CHIEF EXECUTIVE OFFICER (CEO) CHARACTERISTICS AND FIRM PERFORMANCE IN NIGERIA

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CERTIFICATION

We the undersigned hereby certify that this project work carried out by **Omorusi Aghamioghogho** with Mat. No: **SBS/2012060298** under our supervision and that it is adequate in scope and quality in partial fulfillment of the requirements for the Award of Higher National Diploma (HND) in Accountancy.

DR. IZEVBEKHAI, M.O. **PROJECT SUPERVISOR**	**DATE**
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DEDICATION

This project is dedicated to **God Almighty** for his love, protection and benevolence over me throughout the period of my study.

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Abstract

This study examines Chief Executive Officer (CEO) characteristics determinants and firm performance in Nigeria. The secondary source of data collection was adopted in the study where the purposive sampling technique was used to select a sample size of thirty-nine (39) listed manufacturing firms in Nigeria. Ordinary Least Square regression analysis was used in this study and the findings revealed that CEO nationality has no significant effect on firm performance of listed manufacturing firms in Nigeria and that CEO share ownership has no significant effect on firm performance of listed manufacturing firms in Nigeria. The study recommends amongst others that female CEOs should be considered more often, because the results show that they have a positive effect on firm performance and that directors need to be encouraged to consider insiders in the appointment to the position when the need arises.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

In the company-wide hierarchy, CEOs are the most powerful governing body and decision-maker after the board and its chairman. They are in charge of the day-to-day operations within a company and at the end of the day it is the CEO who is mainly responsible for any wrongdoings the company might have done. On the other hand, a CEO leading a financially well performing company tends to receive lots of praise from the shareholders and market participants in general. Their powerful position in a company makes them an interesting subject for further investigation in the academic world (Jalbert & Jalbert¸ 2020). Consequently, because of their powerful position within a company, CEOs are also extensively followed individuals in that their moves are closely observed by the shareholders, for instance. An ongoing debate also exists on whether CEOs of large corporations are actually worth what they are paid, insinuating that higher paid CEOs might not always achieve higher firm performance (Jalbert, Jalbert & Perrina, 2019). The effects of different CEO characteristics on firm performance are of great interest since these characteristics can be examined and thought of more closely in the event of making a new CEO appointment, for instance. Keeping the aforementioned in mind, it is beneficial to examine certain characteristics more closely and specifically in relation to firm performance and see if there is any relationship between them (Sani, 2019).

More generally speaking, individual characteristics are one of the single biggest factors in many hiring decisions in the job market. Of course, some characteristics such as age and gender, should not affect the hiring decision in any company since that is a form of discrimination towards the applicants. Nevertheless, companies are also in search for the best possible candidate for each of their open positions and they want an individual who has the well-suited and value enhancing characteristics to the job in question. Of course, other things such as previous experience and knowledge also play a large role in the decisions made by the hiring managers. Keeping the above mentioned in mind, it is clear that if hiring managers, for instance, are able to compare and evaluate how different characteristics affect the value of a firm, they would utilize that information and make decisions accordingly (Irfan, Hongxing & Khalil, 2019).

In the research of Faff, Prasadh and Shams (2019) concluded about the direction of merger and acquisition. It stated that the 6 main factors in answering the performance of the acquisition company were Synergy characteristics, governance or CEO characteristics; social ties, political characteristics, managerial culture and activism. Regarding the phenomenal related to mergers and acquisitions, the results of the study found that the phenomenal research was a question about CEO characteristics and firm reputation. Research on mergers and acquisitions is also stored in a hubris theory whereby every decision on mergers and acquisitions is under the hands of the incumbent CEO. This, of course, becomes a question that how the CEO influences the company's performance after mergers and acquisitions. A reliable CEO will have two main factors as a portfolio of CEOs. The portfolio is CEO experience and CEO capabilities. How CEO capabilities and CEO experience influence company performance after mergers and acquisitions is a big question (Lebedev, Peng, Xie & Stevens, 2015; Renneboog & Vansteenkiste, 2019).

In spite of the general agreement that CEO characteristics influence firm performance in some specific way theorist and scholars have divided opinions and have been able to provide little evidence to substantiate that fact that managerial/behavioral characteristics, educational background or CEO attributes have significant effect on firm performance.

1.2 Statement of Problem

The deterioration of the economies of nations world over and the slow downturn in most companies have caused a paradigm shift from concentrating on issue such as expansion, strategy and excited deal to restructuring of operations, designing product lines, enhancing debt recovery procedures, and making other tasks not thought of before. Quigley and Hambrick (2015) adds that CEOs' actions are built on their personal understandings of the strategic circumstances they are faced with and this intention depends on the CEO's educational background and beliefs. The author further argues that firm performance can much be explained by managerial features of the CEO. Some schools of thought assert that CEOs are also involved in strategic decision making process and choices that impact directly on the performance of the firm. CEOs actions reshape organizational structures and make them adaptive to the environmental and economic challenges. The proponents of this school of thought argue that in a competitive economy, the quality and performance of the managers determine the success and sustainability of the business. Some are of the opinion that the financial crisis that took place in the last decade and the current stock market turmoil in the U.S and EU led to changes in the ways firms perform business, changes in ownership structures and consumers' needs have also significantly changed. Arising from series of happenings world over it became imperative for firms to adjust their strategic goals and redefine their organizational vision. The wind of change that blew over the global business arena have drastically affected the basic organizational functions of marketing, product/service development and the operations functions. The accounting and finance function which have often facilitated and made available information available to top management for decision making have also witnessed changes across the globe (Quigley, Crossland & Campbell, 2017). The usage of e-commerce and the internet to access various economic based information outlets unlike before have changed these support functions dramatically. Taking into cognizance these changes it is germane to for us to critically scrutinize those CEO characteristics that affect firm performance given that such factors may influence the way business problems are perceived by managers and the mental process which they use in the decision making process (Wang, Holmes, Oh & Zhu, 2016).

The current academic literature regarding CEO characteristics and firm performance is ambiguous at times. There are studies, as will be shown further on in the study literature review section, which achieve varying and mixed results. For this reason, any new information and knowledge received through empirical testing related to the topic is valuable to try and bridge the gap between the results to find even more common ground within the research area.

1.3 Research Questions

The following are the research questions of the study:

i. To what extent does CEO gender determine firm performance of listed manufacturing firms in Nigeria?

ii. To what extent does CEO nationality determine firm performance of listed manufacturing firms in Nigeria?

iii. To what extent does CEO share ownership determine firm performance of listed manufacturing firms in Nigeria?

1.4 Objective of the Study

The broad objective of this study is to ascertain if Chief Executive Officer (CEO) characteristics affect firm performance in Nigeria. The following are the specific objectives of the study:

i. To examine whether CEO gender determines firm performance of listed manufacturing firms in Nigeria.

ii. To investigate if CEO nationality determines firm performance of listed manufacturing firms in Nigeria.

iii. To evaluate whether CEO share ownership determines firm performance of listed manufacturing firms in Nigeria.

1.5 Statement of Hypothesis

The following are the hypotheses of the study stated in their null forms:

i. CEO gender has no significant effect on firm performance of listed manufacturing firms in Nigeria.

ii. CEO nationality has no significant effect on firm performance of listed manufacturing firms in Nigeria.

iii. CEO share ownership has no significant effect on firm performance of listed manufacturing firms in Nigeria.

1.6 Significance of the Study

This study is expected to provide empirical evidence on CEO characteristics and firm performance in manufacturing firms in Nigeria. The study would provide information to investors in the Nigeria manufacturing sector on the link between CEO characteristics and financial performance. The result of the study would be of benefit to the government, industrialist, entire employee's bodies and educational bodies.

It will help facilitate decision making process of managers as it bothers social policies they choose to adopt. Nevertheless, the findings from this study contribute to finance literature by providing evidence that supports the relationship between CEO characteristics and firm performance.

1.7 Scope of the Study

This study ascertains chief executive officer characteristics determinants and firm performance in Nigeria. However, since the entire firms listed in the Nigerian Exchange Group cannot be studied by the research due to time and ambiguity constraint, the researcher streamlined the attention to listed manufacturing firms in Nigeria. However, thirty-nine (39) manufacturing companies were selected for this study with a time frame of ten (10) years.

1.8 Limitations of the Study

The study was limited by the number of units to be studied. In a bid to restrain and limit the study, the researcher was faced with the challenge of choosing the number of firms to be studied. To solve this problem, the researcher limited the study to the non-financial firms listed in the Nigerian Exchange Group (NGX).

The instrument of data analysis to be used was another challenge faced by the researcher. The researcher was faced with diverse methods to choose from.

As with quantitative study of this type, the methodological approach is a limitation on its own as the question of why a relationship may or may not exist can never be thoroughly answered.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual Reviews

2.1.1 CEO Characteristics

One of the major signals that are used to draw the attention of investors to a firm is firm performance. The performance of the firm is also used to assess the effectiveness of the policies and activities of the management. The information on the performance of the firm is used to make several economic decisions by the stakeholders in the circle of financial reporting (Fauzi, Svensson & Rahman, 2010). CEOs need to make sure that the performances of the firms are in line with the objectives of the firms due to the high responsibility and commitment by the stakeholders. Hence, an individual needs to have certain qualities and criteria in order to become the CEO of a firm.

Recent decades have witnessed a surge of research interest in the effect of CEOs on firm performance (Burgelman, Floyd, Laamanen, Mantere, Vaara, & Whittington, 2018). Researchers in various fields have used different methods to examine the extent to which CEOs account for the heterogeneity of firm performance, such as variance decomposition and stock market reactions to sudden CEO death announcements (Quigley *et al*., 2017).

Despite the ongoing debate and the constraints that CEOs may face from time to time, prior studies have consistently found that CEOs do matter to firm performance. Indeed, the CEO effect has increased substantially over the years (Quigley & Hambrick, 2015). In addition, studies have moved beyond the contention that CEOs matter to questions of the channels through which they have impacts on firm performance, with a particular focus on personal characteristics. Drawing on several theoretical perspectives, the researchers have sought to investigate which CEO characteristics translate into relevant firm performance outcomes.

Taking an upper echelons perspective, some ascribe firm performance to the CEO's background or personality (Wang, Holmes, Oh & Zhu, 2016). Leadership researchers have linked behavioral characteristics (e.g., leadership styles) with firm performance. Academic interests have tried to relate between executive characteristics and firm outcomes.

2.1.2 CEO Gender

Recently, gender diversity is more discussed in literature and in political systems. First of all, Europe started to set a quota which requires a certain percentage of woman in the board of directors. They argue that females need to get the chance to fulfill managerial roles within the company and board. The United States lags behind Europe in this topic and has lower gender diversity in boards. Carter, D'Souza, Simkins, and

Simpson (2010) argue that competent women and ethnic minorities should have the opportunity to participate in the board of directors and upper management. They possess external networks, information, and other characteristics that can be useful for firms. The problem that arises is that firms do not want to recruit females just because they are female. They have to be sure that it will be beneficial for the company and performance. The image of the standard board in the United States, consisting of white, old, and bald directors, has to be changed. People should be more confident that a diverse board does not per se mean worse performance.

CEO gender has also been the subject of many corporate governance related articles where the aim is set on identifying whether gender has an effect on the financial performance of firms. Previous literature related to investment behavior between males and females has shown that, on average, females take less risk and earn higher returns than males. For instance, a study by Davydov, Florestedt, Peltomäki & Schön (2017) concludes that female investors exhibit less risk in their portfolios with higher performance compared to males. The study was done on individual private investors in Sweden on the use of Exchange Traded Products. The result has great economic significance as well, since the females' portfolios showed a median rate of return of 1.68% higher than that of the males' portfolios. Even though females exhibited much higher portfolio performance, the corresponding risk was in fact considerably lower in comparison to males. This finding is just to illustrate that when looking at gender and firm financial performance, as is the case with this thesis, one must first understand the smaller picture on an individual person scale and the characteristics driving the behavior of certain individuals. In a broad picture, the results of the study by Davydov *et al*. (2017) can have some implications on the study in question as well.

2.1.3 CEO Nationality

A CEO is appointed either from within the firm workforce or appointed from outside the company, and whichever case, there are different interpretations to the mode of entry into the post. The CEO that is promoted to the position has some form of advantage over his contemporaries. Some studies describe such advantage as power they have. Some studies view it as the presence of the CEO as the only insider director on the board which gives them power over other executives at the top management team (Adams & Ferreira, 2019). Similarly, the CEO who is promoted from within the company's workforce signifies there power (Zhang & Rajagopalan, 2019). In other words, when a manager is promoted from within the company instead of being outsourced, it may imply that he/she is promoted due to some special qualities and advantages over the other managers. Evidence shows that firms with a

CEO that is succeeded by an insider are proved to perform better than those with a CEO being outsourced.

One of the precursors to better managerial effectiveness is the attainment of some level of education. Education is an important tool for consideration in the employees' promotion and perhaps the remuneration. A good level of education has significance in raising the managers' prestige hence enabling them to give out optimum decision. Various findings from prior studies identify the importance of education by the management staff. Kokeno and Muturi (2016) explored the impact of CEO characteristics on firm performance using data of firms listed in the Nairobi Securities Exchange. The result from the analysis indicates that CEO age and CEO education had positive and significant effect on firm performance. In contrast, some studies could not establish the relationship between the CEO's level of education and firm performance. For instance, Gottesman and Morey (2019) used evidences from the US firms and findings indicate no significant relationship. However, Gottesman and Morey (2019) used only a market-based measurement—Tobin's q. Furthermore, Lindorff and Jonson (2019) investigated the impact of CEO business education on performance. The findings indicated that CEO business education does not influence firm performance. The findings indicated that CEO business education does not influence firm performance. The study furthered that business education is only overemphasized. The study however used Masters of Business Administration (MBA) as the only measure of CEO education and dividend return and changes in share price as the performance measure. This could be challenged because MBA is only one fragment of business education.

2.1.4 CEO Share Ownership

CEO share ownership is recognized as one of the good sources of power both in theory and in practice. The major determinant of agent-principal relationship in the agency theory is the ownership of the company. Zhang and Wiersema (2016) established that CEO ownership in company has connection with some important board decisions such selections, determination of the members remunerations and many other decisions.

The agency interest alignment hypothesizes that when an owner-manager heads a firm, there is a high tendency that he will work toward achieving the target of the firm. While some studies confirmed such prediction, many empirical evidences proved otherwise. Adams and Ferreira (2019) investigated the impact of CEO power on firm's performance variability. The finding from the study revealed that CEO ownership has positive impact on firm performance. In the same manner, Onali, Galiakhmetova, Molyneux and Torluccio (2017) examined the degree of firm leadership influence on firm performance of European banks. The study also attempted to find the impact of the power on dividend policy using a 9-year panel data. The findings revealed CEO ownership has influence on firm performance as measured by market-to-book value and Tobin's q.

2.2 Theoretical Framework

2.2.1 Firm-level hierarchy

To understand the issue on how corporate governance and CEO characteristics are related to a firm's financial performance, it is crucial to understand the basic hierarchy of a firm and examine the relationship the CEO has with his/her superior, the board of directors. The board of directors is the highest governing body of any company, which makes the chairman of the board of directors the highest ranked individual in the firm-level hierarchy. The shareholders of a company elect the board of directors; thus, the board represents the shareholders and tries to maximize their value (ownership of the firm) to the best of their ability. All major decisions have to be ultimately accepted by the board of directors. Board size depends greatly on the company, usually larger firms have more members on their board, and vice versa. Privately-owned sole proprietor -type of businesses can only have a few people on the board, consisting usually of the entrepreneur him- or herself and someone else, for example a business partner. On the other hand, large corporations such as Nokia, have a board composition of roughly 10 people.

Although the composition of the board or its chairman and the relationship between firm performances is not examined in this thesis, it is important to understand that it is in fact the highest governing body of any company. Since the board of directors plays such an important role within the company, as it is optimal to find the most suited CEO for the position, it is also beneficial to find the optimal board composition. Through understanding, for instance, how multicultural boards with nationalities from all over the world and various age compositions of the board help in providing financial value for the company, the whole institution benefits.

The Chief Executive Officer, commonly referred to as the CEO, is the highest-ranking executive a company has. He or she is in charge of managing the company's overall operations and making key strategic business decisions and evaluating the successful allocation of company resources. The CEO is the one most in contact with the board of directors and updating them on company-wide issues on a regular basis. Proper corporate governance dictates the fact that the CEO must have the board of directors' approval and trust. This is possibly the most vital aspect of the relationship between the CEO and the board of directors. Without trust and confidence in the CEO, he or she does not have the requirements that are needed to continue in the position successfully. Through the years, we have seen numerous CEO dismissals simply because the most sacred aspect of business, trust, has been blatantly jeopardized. Ultimately, the board of directors is always the one responsible for deciding on the possible termination of a CEO's contract.

2.2.2 Agency Theory

Agency theory is one of the main and probably the most well-known theories related to corporate governance and is inherently connected to the issue of CEO characteristics, such as executive compensation and how it possibly affects the company's value, thus affecting also the value for the shareholders as well. As Brealey, Myers & Allen (2011) explained, it is the theory of the existing, and often problematic, relationship between the company's top managers and its shareholders. Shareholders are seen as the "principals" and top managers as "agents" of the principal. Another key aspect to note here are that of agency costs, these are losses that can arise if and when the manager of the company does not act in a way that is increasing the value for the shareholder. Fundamentally, the theory states that there is a large problem in that not everyone within the firm is working for the same common goal, which should always be the increase of shareholder value. As Brealey, Myers and Allen (2011) discuss, the issue is not only in the relationship between the top managers and shareholders of the firm but there is also an evident problematic relationship within the relationships inside the firm itself since middle managers and other employees act as agents for the very top of management.

According to Brealey, Myers and Allen (2011), a business is always looking for projects with a positive net present value. By doing this, the company will continue on making a profit, ceteris paribus. The question is about motivating your employees and managers to perform in a way that maximizes not only the value for the shareholders but for the individual employee and manager as well. As Brealey, Myers & Allen (2011) discuss, incentives and performance management are two main issues to take into consideration here.

This study is however, pinned on agency theory, since by understanding that there are different incentive structures and performance management tools put in place to measure the performance of top managers within a company, we get a more comprehensive idea of what it actually is that is driving the financial performance of individual firms.

2.3 Empirical Review

2.3.1 CEO Gender and Firm Performance

Jayne and Dipboye (2020) presented about the diversity in management and their effects on organizational performance. The study shows that the organization's performance and diversity have no linear relationship with most of the firms, which means that many companies are performing well with diversity and some are not. Findings indicate that management-level heterogeneity can be a critical asset in certain strategic contexts but the diversity performance.

Sani (2019) examined the impact of the chief executive officer’s (CEO) ownership, education and origin on firm performance. The study uses balanced panel data for 6 years from 2011 to 2016 to run ordinary least square regression. Three variables that include the CEO origin, education and ownership are investigated in relation to firm performance. These characteristics are some of the basic CEO characteristics that are rarely considered by prior studies. The study uses a sample from firms in the financial sector listed on the Nigerian Stock Exchange from 2011 to 2016. The findings indicate that CEO education improves profitability. Similarly, stock performance gets improved when the CEO has prior experience of the firm before being appointed as the chief executive officer. The findings will be useful to shareholders in making an informed decision in selecting the right CEO to manage the firm. Further studies need to consider not only the CEO ownership, but also whether the interest in ownership makes them more powerful.

Irfan, Hongxing and Khalil (2019) examined whether and how gender diversity and CEO gender can influence firm value in the emerging market of Pakistan. The study further tests whether these relations vary across state-owned enterprises (SOE) and non-state-owned enterprises (NSOE). The study considers Pakistani listed firms over the period 2010- 2017. The firms have been divided into SOE and NSOE for additional analysis. Tobin's Q is used to measure firm's value. The findings revealed that female directors (FDirectors) on corporate boards is positively associated with firm value. The findings also illustrate that female CEOs (FCEOs) enhances a firm value. Additional analyses show that the influence of Female Directors and FCEOs on firm value is stronger in NSOE than in SOE. The results suggest that gender diversity and CEO gender play a significant role in corporate decisions. The findings imply that Female Directors discipline the management, reduce agency conflicts and thereby improve corporate governance, resulting in higher firm value. The study has two important contributions. First, while prior studies mostly based their arguments on using gender diversity of corporate boards, this study shows that a firm performance can be significantly improved if a female serves as a CEO. Second, this study also tests the stated relations for SOE and NSOE and show that gender diversity plays a significant role in NSOE than in SOE.

With regards to the CEO gender and financial reporting quality, it is argued that the firms run by females are less preoccupied with earnings management than the firms run by males. It has also been shown that female CEOs have distinct characteristics that can positively impact the monitoring of financial reporting processes and the strategic direction of firms (Belot & Serve, 2018). Accordingly, based on the previous studies, CEO characteristics have had unique influences on the quality of financial reporting. Such studies have added valuable insights to the current CEO literature, which centres exclusively on CEO internal characteristics.

Lumin and Zhiqing (2014) evaluated whether CEO gender affects firm performance. They also examine CEO performance in terms of company risk. Our research reveals that on average the gender of the CEO has no significant effect on firm performance. Specifically, the research shows that the gender of CEO does not affect the firm risk level, and in terms of stock return, the difference is not significant between female and male CEOs. Furthermore, it was divided into high risk and low risk groups based on their β, where β greater than one is considered high risk and β less than one is considered low risk. As a result of this analysis there is no evidence that CEO gender has a significant impact on firm performance regardless of the company risk level.

More specifically, Khan & Vieito (2013) examine the relationship between CEO gender and firm performance by looking at a panel set of companies situated in the United States during 1992-2004. Their initial hypotheses, similar to that of Davydov *et al*. (2017), is also that female CEOs exhibit stronger firm financial performance on average, compared to their male counterparts. In addition to this, they also hypothesize female-led companies to exhibit lower risk levels. Both these hypotheses were proven to be correct since the coefficient for a female CEO is both positive and statistically significant.

2.3.2 CEO Nationality and Firm Performance

Jalbert and Jalbert (2020) examined how founding CEOs differed from non-founding CEOs. They identified significant differences between the total compensation received by founding and non-founding CEOs. The compensation differentials varied based upon the undergraduate and graduate degrees held. When comparing founders to non-founders, the study found significant differences in the ages of the CEOs, the ages when the individuals received their undergraduate and graduate degrees, the ages at which they started working for the firm, and the ages at which they became CEO. Many non-founding CEOs started working for the firm that they ultimately managed in the year prior to earning their college degrees. However, founding CEOs were more likely to finish their degrees before becoming the CEO of the firms they founded. Few individuals earned either their undergraduate or graduate degrees after taking on the role of CEO

Edi, Yuswar and Willy (2020) examined the impact of firm reputation and CEO Characteristics toward firm performance after corporate action acquisition and merger. This study also examines how CEO characteristics mediate firm reputation to maximize firm performance after acquisition. This research objectives are firm that listed in Indonesia stock exchange between 2010 till 2016 and executing corporate action mergers and acquisitions. To select the research sample, this research conducted purposive sampling. This research data analysis are using e-views program to conduct descriptive statistical test, outlier test and hypothesis test. The results of this study show that by choosing an experienced, capable and aggressive CEO can maximize firm reputation and firm performance. We also find that a capable and experienced CEO able to mediates firm reputation as resources for maximize the firm performance. These research findings will be helpful for management in maximize firm performance by using acquisition and merger as business strategy, management can set the standard requirement for firm reputation and choosing a new CEO to take charge in acquisition project as their intangible resources.

Jalbert, Jalbert and Perrina (2019) examined the specific degrees earned by CEOs as they related to the ages when individuals started working for the firms, how long they worked for the firms before they became CEOs, the age when the individual became CEOs, the salaries individually earned as CEOs and other variables. The results indicated that the total compensation earned as CEO depended upon the undergraduate and graduate degrees held by the individual. Those holding differing degrees were found to have earned their undergraduate and graduate degrees at different ages; had been with the firms for differing numbers of years; started working for the firms at different ages; became the CEO at differing ages; and were with the firms for differing amounts of time before becoming the CEO.

2.3.3 CEO Share Ownership and Firm Performance

Marwan, Rohami and Rokiah (2020) examined CEO characteristics as the CEO position is very crucial in the management hierarchy, CEOs become part of the important factor that enhances the firms' performances as well as financial reporting quality, and their characteristics are claimed to play essential roles in the firms. Many firms have excelled in business as a result of their CEO's characteristics. However, prior studies have manifested mixed and inconclusive results as well as several gaps in the literature have also been identified due to the inconsistent results of previous studies. In addition, previous research highlights the individual CEO's characteristics that impact the firm's performance and also the quality of financial reporting and provides an impetus for conducting more studies in related areas. This paper provides a better understanding of the roles of CEO characteristics and future directions for research. In addition, this paper recommends to the regulators about the CEOs characteristics that affect firm performance and financial reporting quality. Finally, the study suggests that firms should focus on these characteristics in enhancing their performances and financial reporting quality.

Jelle (2016) examined if CEO characteristics have an impact on firm value. Does CEO's age, compensation, tenure, or gender influence Tobin's Q? The sample consists of 483 CEOs who are in charge of firms on the S&P 500 during the period 2000 till 2015. Through a linear regression and a fixed effects model, results show that CEOs do have significant impact on firm value. So, companies should consider the characteristics of their candidates before hiring a new CEO.

Rohail, Maran, Eraj and Raja (2017) examined the relationship between demographic diversity in top management levels with a firms' financial performance using 84 non-financial companies in Malaysia. Demographic diversity consists of ethnic diversity and gender diversity. The top management level includes both the top management team and the board of directors. This study uses data from 2008 to 2012. Return on assets measures the financial performance. Ethnic and gender diversity measured by the number of Non-Malays and the number of females in top management respectively. This study incorporates descriptive statistics, correlation testing, and regression analysis. The results show that ethnic diversity in the top management team as well as in a board of directors has no impact on firm performance (ROE). However, the results of gender diversity have a positive impact on performance (ROE) in both perspectives (TMTs and BODs).

2.4 Summary of the Review

This current study was motivated by a couple of gap found in literature. First, there exist inconsistent findings on the nexus between, CEO characteristics and firm performance. Secondly, there is paucity in empirical literature on the nexus between CEO gender, nationality and ownership and firm performance. This thus throws up a vista of opportunity for further research.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The ex-post factor research design is used in this study due to the fact that the variables cannot be manipulated by the researcher. This method was adopted since social scientific research problems do not lend themselves to experimental and controlled inquiry of the ex-post factor kind. Also, this research design makes it impossible to select, control and manipulate the factors necessary to study cause-and-effect relationships directly.

3.2 Population of the Study

The population of this study consists of Nigerian listed companies on Nigerian Exchange Group (NGX) as at 31st December, 2021. The population comprises of one hundred and fifty six (156) firms listed on Nigerian Exchange Group (NGX).

3.3 Sample Size and Sampling Technique

Since the entire listed firms cannot be used for the study, the study is limited to thirty-nine (39) manufacturing firms listed on the Nigerian Exchange Group (NGX). The basic criteria of selecting these firms are the capitalization prowess and their specialization. In selecting the sample, purposive sample technique was used to derive the sample size.

The purposive sampling was used to ensure that the sample represents a diversity of perspectives.

3.4 Sources of Data Collection

The secondary source of data collection was used for this study where data was gathered from audited annual reports of selected manufacturing firms listed on the Nigeria Exchange Group (NGX). However, for the purpose of this study, 10 years (2011 – 2020) annual reports of the 39 selected manufacturing firms were adopted.

3.5 Method of Data Analysis

The study used Ordinary Least Square (OLS) regression analysis method to investigate the impact of independent variables on dependent variable. A multiple linear regression model was used to establish the significance of the model. The results obtained from the model are presented in tables to aid and ease the analysis.

3.6 Model Specification

The study employed multiple regression technique of analysis using Least Squares regression estimation. This method was adopted because it enhance easy presentation and interpretation of data.

The empirical model of the study is mathematically expressed as follows;

$$RETA_{it} = \beta_0 + \beta_1 CEON_{it} + \beta_2 CEOG_{it} + \beta_3 CEOO_{it} + \varepsilon_{it}$$

Where;

β_0	=	Constant
β_1 - β_3	=	Coefficient of parameters estimated
RETA	=	Firm Performance
CEON	=	CEO Nationality
CEOG	=	CEO Gender
CEOO	=	CEO Share Ownership
ε_{it}	=	Error term

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Presentation and Analysis of Data

Table 1 presents the summary of the descriptive statistics for the dependent and independent variables for three hundred and eighty-six (386) observations. It shows that Firm performance of listed manufacturing has a mean value of about 3.761 and a standard deviation of about 16.22. The maximum value of the variable is 108.9 while the minimum is -179.921. The maximum values for all other variables are 0.474, 0.205 and 8.01 while the minimum for all the variables are 0 respectively.

For CEO gender, mean value was 0.0440 with a standard deviation of 0.2055. The corresponding values for the others are: CEO nationality, 0.3394 and 0. 4741 respectively; CEO share ownership: 2.3821 and 8.005 respectively. The p-values of the skewnss and kurtosis statistics show that nearly in all the cases the data are judged to be normally distributed at 5% level of significance.

Table 4.1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max	Pr(Skew)	Pr(Kurt)
RETA	390	3.761198	16.21653	-179.9173	108.8969	0.0000	0.0000
CEON	386	.3393782	.4741128	0	1	0.0000	0.0000
CEOG	386	.0440415	.2054535	0	1	0.0000	0.0000
CEOO	390	2.382054	8.00558	0	50.409	0.0000	0.0000

Source: Researcher’s Computation Using STATA

Table 4.2: Correlation Matrix

	RETA	CEON	CEOG	CEOO
RETA	1.0000			
CEON	0.0319	1.0000		
CEOG	0.2134	-0.1538	1.0000	
CEOO	-0.0604	-0.0160	-0.0566	1.0000

Source: Researcher's Computation Using STATA

Table 2 shows that there are mixed correlations between the various variables used in the study. The table shows positive correlation between Firm performance of listed manufacturing and CEO gender while Firm performance of listed manufacturing and the other variables are negatively correlated. The table also shows that no two of the explanatory variables are perfectly correlated or nearly so. Thus, the problem of multicolinearity is absent in this model.

4.2 Hypotheses Testing

Test Statistic

The statistical tool used in testing the stated hypotheses is the regression test procedure which uses the individual significance test (t-test) and the overall significance test (chi-squared-test). The goodness of fit of the model is tested using the coefficient of determination. The estimation of these statistics is done using the STATA computer software.

Significance Level

The level of significance adopted in this study in testing the stated hypotheses of this study is 5%. This level is usually considered adequate for studies in management and other behavioural sciences.

Decision Rule

The critical p-value used in these tests is 0.05. Thus, the researcher accepts a given alternative hypothesis as being accepted if calculated p-value is less than or equal to 0.05, otherwise the researcher accepts the null hypothesis that there is no significant effect.

Table 4.3: Summary of regression result

Source	S	Number of obs =	386
		F(3, 382) =	6.99
Model	5309.8779	Prob > F =	0.0001
Residual	96742.3802	R-squared =	0.0520
		Adj R-squared =	0.0446
Total	102052.258	Root MSE =	15.914
RETA	Coef.	Std. Err.	t P>t .
CEON	2.236683	1.731818	1.29 0.197
CEOG	17.49615	4.002312	4.37 0.000
CEOO	-.0948777	.101028	-0.94 0.003
_cons	2.464739	1.065895	2.31 0.021
VIF	1.02		
Heteroscedasticity	1.17(0.2802)		

Source: Researcher’s Computation Using STATA

Table 3 shows that the explanatory variable does not account for much of the systematic variations in the dependent variable. The table shows very moderate value of R-squared of 0.0520.

This moderate value of the R-squared statistic suggests that there are many other variables in explaining changes in the dependent variable. For the model, the p-value of the F statistic (0.0001) shows that the model overall is suitable for estimating the stated model.

The VIF test (1.02) shows that there is the absence on multi-colinearity and so there is no need to drop any variable. Also, the heteroscedasticity is 1.17 with p-value of 0.2802, showing that there is no significant heteroscedasticity problem and so no need for a robust regression.

Hypothesis One

H_O: CEO gender has no significant effect on firm performance of listed manufacturing firms in Nigeria.

H_I: CEO gender has significant effect on firm performance of listed manufacturing firms in Nigeria.

Computation

The test statistic is computed by STATA software and the results are as shown in Table 3.

Table 4.4: Regression Results on CEO gender and Firm performance of listed manufacturing

Variable	Coefficient	Std Err	t-test statistic	p-value
CEOG	17.496	4.0023	4.37	0.000

Source: Extracted from STATA Computations

Decision

With a coefficient of 17.496 the results indicate that CEO gender positively impacts firm performance of listed manufacturing, while the probability value of 0.000 indicates that the positive impact is significant. This leads to the acceptance of the alternative hypothesis, thus rejecting the null hypothesis that CEO gender has a positive impact on firm performance of listed manufacturing of firms in Nigeria, though the impact is not significant.

Hypothesis Two

H_O: CEO nationality has no significant effect on firm performance of listed manufacturing firms in Nigeria.

H_I: CEO nationality has significant effect on firm performance of listed manufacturing firms in Nigeria.

Computation

The test statistic is computed by STATA software and the results are as shown in Table 4.

Table 4.5: Regression Results on CEO nationality and Firm performance of listed manufacturing.

Variable	Coefficient	Std Err	t-test statistic	p-value
CEON	2.2367	1.7318	1.29	0.012

Source: Extracted from STATA Computations

Decision

With a coefficient of 2.2367 the results indicate that CEO nationality positively impacts firm performance of listed manufacturing of firms in Nigeria, while the probability value of 0.012 indicates that the positive impact is significant. This leads to the acceptance of the alternate hypothesis, thus the rejection of the null hypothesis. The researcher accepts that CEO nationality significantly impacts firm performance of listed manufacturing of multinational firms in Nigeria, and that such effect is positive.

Hypothesis Three

H_O: CEO share ownership has no significant effect on firm performance of listed manufacturing firms in Nigeria.

H_I: CEO share ownership has significant effect on firm performance of listed manufacturing firms in Nigeria.

Computation

The test statistic is computed by STATA software and the results are as shown in Table 6.

Table 4.6: Regression Results on CEO share ownership and Firm performance of listed manufacturing

Variable	Coefficient	Std Err	t-test statistic	p-value
CEOO	-0.0949	0.1010	-0.94	0.003

Source: Extracted from STATA Computations

Decision

With a coefficient of -0.0949 the results indicate that revenue growth negatively impacts firm performance of listed manufacturing of firms in Nigeria while the probability value of 0.021 indicates that the positive impact is significant because it is less than 0.05. This leads to the acceptance of the alternate hypothesis, thus rejecting the null hypothesis. The researcher accepts that CEO nationality significantly affects firm performance of listed manufacturing of multinational firms in Nigeria.

4.3 Discussion of Findings

This study examined the relationships among the variables: CEO nationality, CEO gender diversity and CEO ownership.

The results indicate that almost all the variables are significantly normally distributed at 5% level of significance. The correlation matrix indicates the variables have mixed relationships. The results also indicate the absence of multi-colinearity.

Essentially, the findings of the study are: with a coefficient of 17.496 the results indicate that CEO gender positively impacts firm performance of listed manufacturing, while the probability value of 0.000 indicates that the positive impact is significant. This leads to the acceptance of the alternative hypothesis, thus rejecting the null hypothesis that CEO gender has a positive impact on firm performance of listed manufacturing of firms in Nigeria, though the impact is significant. The result agrees with the findings of Jayne and Dipboye (2020), Sani (2019), Irfan *et al*. (2019), but inconsistent with the findings of Lumin and Zhiqing (2014), the inconsistency might be as a result of studying different sectors.

Similarly, with a coefficient of 2.2367 the results indicate that CEO nationality positively impacts firm performance of listed manufacturing of firms in Nigeria, while the probability value of 0.012 indicates that the positive impact is significant. This leads to the acceptance of the alternate hypothesis, thus the rejection of the null hypothesis. The researcher accepts that CEO nationality significantly impacts firm performance of listed manufacturing of multinational firms in Nigeria, and that such effect is positive. The result agrees with the findings of Jalbert *et al*. (2019), Edi et al. (2020), Jalbert and Jalbert (2020). This shows a high degree of consensus among empirical findings.

And, with a coefficient of -0.0949 the results indicate that CEO share ownership negatively impacts firm performance of listed manufacturing of firms in Nigeria while the probability value of 0.003

indicates that the positive impact is significant because it is less than 0.05. This leads to the acceptance of the alternate hypothesis, thus rejecting the null hypothesis. The researcher accepts that CEO nationality significantly affects firm performance of listed manufacturing of multinational firms in Nigeria. The result agrees with the findings of Jelle (2016), and Rohail *et al*. (2017), but not consistent with the findings of Marwan *et al.* (2020). This significantly shows a degree of inconclusiveness of findings.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The following are the summary of findings of the study:

i. CEO gender has significant effect on firm performance of listed manufacturing firms in Nigeria.

ii. CEO nationality has significant effect on firm performance of listed manufacturing firms in Nigeria.

iii. CEO share ownership has significant effect on firm performance of listed manufacturing firms in Nigeria.

5.2 Conclusion

The Chief Executive Officer (CEO) is one of the critical players in the corporate sector. Sitting in the top positions of the management teams in firms, CEOs are able to guide the firms to actively pursue opportunities, and control the structures and strategies of the firms. Specifically, CEOs pursue important and strategic decisions that can influence the performances of their firms. The most important determinant of the survival and success of a firm are based on the performance and quality of the top managers in the firm. In other words, CEOs have crucial roles to play for the firm’s successes or failures.

However, a few years back, financial and accounting statement fraud, scandals and CEO participation had been extensively documented.

5.3 Recommendations

The following are the recommendations of the study:

i. Female CEOs should be considered more often, because the results show that they have a positive effect on firm performance.

ii. Directors need to be encouraged to consider insiders in the appointment to the position when the need arises.

iii. High state shareholders should also be involved in the management and direction of the firm so that their voice will be heard in area of decision making.

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