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Corporate Governance and Investment Decisions of Quoted Consumer Goods Firms in Nigeria

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Abstract: This study examined the effect of corporate governance on investment decisions of quoted consumer goods firms in Nigeria. An ex-post facto research design was adopted using secondary data obtained from the audited annual financial statements of selected quoted consumer goods firms in Nigeria. The study population comprised twenty (20) quoted consumer goods firms, from which fifteen (15) firms were purposively selected. Data covering the period from 2020 to 2024 were analyzed using descriptive statistics, correlation analysis, and panel multiple regression techniques. Based on the model specification tests, the Fixed Effects Model was employed. The findings revealed that all corporate governance variables individually had no statistically significant influence on investment decisions. The study concluded that corporate governance variables did not significantly influence investment decisions during the period under review. The study recommends periodic reviews of corporate governance practices and board structures to enhance board effectiveness, strengthen strategic decision-making, and promote sustainable shareholder value.

Keywords: Corporate governance, investment decisions, fixed effect model, Nigeria.

1. Introduction

Investment decisions are crucial to a company because they affect its ability to generate returns. These decisions are reflected in the types and composition of assets a company holds, particularly current and fixed assets. Therefore, the asset structure of the company provides an indication of its investment decisions and overall wealth structure. Investment decisions are essential for business growth, survival, and improving shareholder wealth. However, information asymmetry can lead managers to make decisions that favour their interests over those of shareholders. Effective corporate governance can reduce these agency problems by strengthening board oversight, promoting transparency, and improving strategic decision-making.

Transparency, accountability, and security are key elements of corporate governance. Transparency provides stakeholders with the information needed to make informed decisions, while accountability ensures that organisations and their leaders are responsible for their actions. Effective corporate governance can also increase investor confidence and improve firm performance through better investment decisions.

Corporate governance is the system of rules and processes used to direct and control organisations. It defines the roles of the board, shareholders, and stakeholders, with a key focus on overseeing the board's actions and ensuring effective management. According to Jebran and Chen (2020), it serves as a system of control and monitoring in which the board supervises management's activities to ensure accountability, promote transparency, and maximize shareholder value.

Corporate governance has become a major concern due to global business failures and financial scandals, which have exposed weaknesses in accountability, transparency, and board effectiveness. In Nigeria, despite the adoption of governance regulations, weak practices, poor board oversight, managerial opportunism, and ineffective investment decisions remain challenges affecting the performance of listed firms.

Previous studies on corporate governance and investment decisions, have produced mixed findings, with positive, negative, and insignificant relationships reported (Nuraeni et al., 2024; Shazly et al., 2022; Okoro & Ibidunni, 2019; Rodrigues et al., 2019). Moreover, limited research has examined the

combined effect of these variables, particularly within Nigeria's consumer goods sector, creating a gap that further research can address. The relationship between corporate governance and investment decisions is increasingly important. Understanding this relationship helps policymakers, regulators, and business leaders promote sustainable practices and enhance shareholder value.

The Nigerian consumer goods sector is important to the economy and this raises concerns about whether corporate governance is effectively improving investment decisions of the sector. Therefore, the study examines the effects of corporate governance mechanisms on investment decisions of quoted consumer goods firms in Nigeria, providing useful evidence for managers, investors, policymakers, and regulators.

2. Literature Review

2.1 Conceptual review

2.1.1 Corporate Governance

Corporate governance provides a framework for achieving organizational objectives by defining the distribution of rights, responsibilities, and decision-making authority among stakeholders (OECD, 1999). Effective corporate governance mechanisms help reduce information asymmetry, prevent excessive control by individuals or specific departments, and ensure that organizational activities remain aligned with the company's mission, vision, and values (Okoye et al., 2020). Corporate governance establishes the rules and processes through which corporate decisions are made, organizational objectives are formulated, strategies for achieving these objectives are developed, and performance is monitored and evaluated.

Measurement of Corporate Governance

Corporate governance can be measured by any of the mechanisms that serve as its components. These include

Board Size – Board size refers to the number of directors responsible for overseeing a company's affairs and making key financial and strategic decisions. The board provides oversight of management, protects shareholders' interests, sets strategic direction, formulates policies, and supports effective organizational decision-making.

Empirical studies on board size and investment decision have produced mixed results. While the optimal board size remains debated, smaller boards are often viewed as more effective because they improve communication, coordination, and decision-making while strengthening managerial oversight and reducing agency problems.

Board Independence - The importance of independent directors in corporate governance has increased significantly following major corporate collapses, such as Enron and WorldCom. Independent directors serve as an essential governance mechanism by providing objective oversight, assisting management, and monitoring managerial actions to mitigate agency problems, enhance accountability, and increase financial performance (Raza et al. 2024). The role of the board is crucial in ensuring that managers do not place their personal

interests above those of the company (Lu & Wang, 2015). However, insider directors may be more inclined to support management because of their close relationship with the managers and their access to more detailed and reliable information about the company's activities.

According to Raza et al. (2024), Independent (external) board members are able to provide more objective recommendations due to their limited involvement in the firm's daily operations and managerial activities. While internal directors often focus on short-term economic objectives, external directors tend to emphasize long-term sustainability and broader strategic perspectives. Therefore, appointing an independent board with diverse expertise, knowledge, and professional backgrounds can enhance the availability of innovative ideas and alternative viewpoints, which may be limited within a more homogeneous board structure. Board independence can enhance the effectiveness of the board by strengthening its ability to monitor and control management.

Board Gender Diversity - Board diversity represents an essential part of board composition; therefore, board composition can be viewed as encompassing both board diversity and board independence. Board diversity consists of various dimensions, including gender, age, educational background, and racial diversity among board members (EmadEldeen et al., 2021).

Audit Committee - The audit committee is also a significant element of corporate governance and is a legally required mechanism for public companies to enhance accountability, transparency, and effective oversight.

2.1.2 Investment Decisions

Investment refers to the allocation of present financial resources toward productive assets or projects with the expectation of generating future cash flows, increasing shareholders' wealth, and improving the firm's financial performance over time. Investment decisions are generally based on two main considerations: portfolio selection and profitability. Investment decisions are among the most critical choices a firm makes because they directly influence the firm's value and involve allocating financial resources efficiently to generate returns. According to Shazly et al (2022), the investment decision by the investor depends on the characteristics of the investor in terms of the type of risk he accepts and the degree of his confidence in the information he obtains to analyze the various investments. Efficient use of funds determines the level of returns generated from investments. When firms invest, they take advantage of opportunities to strengthen their competitive advantage. Increased investment often leads to higher returns on assets and equity, although the benefits are usually realized in the future rather than immediately. Firms with strong investment opportunities tend to have better growth prospects, which can positively influence stock prices and overall firm value.

2.1.2.1 Measurement of Investment Decisions

Investment has been measured using different proxies. Okere and Ibidunni (2019) employed the ratio of natural logarithm of

total amount of shareholders fund to the value of shareholdings by investors. Soliman (2020) expressed investment as capital expenditures scaled by net PPE at the beginning of the year. Njogo and Aderogba (2021) measure investment by the amount of new investment. Ali et al (2021) measured investment as net tangible fixed assets plus depreciation.

Total asset growth and assets utilization were used by Saiful-Islam et al (2020) and Noor et al. (2024) to measure investment. According to Nuraeni et al (2024), investment was represented by book to market value of assets; market to book value of equity; ratio of capital expenditure to book value of assets; and ratio of capital expenditure to market value of assets. Kashani and Shiri (2022) used the ratio of a firm's total non-current assets to the book value of total assets.

2.2 Theoretical Review

2.2.1 Stewardship Theory

Stewardship theory views board members as responsible stewards who prioritise the firm's long-term success and value creation over personal interests. It suggests that directors achieve both organisational goals and personal or professional fulfilment through the success of the firm.

Stewardship theory suggests that aligning managers' interests with those of shareholders reduces agency conflicts. It views managers and executives as responsible stewards who use organisational resources effectively. Their involvement in the board can therefore improve decision-making, commitment, and alignment with the firm's long-term goals.

2.2.2 Agency Theory

Agency theory recognizes that managers and shareholders may have conflicting interests. While shareholders seek long-term growth and higher returns, managers may pursue personal benefits such as higher salaries, job security, business expansion, or career advancement. These conflicting interests can create agency problems and negatively affect firm performance.

Consequently, differences in risk preferences between principals and agents may give rise to agency conflicts. However, when managers or executives are motivated by factors such as self-fulfillment, goal achievement, and organizational commitment, their personal objectives are more likely to align with the goals of the organization (Schillemans & Bjurström, 2020).

In line with agency theory, non-executive and independent directors are important for monitoring managers, reducing conflicts of interest, and promoting accountability. An independent board can provide objective oversight and improve decision-making, which may enhance firm performance. Malik and Makhdoom (2016) found that board independence significantly influences firm performance.

2.2.3 The Capital Asset Pricing Theory (CAPT)

The Capital Asset Pricing Model (CAPM), developed in the early 1960s by Treynor, Sharpe, Lintner, and Mossin, explains the relationship between an asset's risk and expected return. It

builds on Markowitz's portfolio theory and focuses on the risk-free rate, market portfolio, and efficient markets. Beta is central to the model because it measures an asset's systematic risk and helps determine its expected return.

CAPM is relevant to the study because it explains how investment risk influences expected returns. It provides a basis for understanding investment decisions and how investments in non-current assets may affect the financial performance of firms.

2.2.5 The Q Theory of Investment

The Q Theory of Investment suggests that firms compare the market value of their capital with the cost of replacing or acquiring it. When Q is greater than 1, the market value of assets exceeds their replacement cost, encouraging firms to invest and expand. Conversely, when Q is below 1, investment becomes less attractive because the market value of assets is lower than their recorded or replacement value. Therefore, higher Q values generally encourage greater investment in capital projects.

2.2.6 The Efficient Market Hypothesis

The Efficient Market Hypothesis, developed by Fama (1970), is based on the proposition that security prices adjust to available information in an efficient market. Consequently, information that becomes publicly available should be incorporated into prices, making systematic prediction of future price movements difficult.

Empirical Review

Studies from European countries such as Rodrigues et al. (2019) focus on the relationship between governance mechanisms and R&D investment using a sample of large companies listed in European countries. The data cover the period from 2002 to 2013. These data are analyzed using an econometric panel data method and the recently developed method of panel data fuzzy-set qualitative comparative analysis. The results reveal the importance of institutional context and highlight the configurations of governance mechanisms that lead to high and low levels of R&D investment. These findings are relevant for companies aiming to adopt the most suitable governance mechanisms to pursue their R&D objectives and for policymakers interested in promoting R&D investment. Similarly, Sprenger and Lazareva (2021) examined how corporate governance affects financing constraints and investment decisions in unlisted firms in an emerging market. The study found that stronger shareholder protection reduced firms' dependence on cash flow for investment, especially where there was an outside controlling owner. However, transparency did not have a similar effect. The findings suggest that effective corporate governance can ease financing constraints and support better investment decisions.

Studies from developing countries such as Agyei et al. (2022) examined how institutional quality influences the relationship between corporate governance and foreign portfolio investment in 33 Sub-Saharan African countries. The study found that strong corporate governance, effective boards, good auditing and reporting standards, and well-regulated securities markets

encourage foreign portfolio investment, while weak shareholder protection discourages it. It concluded that improving both corporate governance and institutional quality can help attract more foreign investment to the region. Equally, Shazly et al. (2022) examined the effect of corporate governance and audit quality on investment decisions in Egypt's construction sector using 97 questionnaires. The study found that both corporate governance and audit quality significantly and positively influence investment decisions, with investors considering effective governance, auditor competence, and independence when making investment choices.

Kashani and Shiri (2022) also examined the effect of corporate governance on investment efficiency and financial disclosure risk among 140 Tehran Stock Exchange firms from 2015–2021. The study found that stronger corporate governance generally improves investment efficiency and reduces disclosure risk, particularly in growth and mature firms and among larger companies. However, its effects vary by firm characteristics, as governance was linked to lower investment efficiency and higher disclosure risk in declining and smaller firms. While Nuraeni et al. (2024) examined the effects of corporate governance, capital structure, and investment opportunities on bank performance, considering credit risk as a moderating factor. Using 20 Indonesian listed banks, the study found that credit risk significantly influences these relationships. It strengthens the effect of corporate governance on bank performance and enhances the impact of investment opportunities, but weakens the effect of capital structure. The study recommends strengthening governance, optimizing capital structure, and managing investment opportunities while considering credit risk.

In Nigeria, Okere and Ibidunni (2019) found that corporate governance mechanisms such as board size, board independence, and audit committee independence significantly and positively influence shareholders' investment decisions in Nigerian listed banks. The study highlights that effective governance strengthens investor confidence and promotes informed investment choices. It recommends stronger governance and accounting standards to improve transparency, accountability, and the reliability of financial information. Similarly, Adewole et al. (2023) found that foreign investor presence significantly influences corporate governance in Nigerian non-financial firms. The study also found a positive relationship between effective corporate governance and investment decisions, as good governance improves decision-making and strengthens investor confidence. It recommends stronger governance frameworks and greater involvement of foreign investors in promoting sound corporate governance practices.

3. Methodology

An ex-post facto research design was adopted, and descriptive statistics, correlation analysis, and panel regression were employed for data analysis. The study population comprised all 20 quoted consumer goods firms listed on the Nigerian Exchange Group (NGX) as of December 31, 2024 (Nigeria Exchange Group, 2024).

Purposive sampling technique was adopted, whereby firms were selected based on specific criteria relevant to the study rather than through random selection. This technique enabled the selection of firms with relevant and reliable data, thereby reducing the time, cost, and effort associated with random sampling. The selection criteria required that the firms had been quoted on the Nigerian Exchange Group (NGX) before January 1, 2020; had accessible and complete data for the study period; and had not been delisted during the period under review. After applying these criteria, fifteen (15) firms were selected as the study sample. Secondary data were obtained from the annual reports and audited financial statements of the selected firms. The data covered the period from 2020 to 2024.

Measurement of Variables

Investment decisions (dependent variable) were proxied by Growth of total assets (GTA), measured as the ratio of the difference between total assets at the end of the year and total assets at the beginning of the year to total assets at the beginning of the year (Noor et al., 2024; Saiful-Islam et al., 2020)

Corporate governance (independent variable) was proxied by board size, audit committee independence, board independence and board gender diversity

Board size (BSZ) - Total number of board members (Adewole et al., 2023; Alabi et al., 2022; Zelalem et al., (2022; Mohammed, 2020; Okere & Ibidunni, 2019; Nuraeni et al., 2024; Soliman, 2020)

Audit committee independence (ACI) - Number of non-executive directors divided by total number of audit committee members. (Adewole et al., 2023; Okere & Ibidunni, 2019; Nwaiwu, 2014)

Board independence (BDP) - Ratio of non-executive directors to total number of directors. (Adewole et al., 2023; Okere & Ibidunni, 2019; Soliman, 2020)

Board gender diversity (BGD) - Ratio of number of female in board to total board members. (Alabi et al., 2022)

Firm size (control variable) - Firm size is measured as natural logarithm of total assets (Al-Gamrh et al., 2020; Kashani & Shiri, 2022)

Firm Age (control variable): Firm Age (FAG) is measured as the logarithm of the difference between the current year and the firm's year of incorporation

Leverage (control variable) – Leverage (LEV) is measured as the ratio of total liabilities to total assets. (Al-Gamrh et al., 2020; Kashani & Shiri, 2022)

Model Specification

Multiple regression analysis was employed to achieve the stated objectives. The model developed by Okere and Ibidunni (2019) was adapted for the study. The adapted model is specified as follows:

$$INVD_{it} = \beta_0 + \beta_1 BSZ_{it} + \beta_2 BDP_{it} + \beta_3 ACI_{it} + \mu$$

The original model did not include any control variables. Therefore, the model was modified by incorporating additional corporate governance variables and control variables to suit the objectives of the present study. The modified model was specified as follows:

$$GTA_{it} = \beta_0 + \beta_1 BSZ_{it} + \beta_2 ACI_{it} + \beta_3 BDP_{it} + \beta_4 BGD_{it} + \beta_5 FSZ_{it} + \beta_6 FAG_{it} + \beta_7 LEV_{it} + \mu$$

Where

GTA_{it} = Growth of total assets of firm i in period t

BSZ_{it} = Board size of firm i in period t

ACI_{it} = Audit committee independence of firm i in period t

BDP_{it} = Board independence of firm i in period t

BGD_{it} = Board gender diversity of firm i in period t

FSZ_{it} = Firm size of firm i in period t

FAG_{it} = Firm age of firm i in period t

LEV_{it} = Leverage of firm i in period t

β_0 = constant term

β_1 - β_8 = coefficients of variables or slopes of the equation

μ = stochastic variable absorbing other factors excluded in the model.

4. Results and Discussions

4.1 Descriptive Statistics

Table 4.1 Descriptive Statistics

	Mean	Maximum	Minimum	Std. Dev.
GTA	0.208860	1.704200	-0.610100	0.303042
BSZ	9.440000	15.00000	5.000000	2.255564
ACI	0.425809	0.600000	0.200000	0.070289
BDP	0.758441	0.933300	0.428600	0.128232
BGD	0.247851	0.571400	0.000000	0.154656
FSZ	7.827575	9.173900	5.815400	0.844153
FAG	55.65333	101.0000	15.00000	20.83039
LEV	0.668611	1.297400	0.270500	0.215520

Source: Researchers' computation (2026)

As per table 4.1, the results reveal that the average growth in total assets (GTA) is 20.89 percent, with a standard deviation of 30.30 percent, showing considerable variation in asset growth among the firms. The values range from a minimum of -61.01 percent to a maximum of 170.42 percent, suggesting substantial differences in the pace of asset expansion across the sampled companies.

The findings indicate that the average size of the board of the quoted companies is nine (9) directors. The results further reveal that the minimum board size among the quoted companies in Nigeria is five (5) directors, while the maximum board size is fifteen (15) directors.

The average audit committee independence is 0.425809, with values ranging from 0.2000 to 0.6000. Similarly, board independence ranges from a minimum of 0.4286 to a maximum of 0.9333, average value of 0.758441 and a standard deviation of 0.128232. These results indicate that, on average, the sampled firms exhibit a relatively high level of board independence, although the variation in the values suggests differences in governance structures of the firms.

4.2 Correlation Analysis

Table 4.2 Correlation Matrix

	GTA	BSZ	ACI	BDP	BGD	FSZ	FAG	LEV
GTA	1.0000							
BSZ	0.0954	1.0000						
ACI	0.0222	0.1094	1.0000					
BDP	-0.0088	0.3284***	0.2829**	1.0000				
BGD	-0.0261	-0.0574	-0.3106***	0.1844	1.0000			
FSZ	0.1541	0.5460***	-0.1938	0.2332**	0.2836**	1.0000		
FAG	-0.1011	0.2765**	-0.2331**	-0.3588***	0.1176	0.3067***	1.0000	
LEV	0.1049	-0.1111	-0.3148***	-0.3376***	0.0700	0.3051***	0.0118	1.0000

Source; Researchers' computation (2026)

***, ** and * denote statistical significance at 1%, 5% and 10% level respectively

The results presented in Table 4.2 indicate that BSZ has significant positive relationships with BDP, FSZ, and FAG, suggesting strong associations among these variables. Conversely, BSZ shows negative but insignificant relationships with BGD and LEV, while its positive relationships with ACI and GTA are also statistically insignificant.

The correlation analysis shows that ACI has a significant positive relationship with BDP, while it has significant negative relationships with BGD, FAG, and LEV. Additionally, ACI demonstrates an insignificant positive association with GTA and an insignificant negative association with FSZ.

BDP has significant positive relationship with FSZ, while it exhibits significant negative relationships with FAG and LEV. However, BDP shows an insignificant positive association with BGD and an insignificant negative association with GTA.

BGD has a significant positive relationship with FSZ, whereas its relationships with GTA, FAG, and LEV are statistically

insignificant. Specifically, BGD is negatively associated with GTA but positively associated with FAG and LEV, although these relationships are not significant.

The correlation analysis shows that GTA has insignificant positive relationships with FSZ and LEV, while its relationship with FAG is negative and insignificant. Furthermore, FSZ exhibits significant positive relationships with FAG and LEV, whereas FAG and LEV have a positive but statistically insignificant association.

Correlation analysis assists in detecting the possibility of multicollinearity. Statistically, multicollinearity is said to occur when two independent variables are highly related with each other which may display redundant information in the regression analysis. The correlation test helps the researcher examine the relationships among the variables and identify any potential multicollinearity problem. The results in Table 4.2 indicate the absence of serious multicollinearity among the variables, as all correlation coefficients are below 0.70. This suggests that the variables have no strong linear association and are suitable for inclusion in the regression models.

4.3 Interpretation of Regression results

Table 4.3

Regression Results 3

Dependent variable: GTA

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-9.222257	2.377209	-3.879447	0.0003
BSZ	0.005282	0.042906	0.123113	0.9025
ACI	0.908573	0.762879	1.190979	0.2390
BDP	0.777520	0.628945	1.236229	0.2218
BGD	-0.018467	0.644315	-0.028661	0.9772
FSZ	2.253203	0.392443	5.741475	0.0000
FAG	-0.168927	0.044948	-3.758320	0.0004
LEV	0.259503	0.297428	0.872488	0.3869
R-squared		0.483077		
F-statistic		2.358563		
Prob(F-statistic)		0.006097		
Breusch-Pagan LM test (<i>p</i> -value)		8.878581 (0.0029)		
Hausman test (<i>p</i> -value)		36.430749 (0.0000)		

Source: Researchers' computation (2026)

Pooled ordinary least square (POLS) was initially estimated under the assumption that the intercept was equal across firms and years. Subsequently, the Breusch-Pagan Lagrange Multiplier (BPLM) test was conducted to determine the appropriateness of the POLS model relative to the fixed effects model (FEM) and random effects model (REM). The null hypothesis (H_0) of the BPLM test, which states that the POLS model is more appropriate than the FEM and REM was rejected at the 1% significance level ($p < 0.01$). This indicates that the POLS model was not the most suitable estimation technique for the study and that a panel effects model was more suitable. Consequently, further examination of fixed and random effect models was conducted using Hausman test to determine the

more appropriate model between the two. The null hypothesis (H_0) of the Hausman test states that the REM is appropriate, while the alternative hypothesis (H_1) states that the FEM is appropriate. Based on the test outcome, the null hypothesis was rejected, indicating that the FEM was the more appropriate model for estimating the relationship between the variables. Therefore, the Fixed Effects Model (FEM) was adopted for the study.

The regression results presented in Table 4.3 show that BSZ has a positive but statistically insignificant effect on investment decisions, measured by growth of total assets (GTA). This indicates that an increase in BSZ is associated with an increase in GTA, and vice versa. The results further show that a one-unit

increase in BSZ is associated with an estimated 0.01% increase in GTA. However, the effect of BSZ on GTA is statistically insignificant, implying that changes in board size do not significantly influence investment decisions.

The regression estimates further reveal that audit committee independence (ACI) has a positive association with GTA. This indicates that an increase in ACI is associated with an increase in GTA, while a decrease in ACI is associated with a decrease in GTA. Specifically, a 1% increase in ACI is associated with an estimated 0.91% increase in GTA, whereas a 1% decrease in ACI is associated with an estimated 0.91% decrease in GTA. However, this relationship is statistically insignificant, indicating that changes in ACI do not have a statistically significant effect on GTA.

Similarly, board independence (BDP) exhibits a positive relationship with the growth of total assets (GTA). This indicates that an increase in BDP is associated with an increase in GTA, while a decrease in BDP is associated with a decrease in GTA. Specifically, a 1% increase in BDP is associated with an estimated 0.77% increase in GTA, whereas a 1% decrease in BDP is associated with an estimated 0.77% decrease in GTA. However, the effect of BDP on GTA is statistically insignificant ($t = 1.236229$, $p > 0.05$). This implies that variations in BDP do not significantly influence investment decisions.

The regression results further indicate that board gender diversity (BGD) has a negative relationship with GTA. An increase in BGD is associated with a decline in GTA, suggesting that higher levels of board gender diversity may correspond to reduced GTA., while a reduction in BGD will result in an increase in GTA. The findings indicate that a 1% increase in BGD will reduce GTA by approximately 0.02%, while a 1% decrease in BGD will increase GTA by approximately 0.02%. However, the effect of BGD on GTA is statistically insignificant, indicating that changes in board gender diversity do not significantly explain variations in investment decisions.

The results reveal a positive and statistically significant relationship between firm size (FSZ) and growth in total assets. An increase in firm size contributes to higher asset growth. Specifically, a 1% increase in FSZ results in an estimated 2.25% increase in GTA, while a 1% decrease in FSZ leads to an estimated 2.25% decrease in GTA. FSZ has a statistically significant effect on GTA ($t = 5.741475$, $p < 0.01$). Therefore, changes in firm size significantly influence investment decisions.

Furthermore, firm age (FAG) exhibits negative association with GTA, which means that an increase in FAG leads to a decline in GTA, and vice versa. That is, a 1% increase in FAG leads to an estimated 0.17% decrease in GTA, while a 1% decrease in FAG leads to an estimated 0.17% increase in GTA. FAG has a statistically significant effect on GTA ($t = -3.758320$, $p < 0.01$). This confirms that the older firms significantly influence investment decisions.

Finally, leverage (LEV) demonstrates a positive but statistically insignificant influence on GTA. A rise in leverage will result in a rise in GTA, while a decrease in leverage results in a decline

in GTA. Leverage does not have a statistically significant effect on investment decisions ($t = 0.872488$, $p > 0.05$).

Discussion

The findings reveal that all proxies of corporate governance have statistically insignificant effects on investment decisions as measured by growth in total assets (GTA). This result suggests that the growth in total assets is not significantly influenced by corporate governance mechanisms examined in the study. Therefore, the findings indicate that corporate governance mechanisms do not significantly determine the investment decisions of the firms under consideration.

The p-values associated with all corporate governance proxies are greater than the threshold of 5% significance level, providing evidence that the relationship is statistically insignificant. As a result, the study accepts the null hypothesis, therefore, corporate governance mechanisms do not significantly explain variations in investment decisions among the sampled firms.

In summary., the results of the econometric analysis do not support the hypothesis because the coefficient is not statistically significant. The findings show panel data can be useful to describe the relationship between corporate governance and investment. The positive relation of the board size may be due to the high investment that can occur in the presence of large boards. However, the statistically insignificant effect of board size may be attributed to potential delays in decision-making and coordination challenges associated with larger boards.

For the board independence, independent directors are expected to contribute to better monitoring and mitigation of agency problems which is consistent with the positive coefficient obtained in the econometric panel data analysis.. The relatively high levels of investment observed may therefore suggest that other factors, rather than board independence, play a more significant role in determining the investment decisions of the firms.

The results show a positive relationship between audit committee independence and investment, suggesting that independent audit committee members may enhance monitoring and support higher levels of investment. In contrast, board gender diversity has a negative relationship with investment, indicating that higher levels of gender diversity may be associated with lower levels of investment. The findings of this study are consistent with those of Rodrigues et al. (2019) and Nwaiwu (2014), but differ from those of Okere and Ibidunni (2019).

Conclusion

The study concluded that corporate governance variables did not significantly influence investment decisions during the study period. Therefore, greater attention should be given to investment decisions to enhance firm performance. The study also found that a board dominated by non-executive directors (NEDs) had no significant effect on firm performance. This may be attributed to the possibility that the selection of some NEDs is influenced by political affiliations and social

connections rather than by their professional expertise, industry experience, and capacity to contribute effectively to strategic decision-making. Such appointments may be intended to facilitate business activities and access to business opportunities and contracts.

The study recommends periodic reviews of corporate governance practices and board structures to enhance board effectiveness, strengthen strategic decision-making, and promote sustainable shareholder value.

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