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BOARD OF DIRECTORS CHARACTERISTICS AND TAX PLANNING OF LISTED CONSUMER COMPANIES IN NIGERIA

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ABSTRACT

The board of directors of a firm is required to design tax planning activities to reduce the taxable amount payable to the tax authority in order to increase shareholders' wealth and prevent fraud, but not to be involved in tax evasion. This study examined the impact of board of the directors' characteristics on tax planning of listed consumer goods companies in the NSE. An Ex-post facto research design was used, and the population of the study comprised all consumer goods companies that were consistently listed at Nigerian Stock Exchange for the period 2011-2021. Data for the study was obtained from the annual reports and accounts of all listed consumer goods companies for the period under review. Multiple regression analysis technique was used in analysing the data. Hausman specification test was conducted to choose between fixed and random effect estimation. The findings revealed that board size has a negative and significant impact on effective tax rate (ETR) of listed consumer goods companies in Nigeria. Board ownership has an insignificant positive impact on effective tax rate (ETR) of listed consumer goods companies in Nigeria. The study recommends a larger board size to benefit from their diverse knowledge, variety of opinions and varied experiences, providing more information to enhance tax planning strategies. Board members should be encouraged to increase their share ownership to align their interests with those of the shareholders, in line with agency theory.

Keywords: *Board characteristics, board size, board ownership, consumer goods company, and effective tax planning*

1.0 Introduction

In order to give the government reliable funding for the delivery of public goods and services (such as education, healthcare infrastructure, security, etc.), taxation is a critical tool. It also acts as a tool for identifying and addressing economic disparities in wealth distribution. According to Omesi and Appah (2020), tax is a required payment made by an individual or business entity to the government in order to support economic growth, economic balance, income restructuring, and the promotion of fairness and accountability. According to Nigeria's national tax policy, tax is defined as a mandatory financial charge or monetary burden placed on people or property to help pay for government expenses. Company Income Tax (CITA) is a type of tax that is specifically levied on profits earned by corporations (Udisifan, 2020); typically, it represents a significant outflow for businesses, particularly in Nigeria (Ba'aba & Bashiru, 2019). According to Aburajab, Maali, Jaradat, and Alsharairi (2019), taxes are a significant drain and liability for firms and their owners, lowering the amount of cash flow that can be used to generate profits. Therefore, tax planning strategies that increase both earnings after tax and cash available are well-liked by shareholders (Khurana & Moser, 2013). As a result, it becomes the responsibility of the board and management of the companies to plan their tax obligations with the goal of minimising cost

by utilizing the tax laws and regulations in order to maximise shareholders' wealth. As a result, tax planning is regarded as the finest method by which a company can pay less tax while still abiding by the law (Murni, Sudarmaji, & Sugihyanti, 2016). Therefore, the board of directors is in charge of defending the interests of the shareholders and other stakeholders (Dauda, 2022).

Board characteristics are a subset of corporate governance mechanisms, which are the main motivators of management's tax-aggressive behaviour; hence the involvement of board members in company management cannot be over emphasised. The board of directors is in charge of upholding the highest standards of corporate governance and developing company policies that emphasises responsibility, transparency, and tax law compliance. Tax planning activities should be well organised in such a way to increase income of the firms, also to meet the demand of the tax authorities without breaching the laws. In order to maximise wealth, shareholders of corporations would desire to minimise corporate tax payments (Tijjani, Fifield & Power, 2009). By using loopholes in the current tax code, shareholders are putting pressure on the board of directors to lower expenses, while the government is exerting pressure on tax officials to generate more income. As a result, sometimes the firm's management deviates from the expected requirements.

These, among other factors, contributed to instances of misleading financial statement presentation (Dian, 2020) in some firms, which prompted the demand for corporate governance. One of them is the 2001 collapse of the American companies Enron and WorldCom in the telecommunications industry. In addition, there have been reports of financial reporting failures in Nigeria from companies like Afribank, Intercontinental Bank Nigeria, Cadbury Nigeria, and AP Nigeria (Emmanuel, Emmanuel, & Amos 2019). Dauda (2022) emphasised that these organisations gave incorrect information on the financial status of the companies, and as a result, some investors and stakeholders lost trust in the financial reporting process as well as the entire financial system. The 2011 SEC Code's provisions, which were explicitly focused on corporate governance, law, and business as well as other incidental issues in Nigeria, were also meant to improve corporate performance among businesses. The 2018 Code of Corporate Governance Practice of the Financial Reporting Council of Nigeria also includes provisions for raising public knowledge of core business principles and moral behavior that will enhance the integrity of the commercial environment, to promote more trade and investment while restoring public trust and confidence in the economy.

The board of directors, or external owners of the company, is very important in the administration of the organisation because their primary responsibility is to safeguard the interests of the general public, investors, and shareholders. They can also have a favourable or negative impact on the success of the company.

The study looked at the effects of board structure and tax planning on listed consumer goods businesses in Nigeria during an eleven-year period from 2011 - 2021. This study's time frame is regarded as significant in Nigerian history. The country's economy shrank. Nigeria saw the worst economic decline in nearly four decades as well as two distinct recessions, according to the World Bank's assessment of the country in December 2021. In addition, Roy and Oyindamola (2021) claimed that the 2016 and 2019 Economic Recession in Nigeria was brought on by the USA's decreased demand for Nigerian crude oil and the lifting of Iran's export embargo, which led to an excess of supply on the world market and a reduction in prices. Similar effects were experienced by the country's economy as a result of the COVID 19 global pandemic, including a lack of production materials and a reduction in the production of necessary goods and services by businesses, especially those in the health and education sectors. A few businesses in this industry suffered negative effects, including Northern

Nigeria Flourmill Plc, Cadbury Nigeria Plc, Champion Brew, Guinness Nigeria Plc, and the years 2011 and 2016. Moreover, taxes were revalued to generate more income, posing a danger to businesses with declared profits. It consequently had an impact on turnover rates, the fall in the board of directors' shareholding in Cadbury from 2014 to 2021 (17,080,000 to 6,480,000), which reduced taxable income and caused certain companies to declare fewer dividends.

Furthermore, earlier empirical research projects carried out by other academics add to the body of literature but reveal inconsistencies that necessitate deeper study of the literature in both established and emerging nations. The studies are by the following authors: Aburajab et al. (2019), Anggraeni and Kurnianto (2020), Zachariah, Tahir, and Mohammed (2020), Ogbodo and Abusomwan (2021), Dhahri and Jarboui (2021), Okoh and Ofor (2022), Appah (2022), Dauda (2022) and Eguovoen, Ukarin and Enewerome (2023). According to Aburajab et al. (2019), there is a link between the board's size or composition and the tax-aggressiveness of Jordanian listed companies. According to viewpoints by Anggraeni and Kurnianto (2020), Zachariah et al. (2020), Abubakar (2021), Ogbodo and Abusomwan (2021), there is a correlation between board size and tax avoidance that is positive. Also Okoh and Ofor (2022) revealed a negative and insignificant relationship between board size and tax aggressiveness.

From the above researches and other empirical studies, they produced conflicting results affected by geographical location, methodology, variables, sector, time-frame and some studies covers short period of time and others cover long period of time. Considering different sectors of the economy used by researchers Zachariah *et al.* (2020) and Okoh and Ofor (2022) dueled on listed non-financial firms in Nigeria and Ogbodo and Abusomwan (2021) selected listed Nigerian firms, Dauda (2022) on oil and gas, hence, it is also important to investigate other sectors which this study has considered the listed consumer goods companies in Nigeria for the period 2011-2021. Consumer goods sector provides and meet the daily needs of individual and families by providing food, households materials, drinks and beverages and many more has not been exhausted. Therefore, this study sees these gabs as basis to examine the impact of board attributes (board size, and board ownership) on Tax planning (effective tax rate) of listed Consumer goods companies in Nigeria within the period under review and deduce results that can guide in terms of policy formulation for this sector, corporate organizations, Government agencies and other stakeholders involved. The rest of the paper focuses on literature review, conceptual framework, theoretical framework, Methodology employed, discussions, summary of the findings, conclusion and recommendation.

Based on the gap identified, following hypotheses were formulated;-

H_{01}: Board size has no significant impact on Tax planning of listed Consumer goods companies in Nigeria.

H_{02}: Board ownership has no significant impact on Tax planning of listed Consumer goods companies in Nigeria.

2.0 Literature Review

The review of related work here covers empirical issues and a conceptual framework, which includes the concept of board attributes, the concept of tax planning, and other empirical reviews based on the objectives of the study. Also, the theory that backed up (agency theory) the study is highlighted.

2.1 Conceptual Clarifications

This section, discusses different concepts such as board attributes and tax planning, what each concept means to different scholars, and what this study is able to deduce.

2.1.1 Concept of Board characteristics

The part of the board responsible for directing a company's operations is known as the board's characteristics. Board characteristics includes: Board size, Board independence, gender diversity board ownership, board composition, board meeting, chief executive officer ownership etc. In public firms, where agency issues may occur as a result of the separation of ownership and control, the board of directors is essential for ensuring successful corporate governance, according to Fauzi and Locke (2012). The board of directors is one of many options accessible to a business to lessen agency conflicts (Hendry & Kiel, 2004). Board size and board ownership are the two board-related characteristics that were taken into consideration for this study.

2.1.2 Concept of Board Size

According to Bijalwan and Madan (2013), Pilos (2017), Abdulkarim, Yusuf, and Isah (2020), the board size is one of the crucial characteristics of a board and is defined as 'the total number of directors on the board or the total number of directors in a company for a certain fiscal year'. Directors are elected by shareholders during their Annual General Meeting (AGM) to protect their interests in the corporation (Ogbodo & Omonigho, 2021). The size of the board is something that needs to be decided by the board and is based on the functions and responsibilities of the members (Daniel, Ameh & Aza, 2019). In a nut shell, board size can be regarded as the number of directors on board for a specific financial year which could vary from one company to the other for a financial year due to retirement or new appointment by the shareholders. They are made of executive and non-executive directors. However, the number of directors on board could be small or large but should be made up of directors with diverse personality that can impact on tax planning activities of the firm.

2.1.3 Concept of Board ownership

Directors or managers of a corporation can own shares in the company where he/she serve as leaders. Hence the directors become a part of owners of the company base on the number of shares invested in a company. Shareholding awards the right to a proportion of the company's profits in accordance to the number of shares invested (Ellena, Wahyu, & Ekawati, 2021).

According to Prayogo and Darsono (2015), managers who have interest in a firm will work hard to guard the organisation's interest in every dimension. (Saidu & Gidado, 2019) will do everything possible to reduce cash outflow through tax aggression and other strategic policies. Corporate board members' ownership provides them with a financial incentive to protect their stake in the company and may also motivate them to align their interests with those of the shareholders (Jodjana, Nathaniel, Rinaningsih, & Pranoto, 2021; Jensen & Meckling, 1976). As a result, they take more care in making decisions because any choice that could jeopardise the company will also have an impact on the executives who own stock in it. Therefore, this work defines board ownership as the number of shares bought /owned by the executive directors in the firm which implies that they serve as managers and owners (shareholders) of the firm which is sometimes captured in the annual reports of companies as board's interest.

2.1.4 Concept of Tax Planning

According to Ogundajo & Onakoya, (2016), opined tax planning as an integral part of financial planning and the decisions offers a tax manager and the company opportunity to mitigate the company's tax liability to improve on the financial performance of the firm. Different scholars have given varieties of what tax planning mean to them. According to Bosun-Fakunle, Josiah and Banji (2019), tax planning is the act of organising a company's operations so that it operates within the boundaries of the law while realising the best possible tax position and attaining its predetermined goals. According to Hoffman (1961), it can also be described as "the taxpayer's capacity to arrange his financial activities in such a manner to suffer a minimum expenditure for taxes." Tax planning defined by Pniowsky (2010) as the process of setting up a company's operations in order to postpone, reduce, or even do away with taxes that must be paid to the government. Related research has revealed that tax planning is allowed as long as it adheres to the rules outlined by the Income Tax Act (ITA). Additionally, tax planning has been deemed the greatest choice within the confines of the law to lessen the tax weight (Zachariah et al. 2020).

According to Finance ACT, 2019, registered corporate companies are expected to pay Company

Income Tax on profit made in Nigeria and foreign companies who carry out their businesses in Nigeria. The current charge of Company Income Tax is 30 percent for those companies with ₦100m and above turnover, 20 percent turnover between ₦25million – ₦100m and companies with less than ₦25million are not liable to charge on Company Income Tax on their turnover therefore every corporate organization will do everything possible to pay less based on the category of the above Company Income Tax. Hence, tax planning is the act of planning, structuring the financial activities of a firm by the board to reduce the tax payable to the tax authority through legal means and utilization of loopholes in tax provisions for the purpose of increasing shareholder's wealth. Board attributes such as size of the board and share ownership by the board can impact positively or negatively on tax planning. There is the need to explore how these features impact on listed consumer goods companies in Nigeria.

2.2 Empirical Review

A lot of empirical study has been conducted on the importance of tax planning in corporate organizations by different researchers at different times which are highlighted below.

2.2.1 Board size and tax planning

The NCCG (2018) for public companies states that the board structure of listed companies in Nigeria can best be described as one or single-tier, which consists of both executive and non-executive boards. The SEC Code recommends that the board of a public corporation be made up of at least five (5) directors and that the board of a company should be of sufficient size depending on the size and complexity of the company's operations. The Code further recommends that the majority of the board members should be non-executive directors. Though there are two schools of thought regarding the board size of a firm, some are of the opinion that a small board size (Yermack, 1996) is more effective in decision-making; a larger board size could be sluggish and waste time in decision-making. While others argued that larger boards could influence the efficiency of firms' monitoring, controlling, and supervision and provide more information through their diverse knowledge, variety of opinions, and varied experiences (Abdulkarim *et al.,* 2020; Ibobo Egbule and Arukaroha, 2019), Similarly, Zahra and Pearce (1989) opined that a larger board size is assumed to have directors with diverse educational and industrial backgrounds and skills and with numerous perspectives that improve the quality of actions taken by the firm in different dimensions.

Other empirical studies that have been done include the research of Ba'aba and Bashiru (2019), which used panel regression to analyze the effects of corporate governance attributes on tax planning for listed manufacturing companies in Nigeria and Malaysia between the years of 2014 and 2018. The results of this study revealed that among the other variables that were tested, there is a positive correlation between board size and the effective tax rate. Ibobo et al.'s (2019) study looked at the connection between tax planning of listed conglomerate corporations in Nigeria and board size, female directors, and independent board members. Since data were gathered from the annual reports and accounts of all publicly traded conglomerate corporations for a ten-year period (2008–2017), the study uses an ex-post facto research design. Multiple regressions were used to assess the data. It turned out that tax planning had a bad association with board size, board independence, and business size.

However, Anggraeni and Kurnianto (2020) found that the size of a board of directors and tax avoidance are positively correlated, meaning that the more directors a company has, the more tax avoidance that takes place. Similar to this, Abubakar (2021) looked into how the board structure of a few industrial products companies listed on the Nigerian Stock Exchange between 2016 and 2020 affected their tax aggression. The findings show board size (BSZ) significantly contributes to lowering the tax-aggressiveness of listed industrial products companies in Nigeria.

Abubakar, (2021) investigated the effect of board structure on tax aggressiveness of selected industrial goods companies listed in Nigeria Stock Exchange from 20016-2020. Board structure was proxy by board size and independent directors on tax rate and the data was obtained from its annual reports and accounts. It concluded that board size (BSZ) has significant role to play in reducing tax aggressiveness of listed industrial goods in Nigeria.

And Okoh and Ofor (2022) studied Corporate Board Attributes and Tax Aggressiveness of listed Non-financial Firms in Nigeria. It employed purposive sampling techniques to select (75) out of 114 non-financial firms as the sample size and the data was obtained from its audited annual financial reports for the period of 2012 – 2021. Findings showed that board independence, board expertise and board CEO nationality have positive and significant effects on tax aggressiveness of listed non-financial firms in Nigeria. Board size, board meeting had negative and insignificant effects on tax aggressiveness of listed non-financial firms in Nigeria while board gender diversity had positive but insignificant effects on tax aggressiveness of listed non-financial firms in Nigeria. The study concludes that attributes of the board might have little or no impact on the corporate tax aggressiveness as the directors are not responsible for a firm tax management strategy. Emphasis on larger board size should be discouraged since it has insignificant effect on tax aggressiveness of non-financial firms in Nigeria.

On the other hand, the study by Eguavoen *et al.* (2023) looked into board attributes and tax planning of corporate organizations in Nigeria. Different board attribute variables, such as board independence, board size, and gender diversity, were rigorously examined to determine how they relate to tax planning. In order to achieve the goal of the research, eighty-five (85) non-financial firms that were discovered to be quoted on the Nigerian Stock Exchange (NSE) were carefully chosen and extensively analysed for the specific period of 2016 to 2020. Eview 9.0 econometric software was used to analyse the data using panel least squares regression. The findings showed that board size and gender diversity were favorably correlated with tax planning, whereas board independence and tax planning were adversely and insignificantly correlated with each other. The study suggests that board size and should be given more attention when studying board attributes in relation to tax planning.

2.2.2 Board ownership and tax planning

In the findings of Ahmed and Mounira (2015), it shows that managerial ownership and board diversity have a favorable relationship with ETR, whereas an increase in ownership concentration has a negative impact. Kim, Quinn, and Wilson (2016) investigated managerial ownership and tax avoidance with a focus on public companies with diffuse ownership, using a pooled approach to estimate quantile regressions, the study discovered that managerial ownership exhibits a positive relationship with cash effective tax rates at the lower tail of the cash effective tax rate distribution but a negative relationship with cash effective tax rates at the higher tail of the distribution.

Tijjani and Zachariah (2020) examined the impact of ownership structure on tax planning for listed non-financial enterprises in Nigeria. The findings indicate that there is a correlation between management and institutional investors' perceptions of the tax planning of the selected businesses and that; management-owned businesses that have less incentive to reduce taxes. The listed non-financial firms in Nigeria ought to encourage managerial shareholding to reduce the frequency of principal-agent disputes, enhance tax planning, and keep an eye on management activities.

In the studies of Ellena et al. (2021), the impact of executive share ownership, executive salary, and independent commissioners on tax avoidance was examined. Multiple linear regression analysis was used to evaluate the hypotheses, with a significance level of 5% and the SPSS 26 program. The findings showed that executive shareholding had no distinct impact on tax evasion.

And Ogbodo and Abusomwan (2021) examined the effect of board structure on tax aggressiveness was analyzed using panel regression. The estimation results revealed that board independence, board size and board ownership have a negative coefficient and significant at 5% suggesting that an increase these board structure variables results in a reduction in the tax paid/ pre-tax income ratio and this implies an increase in tax aggressive practices. The study concludes that so long as the expected marginal benefit exceeds marginal cost and consequently, tax aggressive strategies could be allowable by corporate boards. The study recommends that increasing the number of independent directors is not sufficient to curtail tax aggressiveness.

2.3 Underpinning theory

The connection between management and shareholders is best defined by agency theory as a result of the separation between ownership and control of the firm, which can lead to agency mitigation (Ilaboya & Ohiokha, 2016). According to Hanlon and Heitzman (2010), Isreal and Appah (2021), agency theory describes the association between tax issues and corporate governance arrangements. Desai and Dharmapala (2009) observed that tax aggression raises agency control. Again, Yuniarsih (2018) observed that corporate governance is significant since preparing a company tax report is a difficult task to carry out, and although organisations with high fees demonstrate that management failed in commercial operations that need tax minimisation, Tax evasion, according to Desai and Dharmapala (2006), impacts agency costs. Similarly, Armstrong, Blouin, Jagolinzer, and Larcker (2015) discovered that shareholders preference for tax planning and how corporate governance features can affect tax avoidance. Thus, this study examined the relationship between the board of directors in terms of size and board ownership of the management of tax incentives, loopholes, discounts, and exemptions to pay lesser taxation to relevant authorities. By so doing, companies in this sector determine the attributes of the board that impact maximising the wealth of the owners.

3.0 Methodology

This section deals with the method employed to obtain relevant information on corporate board attribute and tax aggressiveness on listed consumer goods companies. The Population consists of twenty one (21) listed consumer goods company in Nigeria as at 31st December 2021 for the period under review (2011-2021), and two point filter was used; (i) the company must be listed on the NSE (ii) only companies with available data (for the study variables) within the period of study.

3.1 Source of data

The study used secondary source of data which was collected from annual reports and accounts of the sampled companies listed on NSE.

Table 1 Variables of the study and their measurement.

Variables	Measurement	Source
	Dependent	
Effective Tax Rate	Total Tax Expense/Previous Profit Before Tax	Zachariah *et a*l (2020)
	Independent	
Board Size	Number of directors on board	as used by Abdulkarim *et al.* (2020) & Zachariah *et al* (2020).
Board Ownership	Number of shares owned by board of directors to total shares	Pebriyanti, Firmansyah, Wijaya & Irawan (2022).
	Control	
Firm Size	Log of total assets	Used by Ogbodo & Abusomwan (2021).
Firm growth	Current sales or Revenue – previous sales or revenue to previous sales or revenue	Used by Isreal & Appah (2021).
Profitability	Profit before tax to Total Assets	Used by Tijjani & Peter (2020). Zachariah *et al.* (2020).

Source; Author's computation 2021

3.3 Model specification

Board Attributes (board size, and board ownership) and Tax Planning (effective tax rate) of listed consumer goods companies in Nigeria with firm size, firm growth and profitability as control variables.

$$ETR_{it} = \beta_0 + \beta_1 BSZ_{it} + \beta_2 BO_{it} + \beta FS_{it} + \beta_5 FG_{it} + PROF + \varepsilon_{it} ..$$

Where:
ETR= Effective Tax
BS = Board size
BO= Board Ownership
FS= Firm size
FG= Firm Growth
Prof=Profitability
β_0 = Intercept
β_1 - β_5 =Coefficients Ɛ = error term

3.4 Post Estimation Test

However, In order to make better the validity of all inferences to be drawn for the study, robustness tests of the model of the study are first presented. These are multicollinearity test, heteroskedasticity test, hausman specification test and Breusch and Pagan Lagrangian multiplier test.

3.4.1 Multicollinearity Test - The results of the test conducted revealed absence of multicollinearity as the VIF values ranges from 1.07 and 1.57.

3.4.2 Heteroskedasticity Test - Heteroskedasticity test was carried out to ensure that there is no heteroskedasticity and regression fits all the values of the independent variables. A p-value of greater than 0.005 (5%) indicates absence of heteroskedasticity (Gujarati 2004). The result of the test conducted shows the p-value of 0.000, thus suggesting presence of heteroskedasticity However, the presence of heteroskedasticity was corrected using OLS robust.

3.4.3 Hausman Specification Test

The choice between the fixed effect and the random effect regression models, the Hausman specification test was used to determine the preferred model. The test essentially looked for correlations between the error words and the regressors. Therefore, the Hausman specification test result indicates a p-value of 0.7972, indicating that the random effect was the best choice.

3.4.4 Breusch and Pagan Lagrangian Multiplier Test;- The findings of the Breusch and Pagan Lagrangian multiplier test for random effects showed a p-value of 0.3066, which supported the interpretation that robust OLS regression is the best result.

4.0 Presentation and Analysis of Data

Here presentation and analyses of data as well as interpretation there from were dealt with. It covers descriptive statistics, correlation and regression results.

4.1 Descriptive Statistics

The descriptive statistics of the study variables is presented in Table 2

Table 2: Descriptive Statistics of the Variables

Variables	Obs	Mean	Std Dev.	Min.	Max.
ETR1	176	0.2732	0.3937	-1.0692	1.7744
BS	176	9.7159	2.5228	4.0000	15.000
BO	176	0.0639	0.1393	0.0001	0.7474
FS	176	10.725	0.6617	9.2404	11.916
FG	176	0.0981	0.3332	-0.9547	2.3018
PROF	176	0.0867	0.1123	-0.2836	0.4443

Source: Generated from annual report and accounts of the companies using STATA 14

From Table 2, it can be observed that the number of observations for each variable is 176. This is in line with eleven years' data of sixteen sampled consumer goods companies used in this study. Effective Tax Rate (ETR) shows a mean value of 0.2732 with a minimum value of -1.0692 and a maximum value of 1.7744. This implies that the average effective tax rate of listed consumer goods companies in Nigeria during the study period is 27% with minimum and maximum rates of -106% and 177% respectively. The highest value is an indication of the tax credit enjoyed by certain companies that reported a loss but paid taxes, whereas the minimum value is an indication of the tax estimated based on loss before tax by some corporations.

Board size has a mean value of 9.7159 with minimum and maximum values of 4 and 15 respectively. This entails that the average members of board of directors of the listed consumer goods companies in Nigeria during the study period is 10 with a least of 4 members and 15 as the highest number of members. Board ownership has a mean value of 0.0639 with minimum and maximum values of 0.0001067 and 0.7474 respectively. This shows that, on the average, board members of listed consumer goods companies in Nigeria owned 6.4% shares of the companies with a maximum and minimum ownership of 75% and 0.01% respectively.

Firm size which is measured as logarithm of total assets has a mean value of 10.7256 with minimum and maximum values of 9.2404 and 11.9168 respectively. Firm growth has a mean value of 0.0981 with minimum and maximum values of -0.9547 and 2.30189 respectively. This implies that the average growth of listed consumer goods companies in Nigeria during the period of the study is 9.8%. Profitability has a mean value of 0.0867 with minimum and maximum values of -0.2836 and 0.4443 respectively. This implies that, on the average, listed consumer goods companies in Nigeria earned a profit of N0.08 per every naira of asset with a maximum profit of N0.44 and a maximum loss of N0.28.

4.2 Correlation Matrix

The result of the correlation is presented in table 3

Table 3: Correlation Matrix

Variables	ETR	BS	BO	FS	FG	PROF
ETR	1.0000					
BS	-0.2156	1.0000				
BO	0.1020	-0.0981	1.0000			
FS	-0.0453	0.2375	0.2136	1.0000		
FG	-0.2389	0.1568	0.0705	0.1580	1.0000	
PROF	-0.2378	-0.1060	-0.0880	0.2064	0.1173	1.0000

Source: Generated from annual report and accounts of the companies using STATA 14

The correlation coefficients' values vary from -1 to 1. The correlation coefficient's sign (positive or negative) tells us the relationship's direction, while the correlation coefficient's absolute value (higher values suggest stronger relationships) tells us how strong the link is. Each

variable has a perfect positive linear relationship with itself, as seen by the correlation coefficients on the major diagonal for all the variables being 1.000.

All explanatory variables, with the exception of board ownership, are shown to be negatively correlated with the dependent variable ETR according to the correlation results in table 4.2. The correlation coefficients also show that neither the dependent nor the explanatory factors, nor the explanatory variables themselves, exhibit strong correlations. This is consistent with Gujarati's 2003 assertion that variables with correlation coefficients of 0.80 or less are not significantly associated and may therefore be safely included in the same regression model.

4.3 Regression Results

The regression results of the study are presented in Table 4.

Table 4: Regression Result

Dependent Variable (ETR)	Coefficient	T	P-value
BS	-0.4947931	-2.48	0.0016
BO	2.163552	0.74	0.459
FS	0.6565412	0.87	0.384
FG	-3.159926	-2.50	0.013
PROF	-12.3424	-3.57	0.000
Constant	4.470298	0.61	0.544
R-Square	0.1558	**1**	**2**
P-value	0.0029		

Source: Generated from annual report and accounts of the companies using STATA 14

The regression results displayed in table 4 reveals a cumulative R^2 of 0.1558 for the model which is the multiple coefficients of determination that gives the proportion or percentage of the total variation in the dependent variable (ETR) explained by the explanatory variable (board size, board ownership, firm size, firm growth and profitability) jointly. Thus, it signifies that 15.58% of total variation in ETR of listed consumer goods companies in Nigeria is caused by the board size, board ownership, firm size, firm growth and profitability while 84.42% of the variation is as a result of other variables not considered in this study. The P-value of 0.0029 implies that the model is fit and significant at 5% significance level.

Result from table 4 shows that board size has a negative and significant impact on effective tax rate of listed consumer goods companies in Nigeria. This means that the higher the number of board members, the lower the effective tax rate (ETR). Lower ETR suggest a good tax planning strategy because the lower the ETR, the lower the tax liability. The likely reason for this finding is that, having many members on board brings more diverse skills and professional expertise that improves the quality of decisions taken by the management on matters affecting tax planning. This finding is consistent with Onyali and Okafor (2018), Ibobo *et al.* (2019) and Abubakar (2021) who also found board size to have significant negative effect on effective tax rate. It however disagrees with the findings of Uchendu, Ironkwe and Nwaiwu (2016), Ba'aba and Bashiru (2019), Zachariah *et al.* (2020) and Dhahri and Jarboui (2021) who found that board size have significant positive effect on effective tax rate. Therefore, the hypothesis which states that board size has no significant impact on tax planning of listed consumer goods companies in Nigeria is rejected.

Board ownership has an insignificant positive impact on effective tax rate of listed consumer goods companies in Nigeria. This implies that the share ownership of members of board of directors does not significantly affect the effective tax rate (ETR) of the companies. This finding is not surprising due to the fact that board of directors of the listed firm owned little

proportion of shares. That may likely be the reason for the positive relationship. It means that there is no goal congruence between board members and shareholders and this contradicts the assumption of agency theory. The finding is in agreement with Li (2014) and Bashir and Zachariah (2020) but contradicts Mohammad (2017), Ogbodo and Abusomwan (2021), Ellena *et al.* (2021). Hence, the hypothesis which states that board ownership has no significant impact on tax planning of listed consumer goods companies in Nigeria is not rejected.

Firm size has an insignificant positive impact on effective tax rate of listed consumer goods companies in Nigeria. This implies that size of the firms does not significantly affect the effective tax rate (ETR) of the companies. Firm growth has a significant negative impact on effective tax rate of listed consumer goods companies in Nigeria. This means companies with more revenue tend to engage in more tax planning activities. The likely reason for this finding is that companies with more sales will want to reduce their tax liabilities so as to have more profit that can be reinvested in the business. Profitability has a significant negative impact on effective tax rate of listed consumer goods companies in Nigeria. This means more profitable companies engage in more tax planning activities to reduce their tax burden.

5.0 Conclusion and Recommendations

In line with the findings of the study, it concluded that; board size has a negative and significant effect on ETR of listed consumer goods companies in Nigeria while board ownership has positive and insignificant effect on ETR of listed consumer goods companies in Nigeria.

Based on the findings and the conclusion drawn, the study recommends that; Management should maintain maximum board members though not specified by the study which can be determined by its size and age to benefit from their diverse knowledge, variety of opinions and varied experiences, providing more information towards enhancing tax plans.

The study also observes that the percentage of share equity ownership by board members is so small. Some board members do not own shares, implying their interests do not align with the interests of the owners, which does not conform to the agency theory in lowering ETR. Therefore, the board should be encouraged to intensify their level of interest by increasing their equity ownership.

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