by effective corporate governance norms (Ankur 2017)

The motivation for this study stems from the need to explore the specific impact of corporate governance variables on customer satisfaction within the Fast-Moving Consumer Goods (FMCG) companies in Nigeria. Despite the growing body of literature on corporate governance and its impact on financial performance, there is limited research on its effect on non-financial performance indicators such as customer satisfaction, particularly in developing economies like Nigeria. Understanding this relationship is crucial for FMCG companies that aim to enhance their competitive advantage and ensure long-term sustainability.

Fast Moving Consumer Goods (FMCG) companies in Nigeria face unique challenges, including regulatory constraints, economic volatility, and competitive pressures. Effective corporate governance can help these companies navigate these challenges by promoting transparency, accountability, and strategic alignment. By examining the impact of board composition, board independence, and board committees on customer satisfaction, this study aims to provide insights that can help companies improve their governance practices and enhance customer satisfaction.

Previous research has highlighted the importance of corporate governance in driving organizational performance. For instance, some researcher found that strong corporate governance practices are associated with better firm performance, including improved customer satisfaction (Nugraheni & Fauziah 2019). Similarly, some studies demonstrated that companies with robust governance frameworks tend to outperform their peers in terms of market valuation and operational efficiency, which can translate into enhancing customer loyalty through quality of service resulting in higher customer satisfaction (Nitin et al 2023).

This study also seeks to contribute to the ongoing debate on the role of corporate governance in non-financial performance metrics. While financial performance remains a primary focus for many companies, non-financial indicators like customer satisfaction are equally important for achieving sustainable growth. By exploring the specific governance practices that influence customer satisfaction, this study aims to highlight the broader implications of corporate governance for organizational success.

In the Nigerian context, the findings of this study can provide valuable guidance for policymakers, regulatory authorities, and corporate leaders. Strengthening corporate governance frameworks can enhance the overall business environment and promote sustainable economic development. For FMCG companies, improving governance practices can lead to better customer satisfaction, increased brand loyalty, and higher market share.

The relationship between corporate governance and customer satisfaction is particularly relevant for quoted FMCG companies, as these companies are subject to public scrutiny and regulatory oversight. Effective governance can help these companies build trust with stakeholders, including customers, investors, and regulators. By demonstrating a commitment to high governance standards, these companies can enhance their reputation and attract more customers.

The study's findings can also inform corporate governance reforms and initiatives aimed at improving business practices in Nigeria. By identifying the specific governance practices that positively impact customer satisfaction, policymakers can develop targeted interventions to promote better governance and enhance customer satisfaction across the FMCG sector.

In conclusion, the study of corporate governance and its impact on customer satisfaction is a critical area of research with significant implications for quoted FMCG companies in Nigeria. By examining the roles of board composition, board independence, and board committees, this study aims to provide a comprehensive understanding of how governance practices influence customer satisfaction. The insights gained from this research can help FMCG companies improve their

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governance frameworks, enhance customer satisfaction, and achieve sustainable growth in the competitive sector.

### 1.2 Statement of Problem

Corporate governance plays a pivotal role in shaping the non-financial performance of quoted Fast-Moving Consumer goods companies in Nigeria, particularly in enhancing customer satisfaction. However, despite the recognized importance of corporate governance mechanisms, there remain significant challenges in achieving optimal levels of customer satisfaction within these companies. Customer satisfaction issues can stem from various factors, including inadequate service delivery, poor product quality, and ineffective customer engagement strategies (Adedeji et al 2020) and (Adedeji et al 2019).

The composition of the board of directors is crucial in influencing corporate governance outcomes, including customer satisfaction. A diverse board composition, comprising members with varied skills, backgrounds, and industry experience, can offer broader perspectives and insights into customer needs and preferences. Conversely, a homogenous board may lack the necessary diversity to effectively address customer satisfaction issues (Handriani & Robiyanto 2019).

Board independence is another critical factor that can impact customer satisfaction. Independent directors are expected to provide unbiased oversight and challenge management decisions, thereby promoting transparency and accountability (Handriani & Robiyanto 2019). Their independence ensures that decisions are made in the best interest of stakeholders, including customers, rather than being influenced by managerial or other external interests.

Effective board committees, such as audit, risk, and corporate governance committees, play a significant role in overseeing specific aspects related to customer satisfaction. These committees are tasked with monitoring and evaluating corporate practices, ensuring compliance with regulatory standards, and implementing strategies that enhance customer experience (Kalin 2019) and (Adegbite et al 2017). For instance, a dedicated customer relations committee can focus on improving customer service standards and addressing grievances promptly.

Despite these potential benefits, several research gaps persist in the study of corporate governance and its impact on customer satisfaction in Nigerian manufacturing firms. Methodologically, existing studies often lack rigorous empirical methodologies that could provide robust insights into the causal relationships between corporate governance practices and customer satisfaction outcomes. There is a need for longitudinal studies and advanced statistical techniques to establish clearer causal links.

Empirically, the existing literature often lacks sufficient empirical evidence from Nigerian contexts specifically tailored to the FMCG sector. Studies predominantly draw from international frameworks and case studies (Nugraheni et al 2019) and (Handriani & Robiyanto 2019) which may not fully capture the unique governance challenges and customer dynamics within the Nigerian manufacturing environment.

This study aims to contribute to closing these gaps by employing a mixed-method approach that combines qualitative and quantitative techniques to provide robust understanding of the relationship between corporate governance and customer satisfaction in Nigerian manufacturing firms. By focusing on a diverse sample of FMCG companies and utilizing local expertise and insights, this research seeks to offer practical recommendations for enhancing corporate governance practices that positively impact customer satisfaction levels.

In conclusion, improving customer satisfaction through effective corporate governance practices represents a critical pathway for Nigerian FMCG firms to enhance their non-financial performance and sustain competitive advantage in the global market. By addressing the identified research gaps and leveraging local knowledge and empirical data, this study provide actionable insights that support informed decision-making by boards of directors and regulatory authorities in Nigeria.

### 1.3 Research Objectives

The study examines the relationship between corporate governance and non-financial performance, specifically customer satisfaction, of quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria. The specific objectives include:

I. To examine the effect of board composition on customer satisfaction in quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria.
II. To determine the effect of board independence on customer satisfaction in quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria.
III. To assess the effect of board committees on customer satisfaction in quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria.

### 1.4 Research Questions

I. What is the effect of board composition on customer satisfaction in quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria?
II. What is the effect of board independence on customer satisfaction in quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria?
III. What is the effect of board committees on customer satisfaction in quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria?

### 1.5 Research Hypotheses

I. Ho1: Board Composition has no significant effect on customer satisfaction in quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria.
II. Ho2: Board Independence has no significant effect on customer satisfaction in quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria.
III. Ho3: Board Committees have no significant effect on customer satisfaction in quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria.

### 1.6 Significance of the Study

The study's significance lies in its potential to inform policy reforms by demonstrating the critical link between corporate governance and customer satisfaction in Nigerian FMCG firms. By providing practical insights for corporate leaders and boards of directors, it guides strategic decisions to enhance operational efficiency and customer relations. Academically, the study enriches the literature on corporate governance by focusing on non-financial performance metrics, contributing context-specific findings that advance both theoretical understanding and practical applications. Methodologically, its mixed-method approach sets a precedent for rigorous empirical research in developing economies, offering a comprehensive framework to explore governance impacts on customer satisfaction. Ultimately, this study aims to foster stronger governance practices, improve industrial competitiveness, and support sustainable economic development in

Nigeria.

## 2. LITERATURE REVIEW

### 2.1 Conceptual Review

#### 2.1.1 Corporate Governance

Corporate governance is a pivotal concept in contemporary business literature, emphasizing the structures and processes through which organizations are directed and controlled. Central to this concept are measures such as board composition, board independence, and board committees, which play crucial roles in ensuring effective oversight and decision-making within corporate entities (Ezike 2019). Board composition refers to the diversity and expertise of board members, influencing strategic decision-making and organizational performance. The diversity of skills and backgrounds among board members enhances the board's ability to provide insightful guidance and governance oversight (Ajibolade & Akinwunmi 2019).

Board independence is another critical measure in corporate governance, ensuring that board members can act objectively and in the best interests of shareholders without undue influence from management. Independent directors are expected to bring impartial judgment to board deliberations, thus enhancing transparency and accountability in corporate decision-making processes.[15] Moreover, the establishment of board committees, such as audit, remuneration, and governance committees, further strengthens governance mechanisms by delegating specific responsibilities and ensuring focused oversight (Bello & Godfred 2021).

Effective corporate governance practices, including robust board structures and independent oversight mechanisms, are crucial for enhancing organizational performance and mitigating risks Scholars argue that well-governed firms are more likely to attract investment, maintain stakeholder trust, and achieve sustainable growth (Juanda & Jalaluddin 2021). In Nigeria, where corporate governance frameworks have evolved significantly in response to global standards and local market dynamics, these measures are particularly relevant for ensuring compliance with regulatory requirements and enhancing business resilience (Ogundipe et al 2022).

However, challenges persist in the implementation and effectiveness of corporate governance practices in Nigerian firms, including issues related to board effectiveness, director independence, and the composition of board committees. Cultural norms and regulatory gaps often influence governance outcomes, necessitating continuous reforms and capacity-building among board members and executives. Despite these challenges, empirical evidence suggests that firms with strong corporate governance frameworks tend to exhibit better financial performance and are better equipped to navigate market uncertainties (Yakubu & Sadat 2023).

The role of corporate governance extends beyond financial performance to encompass broader socio-economic impacts, including organizational reputation, ethical conduct, and stakeholder engagement. By promoting accountability and transparency, effective governance practices contribute to sustainable development goals and foster a conducive business environment ((Ajibolade & Akinwunmi 2019). Moreover, recent studies highlight the evolving nature of corporate governance frameworks in Nigeria, emphasizing the need for adaptive strategies that align with global best practices while considering local contextual factors (Ozili 2020).

Corporate governance remains a cornerstone of organizational success and stakeholder trust, with measures such as board composition, independence, and committee structures playing pivotal roles

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in enhancing oversight and decision-making processes. While Nigerian firms continue to grapple with governance challenges, ongoing reforms and capacity building efforts are essential for fostering sustainable business practices and driving long-term value creation. By aligning governance practices with local regulatory frameworks and international standards, firms can strengthen their resilience and competitiveness in the global marketplace (Ogundipe et al 2022) and (Yakubu & Sadat 2023).

### 2.1.2 Non-financial performance

Non-financial performance, often considered alongside financial metrics, plays a crucial role in assessing organizational success and sustainability. In the context of this study, non-financial performance is primarily measured through customer satisfaction, reflecting the effectiveness of an organization in meeting customer expectations and enhancing long-term relationships. Some scholars (Adedeji et al 2020) and Adedeji et al 2019) emphasize that while financial indicators are essential for evaluating profitability and efficiency, non-financial measures such as customer satisfaction provide insights into broader aspects of organizational performance that contribute to competitive advantage. Customer satisfaction, as a non-financial metric, not only indicates service quality but also influences customer loyalty and retention, crucial for sustained profitability and growth (Ali, Danish & Asrar-ul-Haq 2020).

A study underscores that customer satisfaction is influenced by various organizational factors, including product quality, service delivery, and responsiveness to customer needs. They argue that organizations achieving high levels of customer satisfaction tend to outperform competitors by fostering positive word-of-mouth, repeat purchases, and enhanced brand reputation (Anuj & Seetharaman 2023). Moreover, another research highlight the role of corporate governance in shaping non-financial performance indicators such as customer satisfaction, suggesting that effective governance structures can align organizational strategies with customer-centric objectives (Shaikh 2023).

In Nigeria, where market dynamics and customer preferences vary significantly across regions and sectors, understanding non-financial performance through customer satisfaction becomes even more critical. Studies point out that cultural factors and local market conditions influence customer perceptions, necessitating tailored strategies to enhance satisfaction levels (Yakubu & Sadat 2023). Furthermore, some researchers argue that organizational commitment to service excellence and continuous improvement directly impacts non-financial performance metrics like customer satisfaction, highlighting the need for strategic investments in customer relationship management and service innovation (Adedeji et al 2020) and Adedeji et al 2019).

Recent literature underscores the evolving nature of non-financial performance measurement, with scholars advocating for integrated approaches that combine financial and non-financial indicators to provide comprehensive insights into organizational health. This integrated perspective aligns with global trends towards sustainability reporting and stakeholder engagement, where customer satisfaction serves as a key measure of organizational success beyond financial profitability (Anuj & Seetharaman 2023). Moreover, studies suggest that organizations prioritizing non-financial performance indicators like customer satisfaction demonstrate resilience and adaptive capacity in competitive markets, enhancing their long-term viability and reputation (Shaikh 2023).

In conclusion, the concept of non-financial performance, particularly measured through customer satisfaction, offers valuable insights into organizational effectiveness and competitive advantage in the Nigerian context. By focusing on factors influencing customer perceptions and loyalty, organizations can strategically position themselves for sustained growth and profitability amidst dynamic market conditions and evolving consumer expectations. Future research should continue to explore the nuanced relationships between organizational strategies, governance frameworks, and customer-centric outcomes to further enhance our understanding of non-financial performance in diverse economic environments like Nigeria.

### 2.1.3 Corporate Governance and Non-financial Performance

Corporate governance plays a crucial role in shaping non-financial performance outcomes, particularly in the context of customer satisfaction. Scholars have extensively explored how board composition, board independence, and board committees influence organizational effectiveness in meeting customer expectations. Effective corporate governance mechanisms, including board structures, significantly impact organizational performance by enhancing decision-making processes. This assertion underscores the importance of board composition, which determines the diversity and expertise available for strategic decision-making, thus affecting customer satisfaction levels (Akingunola & Chris 2019).

Furthermore, board independence has been identified as a critical factor influencing non-financial performance outcomes such as customer satisfaction. A study found that boards with a higher proportion of independent directors tend to make more objective decisions, which positively correlate with enhanced customer satisfaction levels.[14] Independent directors bring unbiased perspectives to board deliberations, thereby fostering transparency and accountability in corporate operations, crucial for maintaining customer trust and satisfaction (Okoyeuzu et al 2021).

Moreover, the effectiveness of board committees in overseeing specific organizational functions also contributes significantly to non-financial performance indicators. Research suggests that well-functioning board committees, such as audit and risk committees, enhance oversight capabilities, leading to improved organizational practices that directly impact customer satisfaction (Akingunola & Chris 2019). These committees ensure compliance with ethical standards and regulatory requirements, which are pivotal in maintaining customer satisfaction by safeguarding corporate reputation and integrity.

In addition to internal governance mechanisms, external pressures and stakeholder expectations also influence corporate governance practices and subsequently affect non-financial performance outcomes like customer satisfaction. Companies that prioritize stakeholder interests through effective governance structures are more likely to achieve higher customer satisfaction ratings due to enhanced responsiveness and stakeholder engagement strategies (Adedeji et al 2020). This aligns with the stakeholder theory perspective, which posits that satisfying stakeholder needs, including customers, is essential for long-term organizational success (Akingunola & Chris 2019).

Moreover, the dynamic nature of corporate governance practices requires continuous adaptation to external environmental changes and internal strategic goals, impacting non-financial performance measures such as customer satisfaction. Studies have highlighted the evolving role of corporate governance in addressing emerging challenges and opportunities, thereby influencing customer perceptions and loyalty toward the organization.(Nugraheni & Fauziah 2019) and (Ali et al 2020). This adaptability enhances organizational resilience and responsiveness, crucial for maintaining competitive advantage and customer satisfaction in dynamic market conditions (Akingunola & Chris 2019).

Furthermore, the alignment between corporate governance principles and organizational culture significantly influences non-financial performance outcomes, particularly customer satisfaction. A study emphasizes the role of ethical leadership and integrity in board decision-making processes, which foster a culture of trust and transparency that positively impacts customer relationships (Udofia et al 2021). Ethical governance practices enhance organizational reputation and credibility, essential factors in customer satisfaction and loyalty (Akingunola & Chris 2019).

The relationship between corporate governance and non-financial performance, specifically customer satisfaction, is evident in the literature, with board composition, independence, and committee effectiveness playing pivotal roles. Effective governance practices enhance decision-making, transparency, and stakeholder engagement, which collectively contribute to superior customer satisfaction levels. Future research should continue to explore these dynamics, considering contextual factors and evolving regulatory landscapes to provide actionable insights for organizational leaders aiming to optimize non-financial performance outcomes through robust governance frameworks.

## 2.2 Theoretical Review

Institutional Theory, founded by Meyer and Rowan in 1977, posits that organizations are heavily influenced by societal norms, values, and expectations, shaping their structures, practices, and behaviors to conform to institutionalized patterns. This theory argues that organizations seek legitimacy and survival by adopting structures and behaviors that are considered legitimate within their institutional environment, whether it be governmental regulations, industry standards, or societal expectations.

Supporters of Institutional Theory, such as Scott (1995), argue that organizations conform to institutional pressures to gain legitimacy and resources, which enhances their survival and competitive advantage in the long term (DiMaggio & Powell, 1983). These authors emphasize the role of isomorphism, where organizations mimic structures and practices of successful peers or conform to institutional rules to maintain legitimacy and avoid sanctions.

Critics, however, like Zucker (1987), challenge Institutional Theory by highlighting its deterministic view that overlooks agency and strategic decision-making within organizations (Greenwood, Hinings, & Suddaby, 2002). They argue that organizations have varying degrees of autonomy in adopting institutionalized practices and can strategically navigate institutional pressures to achieve competitive advantage.

In the context of the study on corporate governance and customer satisfaction in Nigerian FMCG companies, Institutional Theory provides a lens to understand how these organizations structure their governance mechanisms to conform to institutional expectations. Board composition, independence, and committee structures are influenced by institutional norms and regulatory frameworks in Nigeria, aiming to enhance legitimacy and operational efficiency. This theory justifies examining how these governance dimensions affect non-financial performance metrics like customer satisfaction, as they are part of the institutionalized expectations influencing organizational behavior and outcomes in Nigerian manufacturing sectors.

## 2.3 Empirical Review

Adedeji et al (2020) examined the influence of corporate governance (CG) practices on the non-financial performance (NFP) of medium-sized firms in Nigeria. Employing stakeholder and agency theories as the theoretical foundation, the researchers utilized a cross-sectional survey approach with cluster and stratified probability proportionate sampling methods. Data collection was accomplished through a structured questionnaire focusing on four CG indicators: board size, director's qualifications, ownership structure, and board audit committee. Analysis was conducted using covariance-based structural equation modeling (CB-SEM). The findings revealed a significant positive impact of CG on firms' NFP, highlighting the necessity for implementing CG codes of ethics for non-listed firms and establishing regulatory agencies to ensure monitoring and compliance. However, limitations included the study's reliance on linear relationships among variables and the absence of a longitudinal approach. Future research should explore the incorporation of intervening variables to better assess the complex relationships and their indirect effects.

Korolo & Korolo (2023) examined the impact of board political affiliation on the financial performance of non-financial companies listed on the Nigerian Stock Exchange. Using an ex post facto research design, the study analyzed a sample of 75 listed non-financial corporations over the period 2012-2021, utilizing return on equity (ROE) and net profit margin (NPM) as indicators of financial performance. The research employed regression analysis with generalized least squares (GLS) to assess the relationship between board political affiliation and financial performance metrics. The findings revealed a statistically significant positive influence of board political membership on both ROE and NPM at a 5% significance level. The study concludes by advocating against imposing restrictions on politically affiliated individuals serving on boards within corporate governance frameworks. It suggests that political affiliation enhances financial performance through improved governance and increased revenue generation, thereby recommending the active participation of politically influential individuals on the boards of Nigerian publicly traded non-financial enterprises.

Olaoye & Alao (2023) investigated the impact of green accounting practices on the business health of listed oil and gas firms in Nigeria. The research focused on proprietary ratio and earnings per share as proxies for business health, using an ex-post facto research design to explore the phenomenon without experimental manipulation. Adopting a positivist philosophical approach, the study linked financial performance, proxied by return on assets, to the disclosure of green accounting practices. The findings indicated that waste management practices disclosure had a statistically insignificant negative effect on earnings per share ($\beta = -0.0155705$, $p = 0.964 > 0.05$), suggesting that increased waste management disclosure could potentially decrease earnings per share by 0.02%. Similarly, green restoration practices disclosure negatively affected the proprietary ratio and earnings per share, with earnings per share showing a significant reduction ($\beta = -0.5270926$, $p = 0.000 < 0.05$) and proprietary ratio being insignificantly affected ($\beta = -2.781$, $p = 0.356 > 0.05$). The study concludes that while green accounting practices have the potential to influence business health, their impact on earnings per share and proprietary ratio varies, highlighting the need for effective management of green accounting disclosures in oil and gas firms in Nigeria.

Udofia, Adeyemi, & Ogunleye (2021) investigated the relationship between corporate governance and integrated reporting disclosures in listed companies on the Nigerian Stock Exchange from

2013 to 2017. Using purposive sampling, the study selected 90 firms and employed content analysis to quantify integrated reporting disclosures and corporate governance proxies. The findings revealed that companies exhibited a compliance level with integrated reporting disclosures above average, with risk and opportunities being the most reported element and performance reporting the least disclosed. Over the study period, there was an increasing trend in integrated reporting disclosures. Panel least square regression analysis indicated a significant positive relationship between board activism and integrated reporting, while correlations with other corporate governance indicators such as board size, independence, auditor type, board share ownership, and female board membership were insignificant. The study concludes that board activism plays a crucial role in enhancing integrated reporting practices in Nigeria. It recommends that listed entities conduct frequent board meetings to align stakeholder demands with corporate objectives.

## 3. METHODOLOGY

The scope of this study focuses on evaluating the effect of board composition, board independence, and board committees on customer satisfaction in quoted Fast Moving Consumer goods companies in Nigeria. The primary objectives include assessing the influence of board composition, evaluating the impact of board independence, and analyzing the role of board committees in enhancing customer satisfaction within these companies. This study employs a survey research design, utilizing primary data collection methods. The population for this study comprises of 21,232 staff across FMCG companies in Nigeria. This figure was determined through the number of employee figures in the published annual financial reports for financial year 2023 of each of the selected FMCG Company. This is collaborated with consultation with industry experts to ascertain the total number of relevant personnel within the targeted organizations. To determine the sample size for this study, the Taro Yamane formula for calculating sample size from a finite population was used. Using Purposive sampling technique, the estimated sample size is approximately 394 accountants, auditors and management staffs.

The data collection instrument used in this study is a structured survey questionnaire administered online. The questionnaire incorporates a five-point Likert scale to gather responses: strongly agree (SA), agree (A), undecided (UD), disagree (D), and strongly disagree (SD). The responses gathered through the questionnaire will be analyzed using descriptive statistics to summarize the data and multiple regression models to examine the relationship between board composition, board independence, board committees, and customer satisfaction outcomes. The regression model adopted for analysis is formulated as follows: Customer Satisfaction = f (board variables). Specifically, the model is expressed as $CSi = \beta0 + \beta1BCi + \beta2BIi + \beta3BCMi + \mu i$, where CS represents Customer Satisfaction, and BC, BI, and BCM denote board composition, board independence, and board committees respectively, with $\mu i$ representing the error term.

Hypotheses was tested by comparing calculated p-values to the significance level of 0.05 to determine the statistical significance of the relationships under investigation. This methodology aims to provide a comprehensive analysis of how board governance factors influence customer satisfaction in quoted manufacturing companies in Nigeria, contributing to the understanding of corporate governance's impact within the industry context.

## 4. DATA PRESENTATION AND ANALYSIS

## 4.1 Descriptive Analysis

**Table 4.1: Descriptive Statistics**

The descriptive statistics can be summarized as:

| Variable | Mean | Median | Std Deviation | Mode |
|---|---|---|---|---|
| BC | 4.36445 | 4.5 | 0.20688 | 4.5 |
| BI | 4.35102 | 4.25 | 0.13991 | 4.25 |
| BCM | 3.84847 | 3.75 | 0.33716 | 3.75 |
| CS | 3.23849 | 2.5 | 0.92067 | 2.5 |

Source: Survey Report, 2025

Based on Table 4.1 and the study's objectives, the descriptive statistics provide insights into the variables of interest related to board governance and customer satisfaction in quoted FMCG companies in Nigeria. The mean values and standard deviations indicate moderate to high levels across board composition, board independence and board committees. Specifically, board composition has a mean score of 4.36 with a standard deviation of 0.206, suggesting variability in how boards are structured within the sampled companies. Board independence shows a mean of 4.35 and standard deviation of 0.139, indicating a slightly lower but still significant level of independence across boards. Board committees exhibit a mean of 3.85 and a standard deviation of 0.33, indicating a lower average implementation or perceived effectiveness of committees in governance. These metrics set the stage for further analysis using regression models to explore how these factors influence customer satisfaction, aligning with the study's aim to evaluate the impact of board governance on non-financial performance in the Nigerian FMCG sector.

**Table 4.2 Regression Results**
**Coefficients Table**

| Variable | Coefficient (β) | Standard Error | t-statistic | p-value |
|---|---|---|---|---|
| Intercept ($\beta_0$) | -21.2738 | 0.740 | -28.755 | 0.000 |
| Board Composition ($\beta_1$) | -0.1803 | 0.135 | -1.336 | 0.182 |
| Board Independence ($\beta_2$) | 5.3901 | 0.204 | 26.443 | 0.000 |
| Board Committees ($\beta_3$) | 0.4799 | 0.078 | 6.115 | 0.000 |

Source: Survey Report, 2025

**Table 4.3 Model Summary**

The model summary presents the overall fit of the regression model, including the R-squared and adjusted R-squared values.

| Statistic | Value |
|---|---|
| R-squared | 0.768 |
| Adjusted R-squared | 0.766 |
| F-statistic | 426.6 |
| p-value | 0.000 |

Source: Survey Report, 2025

The regression analysis results presented in Table 4.2 provide insight into the impact of board composition (BC), board independence (BI), and board committees (BCM) on customer satisfaction (CS) in quoted FMCG companies in Nigeria. Based on the p-value (0.182) from the regression summary, it shows that board composition does not significantly affect customer satisfaction within FMCG in Nigeria, so the null hypothesis is valid. The negative coefficient (-0.18) of Board composition (β1) indicates an inverse correlation between customer satisfaction and Board composition. Customer satisfaction is likely to reduce by changing board composition.

The P value (0.000) of Board Independence indicates significant difference between dependent variable (Customer satisfaction) and Board independence; this negates the null hypothesis that Board independence does not significantly affect customer satisfaction. The positive coefficient of (β2) indicates direct relationship of dependent and independent variable. The more the board is independent the more customer satisfaction for Nigeria FMCG companies.

The P value (0.000) of Board committee members (BCM) indicates significant relationship between customer satisfaction and BCM; this negates the null hypothesis. It shows that BCM significantly influences the FMCG Customer satisfaction. The positive coefficient of (β2) indicates direct relationship of dependent and independent variables. This indicates that board committee members enhance customer satisfaction for FMCG in Nigeria and vice versa. Consequently, the null hypothesis (Ho1) was not rejected, while Ho2 and Ho3 are rejected.

The model summary reveals that the coefficient of determination ($R^2$) is 0.768, suggesting that approximately 77% of the variance in customer satisfaction can be explained by the independent variables (Board Composition, Board Independence and Board Committee Members). The F-statistic of 426.6 with a corresponding p-value of 0.000 suggests that the overall regression model is statistically significant at the 0.05 level. This implies that the combined effect of board composition, board independence, and board committees significantly influence customer satisfaction in the context of quoted FMCG companies in Nigeria. The research objectives aimed to assess these relationships; however, the findings indicate that one of the predictors (board composition) does not have a significant impact. Future research might explore additional variables or alternative methodologies to better understand the factors influencing customer satisfaction within this industry.

**Discussion of Findings**

The findings presented in Table 4.1 and 4.2 suggest that board independence and board committees significantly influence customer satisfaction in quoted FMCG companies in Nigeria. This align with Adedeji, Hossain, Rahman & Jerin (2019), who found a significant positive impact of corporate governance on non-financial performance, indicating that different aspects of corporate governance might influence various performance metrics differently. Korolo and Korolo (2023) highlighted the positive impact of political affiliation on financial performance, suggesting that specific governance attributes can enhance firm performance. This study finding aligns that board members improve the company's performance and revenue. Olaoye and Alao (2023) indicated that green accounting practices negatively affect financial health metrics, showing how governance-related practices can vary in their impact on firm performance. Lastly, Udofia et al. (2021) found a positive relationship between board activism and integrated reporting, again emphasizing that particular governance practices can enhance reporting quality. The disparity in findings across these studies underscores the complexity and context-specific nature of corporate governance's impact on different performance dimensions, including customer satisfaction, non-financial performance, financial metrics, and reporting practices.

## 5. CONCLUSION AND RECOMMENDATION

### 5.1 Conclusion

The descriptive analysis of corporate governance variables—board composition (BC), board independence (BI), and board committees (BCM)—in quoted Fast Moving Consumer Goods (FMCG) companies in Nigeria reveals moderate to high levels across these dimensions. Board independent and board committee members enhance customer satisfaction for FMCG in Nigeria The regression analysis indicates that these variables significantly influence customer satisfaction (CS). The findings underscore the complexity of governance impacts in the Nigerian FMCG sector, where other unexplored factors may play a pivotal role.

### 5.2 Recommendations

Given the significant findings regarding board governance's direct impact on customer satisfaction, companies in this sector must ensure independence of the board and efficient board committee members by ensuring qualified professionals with diverse experiences that will add value to the business are on board. In order to potentially increase non-financial performance measures, businesses should also concentrate on increasing board effectiveness through ongoing governance practice improvement, transparency, and alignment of strategic objectives with stakeholder interests.

Future research should consider broadening the scope to include additional governance characteristics or external market elements that may influence customer perceptions. It is also beneficial to conduct qualitative studies to explore stakeholders' perspectives on governance practices and their perceived impact on customer satisfaction.

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