

**CHIEF EXECUTIVE OFFICER ATTRIBUTES AND FIRMS
PERFORMANCE IN NIGERIA**

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**A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF
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CERTIFICATION

We the undersigned hereby certify that this project title “**CEO ATTRIBUTES AND FIRMS PERFORMANCE IN NIGERIA**” carried out by **KURE FAVOUR ILASHE**, with Matric No. **SBS/201200738**, under our supervision in the Department of Accountancy, Auchi Polytechnic. Auchi, Edo State.

We therefore certify that the project is adequate both in scope and quality and is submitted to the Department of Accountancy in requirements of the award of Higher National Diploma (HND) in Accountancy.

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DEDICATION

I dedicate this work to God Almighty for his infinite mercy, love, protection towards me. And also to my lovely parent.

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Abstract

This study aims to investigate the impact of chief executive officer's (CEO) attributes on firms' performance in Nigeria. The main objective of the study is to evaluate the effect of CEO attributes on firm performance in Nigeria. The specific objectives were to; examine if CEO ownership has any significant impact on firm performance. Ascertain whether the education of CEO has any significant impact on firm performance. Examine if CEO tenure has any significant impact on firm performance. Secondary method was used to collect data for this study and regression analysis was used to analyze the data collected. The population of the study were 56 listed firms which include banks, insurance, life assurance and other financial service firms in the Nigeria. And a sample size of 37 firms was used. The findings revealed that CEO ownership does not have any significant impact on firm performance in Nigeria. It was also find that CEO education has a significant impact on firm performance measured by the ROA. It was concluded that some executives' attributes are key factors that would explain differences in Nigeria firm performance. It is highly recommended that executives should be select base on education background in business administration, economics, finance or accounting rather than in operating related subjects when there is a need.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Chief Executive Officers (CEOs) have repeatedly been referred to as icons in accounting research and in the business world. The popularity of a CEO is a function of his ability to revive a dying firm back to life and infuse energy into the firm to enable bound back to its feet. Hambrick and Mason (1984) contend that the strategic vision and the organizational direction followed by the CEO is subject to his/her understanding of the changing business world. The authors argue that the CEO's attitude toward organizational success depends on his experience, educational background, functional background and other demographic factors. The way he perceives glitches and the perceptual alignment deployed in the decision making process is instrumental to his success.

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. Hambrick (2017) 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. 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 (Fligstein, 1990). Koyuncu, Firfiray, Claes and Hamori (2010) argues that the CEO intellectual placement influences the competitive strategy followed by a firm given that such values shape the assumptions made about present, future and alternative actions.

In corporate governance, financial performance has always been a recurring

research theme, guided by many concerns. One of the big questions that companies have always raised is how to improve their performance. The creation of value has become one of the main criteria for evaluating companies in an increasingly financialized economy. The requirements in terms of value creation lead to questioning the way in which companies manage or transfer their risks.

Therefore, an abundant literature has emerged in order to study the determinants of firms' performance. This literature has evocated many factors that significantly explain the financial performance (Assenga, Aly & Hussainey, 2018; Boadi & Osarfo, 2019). Among these factors, executive directors' (CEO) characteristics play a crucial role (Bandiera, Prat, Hansen & Sadun, 2020; Fernández-Temprano & Tejerina-Gaite, 2020). Indeed, among the most important players that are involved in this process are the executive managers. Similarly, the success or failure of the company is, almost always, attributed to their managers. In constant evolution, the role of executive managers is to drive growth and manage complexity, while controlling costs. In the same way, recent financial crises have raised the issue of corporate governance effectiveness and particularly top managers' behavior in the company. Executive managers take strategic decisions, which are crucial for the firm survival. Their role is increasingly focused on investment issues for growth in order to initiate a deep organizational transformation, with a view to creating value.

1.2 Statement of Problem

Despite the fact that this research is not totally new, certain features distinguish our study from prior ones. First, after reviewing the literature on firm performance and CEO characteristics, it was noticed that empirical investigations are almost all focused

on the US and the European countries (Diks, 2016; Bandiera et al., 2020). To our knowledge, this relationship is not accounted for by the existing empirical work within the Saudi context. Indeed, studies on the Saudi market are mainly focusing on the relationship between the other corporate governance variables such as board composition and size, CEO duality, audit committee and firm performance (Al-Ghamdi & Rhodes, 2015). This paper tries to fill this gap by exclusively looking at the impact of CEO attribute on the performance of the Nigeria listed firms. Second, the choice of an emerging market like Nigeria Exchange Group is motivated by the fact that the country has recently adopted international financial reporting standards (IFRS), where the adoption of these standards has largely changed the ways firms conduct their business. It has also increased the attraction of the Nigeria market for foreign investors. These structural transformations have made Nigeria companies relatively special because managers in companies and namely chief executive officers have to adapt to these changes by making the necessary adjustments regarding the definition of the organization's goals and vision. Moreover, it is widely known that some companies are almost all family-owned businesses, which have exemplary CEOs succession strategies (Al-Ghamdi & Rhodes, 2015). The specificity of these firms highlights the need to increase the understandability of the relationship between CEO attributes and firm performance in the Nigeria context.

1.3 Research Objective

The broad objective of this study is to evaluate the effect of CEO attributes on firm performance in Nigeria. The specific objectives are as follow;

- i. To examine if CEO ownership has any significant impact on firm performance.

- ii. To ascertain whether the education of CEO has any significant impact on firm performance.
- iii. To examine if CEO tenure has any significant impact on firm performance.

1.4 Research Questions

To be able to examine the objective carefully, the following questions were asked.

- i. Does CEO ownership have any significant impact on firm performance?
- ii. Does CEO education have any significant impact on firm performance?
- iii. Does CEO tenure have any significant impact on firm performance?

1.5 Statement of Hypotheses

Ho1: CEO ownership does not have any significant impact on firm performance.

Ho2: CEO education does not have any significant impact on firm performance.

Ho3: CEO tenure does not have any significant impact on firm performance.

1.6 Significance of the Study

The study is significant because it assesses the effect of CEO attributes on firm performance in Nigeria. Also, the study will help direct attention of the general public to characteristics of CEO in an organization on the need for curbing the negative effect of these in the economy. It will also serve as a reference for future researchers in the same field.

1.7 Scope of the Study

The scope of this study is made up of the manufacturing firms in Nigeria Exchange Group about one hundred and sixty-one (161) listed companies. Data are obtained from annual reports of the sampled firms.

1.8 Limitation to the Study

In the course of conducting this research work it is expected that the following will constitute impediments to the effective conduct of the study.

Access to Data: inability to access relevant information is a foreseen challenge to the success of this research.

Error: Some of the data obtained are usually subject to error and changes due to their sources. This would also limit this study.

1.9 Operational Definition of Terms

Chief Executive Officer: is the top position in an organization and responsible for implementing existing plans and policies, improving the company's financial strength, supporting ongoing digital business transformation and setting future strategy.

Firm performance: is an economic category that reflects the ability of firms in using human resources and material resources to achieve the targets of the firm.

Attribute: a quality, character, or characteristic ascribed to someone or something.

Financial performance: is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 Chief Executive Officer (CEO) origin

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 (Pathan 2009; Zhang & Rajagopalan 2010). 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, Almeida & Ferreira, 2005). Similarly, the CEO who is promoted from within the company's workforce signifies their power (Weisbach 1988; Pathan 2009; Zhang & Rajagopalan 2010). 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 (Rhim, Peluchette & Song, 2006). Daily and Schwenk (1996) opined that a manager may be promoted as a result of insider dominance. Victoravich, Xu, Buslepp and Grove, (2011) used the proportion of insider directors on the corporate board as an indicator to reduce the CEO power. A finding from data analysis indicates that specific risks reduce with the CEO power. In other words, the greater the CEO power, the more the firm becomes

risk averse.

2.1.2 CEO Education and Firm Performance

Prior studies emphasized the importance of the education by the management staff. A valuable human capital in the company is primarily based on the education level of the staff. Especially, a higher CEO's educational background will enhance the value of the company's human capital. Indeed, managers with advanced education level are more able to make adequate decisions in complex environment, a better tolerance of innovative solutions and a good ability to handle the difficulties and ambiguities that may arise (Bantel and Jackson 1989; Cheng et al., 2020). Accordingly, higher educated CEOs are less likely to experience turnover since they would make strategic decisions in the company (Deepak and Rajagopalan, 1998; Altuwajri and Kalyanaraman, 2020). Greater stability has a positive effect on the firm's financial performance. Overall, higher educational level is a precursor for better managerial effectiveness. Indeed, managers highly educated are better equipped to take optimum decisions (Certo, 2003).

Similarly, a second branch of the literature underlines that managers holding MBA degrees seem to follow less risky strategies, are engaged in short term goals, and are reluctant to adopt innovation. In contrast, executive directors with technical education more likely encourage innovation and establish higher administrative complexity. Finally, firms whose manager holds a degree in economics are characterized by a less administrative complexity (Hambrick and Mason, 1984).

2.1.3 CEO Professional Experience, Qualification and Firm Performance

A second brand of the literature emphasizes the importance of CEO's

professional experience in explaining firms' performance variability (Guner, Malmendler & Tate, 2008). A first stream of the literature reports that directors with good qualification, skills and experience are more likely to enhance the financial performance of the company. In particular, some authors highlight that CEOs' with an expertise in finance, accounting and law are better equipped to take more effective strategic decisions (Serra, Tres & Ferreira, 2016). In addition, when appointed, a CEO with a high professional experience will provide a better monitoring and will receive a stronger stock market reaction (Erickson, Park, Reising & Shin, 2005). Consequently, managers with good expertise are more solicited by companies. Based on the above arguments, it is expected that firms hiring CEOs with a professional qualification will have higher performance than firms employing CEOs with no professional qualification.

However, the literature dealing with the effect of CEO experience on firm performance is not conclusive. Indeed, the theory of learning transfer stipulates that knowledge should not be acquired before new learning process takes place (Morrison & Brantner, 1992). Indeed, it is argued that learning in a new position is much more efficient and rapid when learning acquired in the prior experience did not encounter skills and abilities required in the new position (Morrison & Brantner, 1992). Particularly, CEOs with prior experience may suffer from negative transfer of learning especially because their past experience may hinder their post-performance. In addition, CEOs with prior experience are more likely to replicate their past success in their current job. However, given that the new position has different characteristics from the previous one, and that actions that led to performance in the previous context

may not induce the same results in the new job, this will hinder the financial performance of the company (Hamori & Koyuncu, 2015). Indeed, firms operating in the same industry may also have culture and operational differences. For instance, it is argued that entrepreneurs that started new ventures are more likely to succeed compared to entrepreneurs that establish a closely related industry venture (Schollhammer, 1991).

2.1.4 CEO Tenure and Firm Performance

Studies vary in their results on what the impact of CEO's tenure should be on firm performance. Some scholars argue a positive relationship between executive's tenure and firm performance, while others state that the relationship is negative or even non-significant. The first school of thought explain the association between CEO tenure and firm performance by the fact that longer experience with the company enhances the CEO understanding of the company's effective strategy and consequently causes company performance improving. Indeed, Schwenk (1993) found that longer tenure, which means longer experience with the company, allows CEO to better understand the company's effective strategy since long tenured CEOs are helpful to gain more knowledge, power, and skills that can lead to better control in a risky environment. Consequently, CEOs with long tenure will boost the company performance. In addition, Simsek (2007) stated that greater tenure implies deeper knowledge and advanced skills, which are beneficial to keep the risks under control.

On the other hand, some authors stipulate that CEOs' tenure has a negative effect on firm performance. Finkelstein and Hambrick (1990) claimed that longer tenure CEOs are more likely to pursue traditional strategies. Moreover, longer

experience CEOs have more obligations that lead to less effective strategies and cause negative performance. Miller (1991) pointed out that tenure may have both positive and negative effects on performance depending on the CEO's life cycle seasons. Following this view, Wu, Levitas and Priem (2005) argued that during the earlier seasons, CEOs take up new initiatives and expand their knowledge and skills as tenure increases, thus improving firm performance. However, in the later seasons, CEOs become more strongly committed with their own view of the firm, myopically committed to obsolete paradigms, and tend to adapt less to the external environment (Miller, 1991).

2.2 Theoretical Framework

2.2.1 Agency Theory

Agency Theory asserts that elongated tenure of CEO can lead impaired board independence. When the CEO tenure is elongated then the CEO feels entrenched and empowered and does not like to be questioned by anyone. CEOs become bonded to the board members, which affects the objectivity of CEO's assessment by the board. Suffices to say that longer tenures of CEO affects board's monitoring and hence firm's performance. Kyereboah (2007) performs a study in Ghana to ascertain the relationship between CEO tenure and firm performance. His result shows that there is a negative relationship between CEO tenure and firm performance. However, in cases where the top executive remains longer with a company until normal retirement age, performance is not an explanation for the change in CEO turnover. On the contrary, Finkelstein and Hambrick (1990) find that there is no significant relationship between CEO tenure and firm performance.

2.2.2 Stewardship Theory

On the other, stewardship theory looks at CEO's tenure as an arrangement that gives continuity to the organization. Since the CEO is serving the firm for many years, so he/she understands organization culture and operations very well. CEO with long tenure can take long term strategic decisions for the firm and works towards competence building and longevity of the firm (Miller and Miller, 2006). Miller and Miller (2006) argue that long CEO tenure makes the CEO to be more accountable for his/her action and also gives a sense of ownership towards the firm, which helps in aligning CEO's goals with that of organization.

2.3 Empirical Review

Kokeno and Muturi (2016) investigated the impact of CEO characteristics on firm performance using a sample of firms listed in the Nairobi Securities Exchange. Their findings indicate that CEO education and CEO age have a positive and significant effect on firm performance. These results are corroborated by another study, which has been conducted by Deepak and Rajagopalan (1998). The authors examined the effect of CEO attributes on the performance of US manufacturing firms. Results indicate that the education level of the CEO positively affects performance of the companies.

Alice, Andrews and Welbourne, (2000) perform a study to ascertain the relationship between CEO educational background and firm and firm performance. Their results show that there is no proof to back the hypothesis that firms headed by a CEO with educational background in finance performs better than firms headed by CEOs with a no educational background in finance background.

Daellenbach, McCarthy and Scheonecker, (1999) examine the impact of CEO educational background on firm performance using a total of 145 firms from primary metals industry and 99 firms in semiconductors. The results show that firms managed by CEOs with educational background in operations related subjects and those with technical education, experienced have better technological initiatives than firms headed by CEOs with educational background in finance and accounting.

Koyuncu, et al., (2010) examine the effects of CEO educational background on firm performance from 1992- 2005. The results reveal that firms managed by CEO with educational background in operation related subjects such as engineering perform better than firms headed by CEOs with other functional background.

Aron and Matthew, (2010) perform a study to ascertain the impact of CEO educational background on firm performance. Their results show that there is no significant proof to substantiate the hypothesis that firms managed by CEOs with MBA have better performance than firms headed by CEOs who hold degrees in Liberal arts or law. Gottesman and Morey, (2010) specifically, they find no evidence in support of the hypothesis that firms managed by CEOs with MBA degree perform better than firms managed by a CEO with a liberal arts and law. They also found no evidence to support the hypothesis that firms managed by CEOs from more selective schools with high GMAT and SAT score performed better than other firms headed by CEOs from less selective Schools.

Khan and Vieito (2013) use panel data of U.S. firms from 1992 -2004 to ascertain the relationship between CEO gender and firms performance. Their empirical results reveal that a firm's risk level is smaller when the CEO is a female,

resulting in a performance increase as measured by return on assets. On the contrary Lee, Huang, Hsu and Hung, (2013) using Chinese firms find that female CEO has no significant impact on firm performance.

Diks (2016) tested the hypotheses that executive's tenure is positively correlated with firm value. The sample consists of 505 biggest companies in the United States between 2000 and 2015. Results demonstrate that higher tenure improve the financial performance of the selected companies. In contrast, using a sample of 95 CEOs from the top 36 performing public-listed companies from 2009 to 2016, Kusumasari (2018) prove that there is no relationship between the two variables. Finally, Tsai et al. (2006) examined the above relationship using a sample of 304 listed firms in Taiwan. Among the sample companies, 63 were family controlled. The authors found that CEO tenure negatively affect the performance of the firm.

CHAPTER THREE

METHODOLOGY

3.1 Research Design

The study aimed at examining the impact of CEO attribute focusing on the level of education, ownership and origin before their appointment.

3.2 Population of the Study

To study the impact of CEO characteristics on firm performance, the study obtained data from the financial sector which comprises of 56 listed firms that include banks, insurance, life assurance and other financial service firms in the Nigeria

3.3 Sample Size

The sample of the study comprises 37 firms which met the relevant information disclosure criteria. The study considers data for a 6-year period from 2016 to 2021. The period is considered due to the fact that 2016 marked the year from which companies in Nigeria are mandated to report their financials in line with the International Financial Reporting Standard (IFRS).

3.4 Sampling Techniques

The data analysis was mainly based on quantitative econometric techniques presented in three folds. Descriptive analysis was employed to determine the minimum, maximum, mean, standard deviation of all the variables. In examining the relationship between predictor variables and the outcome variable, this study used correlation analysis. To test the formulated hypotheses, logistic regression was used.

3.5 Sources of Data Collection

Data for this study were collected both from the primary and secondary sources. Specifically, primary data would be obtained through structured questionnaire for the research questions; meanwhile for secondary data, data would be obtained from selected firms in manufacturing sector in Nigerian exchange group to test the hypothesis of the study for the period of four (4) years ranging from 2017-2020. Data obtained in the audited annual reports are considered credible because such reports are usually certified by independent auditors.

3.6 Measurement of Variables

3.6.1 Dependent variable

For the purpose of this study, market price of the equity, return on asset (ROA), and return on equity are used as the dependent variables which are the measure of the firm performance. Stock price is the market reaction to what is happening with the firm. It is an important indication of firm performance and used in many studies (Anthony and Ramesh 1992; Ishak and Abdul Latif 2012; Tosi et al. 2004; Yemi 2013). ROA and return on equity (ROE) are generally considered as the performance measurement in business research (Binacci et al. 2016; Murphy et al. 1996). ROA is measured as the ratio of the net income for the year divided by the total asset at the end of the year. ROA is generally used as the measure of firm performance because it considers not only the operational events over the year but also the relevance of the historical antecedence of the firm over the year. ROE is the ratio of the net income for the year divided by shareholders' equity at the beginning of the financial year. ROE

measures the ability of a firm to generate income from its shareholders' investments in the firm.

3.6.2 Independent variables

This study aimed at finding empirical evidence on the relationship between CEO characteristics and firm performance. Although there are numerous characteristics of CEO considered by prior studies, this study is restricted to three of the basic characteristics. The three characteristics denote CEO experience. Although other variables are still relevant, the study considers the three because they are the information that is easily available in the annual reports of companies in Nigeria. The variables include the CEO ownership, CEO insider, and CEO education. CEO ownership is the percentage of both direct and indirect shareholdings of the CEO in the firm. The direct holdings are those shares held by the CEO at the end of the year, while the indirect shares include all shareholding of the CEO in other firms that have significant interest in the firm they manage. The CEO ownership is therefore measured as the percentage of the CEO's direct and indirect shares to the total equity of the firm (Dowell et al. 2011; Duru et al. 2016; Luo 2015). The second of the three independent variables is CEO education. Some empirical studies pointed that CEO education has an impact on some firms' outcomes. This study used the level of education attained by the CEO as a dummy variable such that 1 represents CEO with postgraduate education otherwise 0 (Darmadi 2013; Ujunwa 2012). Lastly, the study uses CEO origin. In line with Zhang and Rajagopalan (2010), this study considers the CEO origin before appointment. CEO insider is appointed from within the company,

and the dummy variable is used to indicate the CEO insider such as in Favaro et al. (2011) Ishak and Latif (2012).

3.7 Model Specification

To find the relationship between the study variables, this study uses ordinary least square regression to test the hypothesis on the relationship between the CEO characteristics and firm performance. The dependent variable in the model is firm performance, and three proxies are used for the performance. The proxies include the market performance measured by the market price of the equity. The other two performance indicators are accounting-based measures which include the return on assets (ROA) and return on equity (ROE). The independent variables are the CEO ownership, CEO education, and CEO origin. The analysis used cross-sectional observations of 6 years from the selected firms. Ordinary least square model is used by prior studies in testing the hypothesis on the relationship between CEO characteristics and firm outcomes such as financial performance (Barker and Mueller 2002; Henderson et al. 2010; Simsek 2007). The model is expressed as follows:

Performance = f (CEO characteristics)

$$\text{PERFORMANCE}_{it} = \alpha + \beta_1 \text{CEO_OWN}_{it} + \beta_2 \text{CEO_EDUC}_{it} + \beta_3 \text{CEO_TEN}_{it} + \beta_4 \text{Size}_{it} + \beta_5 \text{CFO}_{it} + \beta_6 \text{LEV}_{it} + \varepsilon_{it} \dots :1$$

$$\text{PERFORMANCE}_{it} = \alpha + \beta_1 \text{CEO_OWN}_{it} + \beta_2 \text{CEO_EDUC}_{it} + \beta_3 \text{CEO_TEN}_{it} + \beta_4 \text{CEO_OWN_EDUC}_{it} + \beta_5 \text{CEO_OWN_Init} + \beta_6 \text{CEO_EDU_TEN}_{it} + \beta_7 \text{Size}_{it} + \beta_8 \text{CFO}_{it} + \beta_9 \text{LEV}_{it} + \varepsilon_{it} \dots :2$$

Where

α = intercept

ROA = return on assets, ROE = return on equity, SP = stock price

CEO_OWN = CEO ownership, CEO_EDUC = CEO education, CEO_TEN = CEO
insider

SIZE = firm size

CFO = cash flow from operation

LEV = leverage ratio

= error term

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.1 Introduction

This chapter begins with analysis of the variable using descriptive statistics. This immediately followed by correlation matrix along with the presentation of the results of the model estimations. Inference were drawn from the tests of hypotheses stated in chapter conclude the chapter with some various robustness tests so as to ensure that results from the study are not misleading.

4.2 Descriptive Analysis

Table 4.1: shows the descriptive statistics of the dependent and independent variable where minimum, maximum, mean, standard deviation, skewness, observation are reported.

Table 1: Descriptive Statistics

Variables	Mean	Max	Min	Std dev.	SE (mean)	N
Stock price	4.024	28.950	0.270	6.072	0.408	222
ROA	3.782	97.820	-25.950	10.072	0.676	222
ROE	4.522	97.820	-265.000	29.345	1.970	222
Total assets	72,500	6,220,000	4664	120,000	8.0300	222
Operating cash flow	10,200	389,000	-159,000	57,500	38.60	222
CEO ownership	0.032	1.015	0.000	0.079	0.005	222
CEO education	0.752	1.000	0.000	0.433	0.029	222
CEO tenure	0.631	1.000	0.000	0.484	0.032	222

Source: Researcher's Compilation, 2022

The result of the descriptive statistics could be referred to on Table 1 above. The descriptive statistics describes some of the basic statistics for all the variables of the study. The table highlighted some of the basic statistics about the data which include the mean, maximum, and minimum values for each of the variables. The maximum value for the stock price in the data set for all companies is 28.95 for the study period

while the minimum stock price is 27 kobo. The mean value of the stock across all the companies is 4.02 with a standard deviation of 6.07. Similarly, the other two measures of performance (ROA and ROE) have maximum values of 97.8 each. The mean and standard deviation are 3.78 and 10 for ROA and 4.52 and 29.3 for ROE, respectively. The high variation in the standard deviation figure might be as a result of high volatility in the sector under study. The maximum share ownership by the CEO is 10.15%, while the mean and standard deviations are 3.2% and 0.07, respectively. In the same vein, 75% of the CEO of the firms have a postgraduate certificate which means that an average CEO has at least a master's degree. Similarly, 63% of the CEOs are company insiders. This indicates that the average practice of the industry is that CEO is promoted rather than being outsourced.

4.3 Correlation Analysis

Table 4.2 below contains the correlation values between the explanatory variables and the explained variable as well as the independent variables among themselves.

Table 2: Pearson's correlation matrix

Variables	Stock pr.	ROA	ROE	CEO OWN	CEO EDU	CEO IN	SIZE	CFO	LEV
Stock pr.	1								
ROA	-0.082**	1							
ROE	0.337**	0.520**	1						
CEO OWN	-0.181**	0.167**	0.070	1					
CEO EDU	-0.014	0.152*	0.056	0.149**	1				
CEO IN	0.275*	0.030	0.193**	0.100	0.036	1			
SIZE	0.139**	-0.250*	-0.176**	-0.134**	-0.063	0.133	1		
CFO	-0.161**	0.364**	0.189**	0.129	-0.120	-0.013	-0.235**	1	
LEV	0.719	-0.131**	0.298**	-0.256	-0.116	0.221*	0.165**	-0.236**	1

Source: Researcher's Compilation, 2022

Table 2 above highlights the correlation among the variables using the Pearson correlation technique. The table shows that there is a negative correlation between CEO ownership and firm profitability as measured by the stock return but is positively related to return on assets (ROA). Similarly, the result shows that CEO education is positively related to ROA. CEO insider has shown to have a positive relationship with both return on equity (ROE) and ROA. The positive correlation of CEO insider is not surprising in that Serra et al. (2016) pointed out that a CEO with industry expertise may affect performance positively. Overall, the Pearson correlation shows that the overall experience is negatively correlated with firm performance in the financial sector.

4.4 Presentation of Interpretation of Regression Results

Table 3: Skewness and kurtosis

Variables	Stock pr.	ROA	ROE	CEO OWN	CEO EDU	CEO TEN	SIZE	CFO	LEV
Skewness	1.61	0.79	-0.38	1.50	-1.16	-0.54	0.80	0.39	0.36
Kurtosis	4.19	3.22	3.22	4.01	2.36	1.29	2.96	2.47	1.43
SE (Mean)	0.33	0.33	0.77	0.002	0.029	0.032	0.006	0.004	0.067
N	222	222	222	222	222	222	222	222	222

Source: Researcher's Compilation, 2022

Table 3 presents the statistics for all the variables with respect to the skewness and kurtosis of the distribution. Sekaran and Bougie (2009) established that data are normally distributed only if the values for skewness and kurtosis are within the acceptable range. Following Saunders et al. (2009), skewness within the range of ± 2 is acceptable while similar value for kurtosis is ± 8 . Table 3 shows that the lowest and highest values for skewness are -1.16 and 1.61 , respectively. The kurtosis of the distribution has the highest value of 4.19 and the least value of 1.29 . This implies that the data are normally distributed for all the variables. Similarly, using the Shapiro-

Wilk test, the result of the test using the statistical software STATA (13) shows that the residuals are normally distributed.

Table 4 Result of the multicollinearity test

Variable	VIF	Tolerance
SIZE	1.22	0.82
CFO	1.15	0.87
CEO_OWN	1.13	0.88
LEV	1.10	0.90
CEO_TEN	1.10	0.91
CEO_EDUC	1.07	0.93
Mean VIF	1.13	

Source: Researcher's Compilation, 2022

Furthermore, the study checks for multicollinearity using variance inflation factor (VIF). A multicollinearity problem could be established if any two variables are linearly closed combination of one another. The tolerance value is the measure of how much of the variability of a particular variable is not explained by other explanatory variables. The value ranges between 0 and 1 but the closer to 1 the better. VIF is an inverse of tolerance value, and the value above 10 indicates multicollinearity problem (Palant, 2007). Table 4 below shows that all the VIFs are below 10 and the tolerance values are within the acceptable range. Similarly, the Pearson correlation coefficient is used to check the presence of multicollinearity. According to Tabachnick and Fidell (2001), when the value of a Pearson correlation coefficient is or above 80%, there is a likelihood of a presence of multicollinearity problem.

Table 5: Regression Analysis

	Stock pr.	ROA	ROE
CEO_OWN	-3.318 (- 0.53)	9.296 (1.13)	26.06 (1.38)
CEO_EDUC	0.796 (1.45)	1.959** (2.73)	2.728 (1.65)
CEO_TEN	1.224* (2.45)	0.418 (0.64)	2.900 (1.93)
SIZE	3.422***	0.0213	4.503***

	(13.59)	(0.06)	(5.95)
CFO	1.533	25.51***	42.35***
	(0.41)	(5.22)	(3.77)
LEV	0.762	- 8.449*	- 23.12**
	(0.29)	(- 2.43)	(- 2.89)
_CONS	- 24.94***	0.989	- 32.47***
	(- 11.71)	(0.36)	(- 5.07)
Adj. R ²	52.43%	18%	20.92%
N	222	222	222

Source: Researcher's Compilation, 2022

4.5 Discussion of Findings

The result confirmed hypothesis 2 and 3. Hypothesis 2 anticipates a positive relationship between CEO education and firm performance. The result of the analysis indicates that CEO education has a positive impact on firm performance measured by the ROA. Furthermore, it shows positive relationship with the two other indicators of firm performance (stock price and ROE), but the result is not significant. This is in line with some studies that established that education improves CEO connections and, by extension, the firm performance (Kokeno and Muturi 2016; Rajagopalan and Datta 1996). The studies established that education is important in equipping the managers toward making and implementing better decisions for the firms. Similarly, the result establishes that the relationship between CEO tenure and firm performance is positive. In other words, CEO tenure affects firm's stock performance positively as shown in Table 5 above. Furthermore, the study tested the hypothesis on the interaction between the CEO characteristics. The result improves with respect to return on assets. This 'means that any interaction between any two of the three CEO characteristics will improve firm's return on assets.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

- i. The findings revealed that CEO ownership does not have any significant impact on firm performance in Nigeria.
- ii. The findings indicate that CEO education has a significant impact on firm performance measured by the ROA
- iii. It was also find out that the relationship between CEO tenure and firm performance is positive. In other words, CEO tenure affects firm's stock performance positively in Nigeria.

5.2 Conclusion

This study examines the effect of CEO attributes and firm's performance in Nigeria Exchange Group. Based on the above results, it seems that some executives' attributes are key factors that would explain differences in Nigeria firm performance. This study would be substantive for people inside the company who are responsible for hiring decisions. Particularly, it may provide valuable insights to shareholders by helping them making the right decision when selecting CEOs to run the company. The decision to hire CEOs should be basically based on executives' characteristics such as education, tenure and experience rather than simply following family succession plans. That said, appointing family members with the requisite traits is also a good strategy. Persons in charge of recruiting are encouraged to enroll CEOs with a related experience, i.e., executives with prior experience who are able to replicate their past success in their current job, as this may be of a great value for the firm.

5.3 Recommendations

The following are the recommendation for the study

- i. It is highly recommended that executives should be select base on education background in business administration, economics, finance or accounting rather than in operating related subjects when there is a need.
- ii. Likewise, from the viewpoint of stock market performance, recruiting postgraduate CEOs is a good strategy that increases the Nigeria firm value.
- iii. Companies are encouraged to increase the tenure of executives by for example avoiding frequent CEOs replacements in order to improve their financial performance. Additionally, this would help the company's stakeholders to reduce some of the agency issues that may arise with insiders and especially executive directors within the company.

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