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Does Privatization improve Corporate Governance and Profitability? Evidence from Cement Company of Northern Nigeria

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Abstract

The paper study how Privatization improves Corporate Governance and Profitability of Cement Company of Northern Nigeria. Data was collected from secondary sources, and the statistical tools employed in the Methodology were descriptive statistics and OLS regressions. The study aimed at bridging literature gap on studies that relate corporate governance and privatization policy in Nigeria. The results suggest that, The result suggest that, the company has lower market capitalization, private sector and foreign investors have concentrated ownership, bigger board size, lower percentage of executive directors and higher percentage of non-executive directors, Board chairmen were not the chief executives and chairmen audit committees were non-executive directors, lower workforce, higher percentage of management staff small percentage of non-management staff, lower profitability, products demand depended on government capital projects, The Company purchased 5MW power plant in 1991, macro-economic challenges such as devaluation of naira, energy sector crisis, foreign exchange rate, inflation, trade liberalization, inconsistent stabilization policies, political instability and banks' strikes and weak private sector. Inferential result reveals that, has state ownership, percentage of management staff, percentage of non-management staff and privatization have positive and significant relationship with profitability. However, minority ownership has a negative and significant relationship with profitability. Based on these findings, the researcher arrived at the conclusion that, Corporate governance has significant impacts on profitability of Cement Company of Northern Nigerian. Even though, unfavourable macroeconomic environment militated against its efficiency. The study recommends that, government needs to introduce macroeconomic stabilization measures that will improve effective demand of cement products particularly with the problem of withdrawal of fuel subsidy in the economy. The company should, as a matter of necessity, design strategies that will; create international market opportunities, enhance security measures, cheap inputs, efficient financial and inventories management that will improve profitability post privatization.

Keywords: Privatization, Corporate governance, Profitability, Cement Company of Northern Nigeria

JEL Classification: G34, L33,

1. Introduction

Nigerian government introduced Privatization policy in 1986 as one of the key components of Structural Adjustment Program package that was made as a condition for obtaining World Bank loan by the Military Administration of Babangida's Regime in order to address financial predicament of the country. However, political instability of the country that led to macroeconomic policy inconsistency affected its efficiency. Nevertheless, the policy continued till date and Cement Company of Northern Nigeria was Privatized in 2001. One of fundamental objectives of introducing the policy globally, was to mitigates the corporate governance inefficiency of public corporations emanated from prodigality of their respective managements, board of directors, political leaders and gladiators that were using political powers to misappropriate the resources of the corporations, which resulted to infliction of financial burden on the fiscal responsibilities of the countries. Fortunately, the policy created a conducive environment for effective corporate governance to balance the incompatible interests of stakeholders and spur healthy growth among corporate goals, particularly, profitability. It became a strong and efficient mechanism for restraining expropriation and securing national and international finance to introduce new production methodologies, professional workers as well as excellent stewardship in the corporation (Masu-Gombe, 2021). Thus, privatization is shifting the responsibilities that were done completely by the public sector to the private sector (Aktan, 1991).

Practically, the free market economic system rely on the effectiveness of their firms that is been resolute by the ethics of the Board of Directors and the corporate leadership decision making. Their style of operations in the appropriate manner of honesty, lucidity, truthfulness and answerability, in serving the reticent concern of corporate stakeholders and its overall goals, resolute altitude of investors' coolness and the protection of the assets invested in a corporation; which is the quintessence of any system of good corporate governance (Masu-Gombe, 2021). "Greater clarity to the respective responsibilities of directors, shareholders and auditors strengthen trust in the corporate system. Thus, corporate governance is the system by which companies are directed and controlled'' (Cadbury, 1992). Malfunctioning in the corporate governance system in a country's firms, unquestionably, lead into disagreement that will affect firms' stewardship and performance that will result to negative overrun on the economy governance (Masu-Gombe, 2021).

Academic research on privatisation related to corporate governance is a latest trend that is receiving less concentration from intellectual sphere and policy makers in Nigeria (Okeahalam, & Akinbode, 2003 Masu-Gombe 2021). To this effects, the study is aimed at bridging the literature gap. The study has broad and specific objective. The broad objective is to study how Does Privatization improves Corporate Governance and Profitability of Cement Company of Northern Nigeria. The specific objectives are; To ascertain the changes on corporate governance proxies, to identify the challenges of Cement Company of Northern Nigeria post privatization and to examine the significance of corporate governance on the profitability of Company of Northern Nigeria. Business Schools and academic institutions in Nigerian have courses on corporate governance at postgraduate and undergraduate levels; similarly, specialized institutions and some managerial agencies have study department subjected to the theme in Nigeria. This means that, the result will

contribute to; knowledge, academics, policy makers, cement industry and the economic environments of the country at large.

2. Literature Review

Concept of Privatization

Aktan (1991) posits that privatization is shifting the responsibilities that were done completely by the public sector to the private sector. The narrow meaning defines privatization as the auction of public enterprises' possessions or shares partly or fully to private sector. On the other hand, the broad meaning defines privatization as relocation of functions entirely executed by the public sector to the private sector. It comprises all production or laws adopted to enhance the functions of market forces within an economy. He further states that privatization and denationalization are used interchangeably in literature. Denationalization is the transfer of fifty percent or all shares or assets of public corporations to private sector. If we perilously study the connotation of denationalization it is almost the same with the narrow meaning of privatization (Masu-Gombe 2024). It provides enabling environments for efficient corporate governance mechanisms operation. It encourages countries to embark on legal framework reform that will suit market oriented economic system. Krakovsy (2000) posits that privatization compels countries to promulgate laws that enhance shareholders' right, investors' protection, and strengthening the board monitoring function. The laws will spell out the responsibilities of all corporate participants which mitigate the conflict between the management and other stakeholders. This creates a conducive atmosphere for the board of directors and the management to exercise their rights and duties without much conflicts. It makes the corporate governance of the privatized firms reflect the interest of shareholders and support the role of other stakeholders.

Privatization changes the position of directors from passive and crisis manager to proactive by empowering them with the authority to monitor company and management's performance as well as granting them access to current and viable information. Withdrawal of impediments to accurate and timely flow of information makes the directors to get acquainted with burning issues requiring immediate attention and their involvement in the activities of the company, permit them to have a forceful voice to express opinion, investigate issues and allegations thoroughly, and moreover, restrain management from disregarding their observations and recommendations. This development, creates conducive atmosphere for mutual understanding, respect as well as effective decision making between the directors and management (Donaldson, *et al*., 1995, Salmon 2000). It creates competition and market scrutiny that discipline managers and force privatized firms to adhere to accounting standard in financial and operating activities (Grossfield and Iraj 2003, Vitezič, 2004). It enhances corporate governance's allocative and productive efficiencies, widespread private ownership, and above all, brings an end to inefficiency of public enterprises.

Concept of Profitability

Profitability is the ability of corporate governance to transform company's assets to earn profit. It reveals how corporate governance can use all resources available in the market to generate returns on investment. profitability is the ability of an investment to earns return

from its use." However, the term Profitability is not synonymous to the term 'Efficiency'. Profitability is an index of efficiency; and is regarded as a measure of efficiency and management guide to greater efficiency (Harward & Upton 1961). On the other hand, profitability Ratio is a financial performance that measures the extent to which corporate governance is organizing the corporate resources profitably (Ainworth, et al., 1997). Furthermore, Dhamija, (2010) posit that, is an indicator of how profitable a corporations are in relation to its resources. It gives an insight on efficiency of corporate governance in utilizing corporate resources to generate earnings. The ratio estimates performance from a backward-looking perspective and reflects what the corporate governance has achieved.

According to Will (2019) profitability ratio is a class of financial computation that is used to evaluate corporate governance ability to generate income relative to its revenue, operating costs, balance sheet assets, and shareholders' equity over time, using data from a specific point in time. He argues that profitability ratios reveals how healthy corporate governance used corporate wealth to generate income and value for shareholders, provide historical information for comparing past and present performance and performance of other companies in the industry. He further states that, having a higher profitability rate comparative to a competitor's ratio or previous performance means the company is doing well. He divided Profitability Ratio into two categories: Margin Ratios and Return ratios. Margin ratios give clue on ability of company to twirl sales into profit. Profit Margins are used to measure a company's profitability at various cost levels, including gross margin, operating margin, pretax margin, and net profit margin. The margins shrink as layers of additional costs are taken into consideration, such as the cost of goods sold (COGS), operating and non-operating expenses, and taxes paid. Gross margin measures how much a company can mark up sales above COGS.

Operating margin is the percentage of sales left after covering additional operating expenses. The pretax margin shows a company's profitability after further accounting for non-operating expenses. Net profit margin concerns a company's ability to generate earnings after taxes. Return ratios examine how well a company generates returns for its shareholders. In this regards, profitability is assess relative to costs and expenses, and it is analyzing in comparison to assets, to see how effective a company is in deploying assets to generate sales and eventually profits(Masu-Gombe and Aliero H. 2021). The term return in assets ratio refers to net profit or net income, that means is the amount of earnings from sales after all costs, expenses, and taxes. .Return on Equity is a ratio that concerns a company's equity holders because it measures their ability to earn a return on their equity investments. Larger assets base increases Return on Equity dramatically without any equity addition and result into higher benefit (Will, 2019).

Considering the position of kento and Harward & Upton above, we can understand the wisdom behind the perspective of corporate governance scholars for choosing return on assets as the best indicator of performance not profit Margin Ratio (Masu-Gombe and Aliero H. 2021. Kento categorized profitability ratio in two broader terms i.e Margin Ratios and Return Ratios, in this regards, Kento sees Return on Asset as performance proxy that married he interest of shareholders and their investment because its measures how management utilize resources effectively to generate returns on investment or net profit,

while Margin Ration align the interest of Management with Investment because it directed on the ability of management to revolve sales into profit. It measure gross profit that has less meaning to investors (Masu-Gombe, 2021). In addition to that, Harward & Upton (1961) view profitability ratio, particularly, return on asset as index of efficiency. This conformed to the central themes of corporate governance which is the protection of shareholders and ensuring efficient management of firm resources operationally (Masu-Gombe, 2021). The second assertion is that, their analysis reveals scholars agreement on profitability as financial measure that enable corporate stakeholders to assess investment viability as well as management operational efficacy and accountability. Thirdly, their postulations justify choice of shareholders theory as get way to the research topic (Masu-Gombe 2021).

Impact of Privatization on Corporate Governance and Firm Profitability

Masu-Gombe (2021) examine the imperative of corporate governance on priavtised industry's profitability between 1991-2011 and find that, no remarkable improvement of profitability post privatization due to challenges of exogenous factors such as macroeconomic environment instability and weak private sector which culminated in to capacity underutilization in Cement Industry of Nigeria. The industry witnessed changes in corporate governance variables such as adopting effective cost management and proactive business strategies to mitigate the adverse effect of agency problem, exposure to competition, withdrawal of Government subsidy and special grant. The result also suggests that, Board size and workforce have positive and significant impact on Cement industry’s profitability. State ownership, Institutional ownership, Minority ownership, Percentage of Executive Directors and privatization have negative and significant impact on cement industry’s profitability. Percentage of Management Staff and Percentage of Non-Executive Directors have positive and insignificant impact on Cement industry’s profitability. Total Market Value of Shares andForeign ownership has a negative and insignificant impact on Cement industry’s profitability.

Al Homaidi, et al., (2019) study the impact of corporate governance on Return on Assets (ROA), Net Interest Margin (NIM) and Earning Per Share (EPS). Result suggest that; board size has positive and significant impact on Return On Assets and Earning Per Share, however, has negative and insignificant impact on Net Interest Margin, board diligence has positive and significant impact on Return on Assets, Net Interest Margin and Earning Per Share, audit committee size has positive and significant impact Return on Assets and has negative and insignificant impact on Net Interest Margin and Earning Per Share. Institutional ownership has positive and significant impact Return on Assets and Net Interest Margin but it has negative and insignificant impact on Earnings Per Share. board composition has negative and insignificant impact on Return on Assets while has positive and significant impact on Net Interest Margin and Earning Per Share, audit committee composition has negative and insignificant impact on Return on Assets, however, has positive and significant impact on Net Interest Margin and Earning Per Share, audit committee diligence has negative and insignificant impact on Net Interest Margin and EPS while positive and significant impact Return on Assets and company age has negative and insignificant impact on Return on Assets and has positive and significant impact Earnings Per Share. Size of the company has positive and significant impact Net Interest Margin

Yameen, Farhan, and Tabash (2019) find that board directors' size and audit committee's size negatively impact the performance of Indian hotels, while board directors' composition and diligence, the audit committee's composition and diligence and foreign ownership positively affect the performance of Indian hotels measured by accounting proxies. Results also reveal that board directors' size, audit committee's size, and foreign ownership positively impact the Indian hotels' performance measured by marketing proxies, whereas board directors' composition; board directors' diligence; audit committee's composition; and audit committee's diligence have a negative impact on the performance of Indian hotels.

Aljifri and Moustafa (2007) conducted an empirical study on the impact of corporate governance mechanism on the performance of UAE's firms and they found that board size has impacted on firms' performance. Similarly, Agbaeze, Ogosi, and Chinedu (2018) find that, there is a positive correlation between profitability, number of employees and board size of Nigerian banks. The result also reveals that board size has positive and significant impact on profitability of Nigerian banks. The same thing found by Uchenna, *et al*., (2018) on Nigerian banking sector. Yousef (2016) finds that corporate governance variables have positive and significant impact on return on assets and return on equity on all listed Jordanian companies' together and industrial sector. However, price on earnings ratio is not affected. In finance and services sectors, is onlyReturn on assets was affected by corporate governance variables. Al Homaidi, *et al.* (2019) find that board size, board diligence, audit committee size, and institutional ownership have a significant impact on ROA, while board composition, audit committee composition, audit committee diligence and company age have an insignificant effect on ROA. Separation of power between CEO and board chairmanship was well pronounced in UK, Germany and Netherlands but less pronounced in US and Nigeria. Even though it had negative effects on firms' performance, nevertheless, their tenure has positive impact on profitability (Fodio, 2006; Coleman 2007; Ndama, 2010).

Similarly, D'Souza, et al., (2006) finds that profitability has significant relationship with state ownership and restructuring, but negative relationship with employment. Real sales had positive relationship with restructuring and output. Birdsall & Nellis, (2002) find that privatization affects financial and operational performance where by significantly increasing firm profitability, real sales, operating efficiency, capital expenditure, investment and dividend policies, output as well as decrease leverage.

Privatized firm's corporate governance is more efficient than state-owned firm (Megginson, *et. al.,* 2006) because they improve coverage, service quality and reliability as well as prices decline (Delfino & Casarin, 2001; Paredes, 2001; Arocena, 2001; Barjar & Uguiola, 2002). Muogbo (2013) finds that corporate governance has positive and significant relationship with privatization in terms of setting up sound corporate objectives and in maximizing shareholders wealth. This indicates that investment in privatized firms will be more profitable than investment in firms with government presence. These empirical reviews impacted positively on the paper most especially on the choice of study variables and methodology for the research.

Theoretical framework

Shareholders Model of Corporate Governance - A corporation is best able to create the goods and services needs of the society if it focused on its primary function of maximising

gains to shareholders. To this ends, shareholders exercise control over the operational and financial decisions, managers have judiciary duty to harness both human and material resources to serve the best interest of the shareholders and the overall objective of the firm is focused on maximising shareholders wealth (Iqbal, and Mirakhor, 2004). In this regard, the corporate governance structure focuses on investor-manager contract relation, not otherwise. Other corporate stakeholders like employees, suppliers, customers, creditors and community have no right over the wealth accumulated by the firm or to participate in the corporate decision making of the corporation (Masu-Gombe 2015).

To justify the arguments, Arrow-Debreu model and fundamental theorem postulate that if firms' objective is to maximise the wealth of their shareholders and individuals to pursue their own interest as embodied in the philosophy of ''*invisible hand*'' the allocation is Pareto efficient. To buttress this point, fundamental theorem states that any Pareto efficient allocation can be implemented as competitive equilibrium given lump sum of taxes. In view of these assertions, the role of firm in a society is precisely to create wealth for the shareholders as embodied in the legal framework. For this reasons corporate governance pursuing the interest of shareholders is what is required for the efficient use of resources (Masu-Gombe 2015). Conversely, Iqbal and Mirakhor (2004) and Allen and Gale (2002), argue that the firm claimant goes beyond shareholders and bondholders alone; it must include explicit and implicit contractual interaction. This is because, all corporate constituencies provide asset in return for some gains. Contracts resulted from bargaining by these constituencies over the term of their compensations from post contractual expropriations. All stakeholders are regarded as contractors with firm, with their right determined through bargaining. So, limiting firm priorities to investor- manager contract is mischievous considering the human capital invested by the employee, investment in building relationship and forgone alternative opportunities by the suppliers and customers as well as the community that provides legal framework and business environment for the firm's operation (Masu-Gombe 2015). In respect to this research work, the model is silent on changes in corporate governance due to economic reform that may arise. And it is static in a sense that its ignored externalities are discovered to be good mechanisms for corporate control in recent time apart from financers. Admirably, the model will play a great role in identifying variables that will be useful in assessing the new objective of privatized firms in Nigeria (Masu-Gombe 2015).

3. Methodology

The study used descriptive statistics, Trend Analysis and Ordinary Least Square (OLS) as statistical tools. Descriptive statistic, was used to serve objective 1 Trend Analysis was used to serve objectives 2 while ordinary least square is employed to serve objective 3. Secondary data was used from the industry's annual reports, and to enable us have a balanced data and accurate assessment, equal periods were taken pre and post privatization, spanning from 1990 to 2011. In the regression analysis, profitability ratio is used as dependent variable and fourteen corporate governance proxies as independent variables. Thus, profitability Ratio is calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as "return on investment" (Dhamija, 2010).

ROA (Return on Assets) estimates performance from a backward-looking perspective and reflects what the management has accomplished. It is an indicator of how profitable a company is relative to its total assets. It gives an idea as to how efficient management was at using its assets to generate earnings. It is calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as "return on investment" (Dhamija, 2010).

$$ROA = \frac{\text{Net income}}{\text{Total Assets}} = \frac{\text{EBIT}}{\text{FA + CA}}$$

$ROAit = \beta_0 + \beta_{01}TMVS_{1it} + \beta_{02}STOWN_{2it} + \beta_{03}INST_{3it} + \beta_{04}MINOWN_{4it} + \beta_{05}FOREI_{5it} + \beta_{06}BSIZE_{6it}\ \beta_{07}PED_{7it} + \beta_{08}PNED_{8it} + \beta_{09}DUAL_{9it} + \beta_{010}CACNE_{10it} + \beta_{011}WF_{11it} + \beta_{012}PMS_{12it} + \beta_{13}PNMS_{13it} + \beta_{14}PRIV_{14it} + + u_{it}$ ……………….…………………………..…. 1

TMVS: market value of the company shares measured market capitalization of the companies. It reveals the level of investors assessment on the quality of the company's corporate governance which persuaded them to patronize the ownership of the companies. The expect coefficient is positive. STOWN: Measures the proportion of state ownership in the firms. The larger the proportion, the higher is the undue government interference. This implies that restructuring will be difficult in the firms. The coefficient is expected to be negative. INST: measures the proportion of large institutional investors. The higher the proportion, the greater is the monitoring role of institutional investors. It also implies that managers of companies would be under pressure to perform to the expectations of institutional investors. The coefficient is expected to be positive. MINOWN: Measures the proportion of minority shareholders in the firms. The higher the proportion, the higher the expropriation due monitoring cost. This implies that management will connive with concentrated shareholders to promote their personal interests as against the minority owners. The coefficient is expected to be negative. FOREI: Measures the proportion of foreign investment in the corporations. The higher the proportion, the greater are the possibilities of infusing new talents, new technologies and restructuring. This implies that operational and financial reorganization will take place. The coefficient is expected to be positive. BSIZE: the total number of directors in the board of a company. Cohesiveness of the Board members and having diverse expertise and experience may enhance the financial performance. Unwieldy group on the other hand may be detrimental to financial performance. PED the percentage of Executive Directors on the board of directors. It is defined as the number of Executive Directors divided by the total number of directors on the board of the company. The coefficient's expected sign is positive, i.e., the lower the proportion, the more independent is the board in making decisions. PENED: the percentage of independent directors on the board of directors. It is defined as the number of independent directors divided by the total number of directors on the board of the company. The coefficient's expected sign is positive, i.e., the higher the proportion, the more independent is the board in making decisions. DUAL: a binary variable representing CEOs who also double as the chairmen of the board of directors. This variable takes the value of one if the CEO/Managing Director performs the dual role; otherwise it takes a value of zero. The coefficients expected sign is negative. This is because the effectiveness of the board as

an internal governance device will be perceived to have been compromised by the roles not being separated. On the other hand, a unity of command structure can motivate the CEO to strive for excellent performance. If this is the case, the coefficient's sign is expected to be positive. CACNE: a binary variable representing the Chairman of the Audit Committee. If the Chairman of the Audit Committee is a nonexecutive director, the variable takes the value of one; otherwise, this variable takes a value of zero. This serves to test the degree of independence of the audit committee. An independent chairman is expected to contribute to a more rigorous regime of monitoring and therefore improves performance of the company. WF: Work force measures the total number of company employees. It reveals the impact of privatization on work force. The coefficient expected sign is negative. Higher size means higher cost of corporate governance. PMS: Measures the percentage of management staff that are directly involved in the corporate decision making and policy implementation in the company. It is defined as the number of management staff divided by the total number of the workforce of the company. The coefficients expected sign is positive. PNMS; measures the total number of company employees that are not involved in the corporate governance. It is defined as the number of non management staff divided by the total number of the workforce of the company. It reveals the impact of privatization on work force. The coefficient expected sign is negative. The higher the size, the higher the cost of corporate governance. PRIVt: Privatization with time which is dummy variable. The study included the above variables of corporate governance, which have been shown to be significant for the firm performance by the literature survey. This study measured the individual effect of corporate governance variable on the firm's performance

Cement Company of Northern Nigeria Results

The results of Cement Company of Northern Nigeria were presented and analyzed accordingly at this point. The results are organized as follows; changes in corporate governance, challenges that are affecting corporate governance efficacy and the impact of corporate governance on the performance of privatized Cement Companies in Nigeria.

Change in Corporate Governance Indicators Result of Cement Company of Northern Nigeria

Under this subheading, descriptive statistics was used to present the nature and the structure of corporate governance indicators (proxies) studied as independent variable of the inferential statistics analysis. The result furnishes us with information about periodical changes that occurred on ownership structure, size of the board of directors and workforce of Cement Company of Northern Nigeria pre and post-privatization. The table below presents the distribution of results.

Table 1: Distribution of Corporate Governance Indicators of Cement Company of Northern Nigeria

OBS	TMVS	STOWN	INST	MINOWN	FOREI	BSIZE	PED	PNED	DUAL	CACNE	FSIZE	WF	PMS	PNMS	PRIVt
1990	4.54	62.8	25.4	0	1.7	12	8.3	91.6	0	1	191113105	903	0.6	99.3	0
1991	9.07	55.2	30	15	0.3	11	9.0	90.9	0	1	240021467	925	0.6	99.3	0
1992	4.61	60.5	30	15	0.3	13	7.6	92.3	0	1	347320169	1027	0.5	99.4	0
1993	4.61	60.5	30	15	0.3	13	7.6	92.3	0	1	496473	1057	0.5	99.4	0
1994	4.61	60.5	30	15	0.3	13	7.6	92.3	0	1	753199	1023	0.5	99.4	0
1995	4.61	60.5	30	15	0.3	18	16.6	83.3	0	1	692966	984	0.6	99.3	0
1996	5.77	60.5	30	15	0.3	13	7.6	92.3	0	1	667215	911	0.6	99.3	0
1997	5.77	60.5	30	15	0.3	13	7.6	92.3	0	1	689774	902	0.6	99.3	0
1998	5.77	62.5	15	22.1	0.34	14	7.1	92.8	0	1	702136	847	0.7	99.2	0
1999	5.77	25.2	11.6	22.0	42.15	11	9.0	90.9	0	1	537635	821	0.7	99.2	1
2000	7.44	24.6	10.1	19.9	45.34	9	11.1	88.8	0	1	574241	312	1.9	98.0	1
2001	1.41	25.4	6.3	19.3	51.51	12	8.3	91.6	0	1	1913905596	312	1.9	98.0	1
2002	1.41	14.4	4.0	30.0	51.48	10	10	90	0	1	3305812375	301	1.9	98.0	1
2003	1.87	11.3	3.6	14.7	51.51	9	11.1	88.8	0	1	9878093386	296	2.0	97.9	1
2004	1.87	21.3	16.1	11.7	50.79	12	8.3	91.6	0	1	591617425	297	2.0	97.9	1
2005	2.08	16.9	18.9	13.3	50.72	10	10	90	0	1	6374331109	200	3.0	97.0	1
2006	2.08	15.2	22.3	11.6	50.72	10	10	90	0	1	8042945852	297	2.0	97.9	1
2007	2.42	1.7	24.0	23.4	50.81	9	33.3	66.6	0	1	9878093386	305	1.9	98.0	1
2008	2.42	7.3	18.4	23.6	50.81	13	23.0	76.9	0	1	11868786415	297	2.0	97.9	1
2009	2.42	7.3	15.9	25.9	50.81	9	11.1	88.8	0	1	11181438919	359	1.6	98.3	1
2010	2.42	7.2	1 5.8	26.0	50.81	10	10	90	0	1	13915099146	377	1.5	98.4	1

Note: Observations (OBS), total market value of shares (TMVS), state share ownership (STOWN), institutional ownership (INST), minority ownership (MINOWN) and foreign ownership (FOREI). board size (BSIZE), percentage of executive directors (PED), percentage of non executive directors (PNED), duality of board chairman and chief executive officer (DUALITY) chairman Audit committee non executive director (CACED), firm size (FSIZE), workforce (WF), percentage of management staff (PMS), percentage of non management staff (PNMS), privatization with time (PRIVt) which is a dummy variable.
Source: Author's computations

The above Table 1 reveals that pre-privatization the total market value of share (TMVS) was less than two billion naira from 1991 to 1993. It remarkably rose to 6.5billion in 1994-1995. The market value declined to 6billion in 1996 and became about 1billion from 1997-2000. Post-privatization, the market value of the company shares was less than 1billion from 2002 to 2005. The market capitalization rose to 3.5billion in 2006 and declined to 3billion in 2007. The value rises to 3.6 billion, 4 billion, 4.5 billion, 4billion and 4.5 billion in 2008, 2009, 2010 and 2011 respectively. Based on the market capitalization of the two periods presented above, pre-privatization periods have higher market capitalization than post-privatization periods.

The result also discloses that the ownership of the company was highly concentrated in the hand of government before privatization. According to the result, government had 62.8% in 1990, 55.2% in 1991, 60.56% from 1992-1997, 62.25% in 1998 and 25.22 in 1999. Institutional ownership was 25.4% in 1990, 30% from1991-1997, 15% in 1998, 11.62% in 1999, while minority ownership was 0% in 1990, 15% from 1991-1997, 22.1% in1998, 22.01% in 1999. Foreign ownership was 1.7% in 1990, 0.3% from 1991-1997, 42.15% in 1998, 45.34% in 1999. Post-privatization the state ownership became 24.62% in 2000, 25.43% in 2001, 14.45% in 2002, 11.35% in 2003, 21.31% in 2004, 16.98% in 2005, 15.29% in 2006, 1.7 in 2007, 7.33% in 2008, 7.31% in 2009 and 7.29% in 2010. Institutional ownership became 10.12% in 2000, 6.39% in 2001, 4.05% in 2002, 3.05% in 2003, 16.18% in 2004, 18.95% in 2005, 22.36% in 2006, 24.09% in 2007, 18.4% in 2008, 15.98% in 2009 and 15.85% in 2010. Minority ownership 19.92, 19.32, 30.08, 14.77, 11.79, 13.35, 11.63, 23.4, 23.62, 25.9, 26.02 and foreign became 51.51% in 2000, 51.48 in 2001, 51.51in 2003, 50.79 in 2004, 50.72 between 2005-2006, 50.81% from 2007-2010. This implies that the ownership of the company post-privatization is not absolutely private due to government participation at all levels, unlike the ownership structure pre-privatization where both private and public institutions were stakeholders. Pre-privatization period, government has the concentrated ownership while post-privatization foreign investors have concentrated ownership.

The table above reveals that pre-privatization, the board size was 12 members in 1990, 11 members in 1991, 13 members in 1992, 1993, 1994, 18 in 1995, 13 from 1996 to 1997, 14 in 1998, 11 in 1999 and the size was reduced to 9 members in 2000. Post-privatization, the board size was 12 members in 2001, 10 in 2002, 9 members in 2003, 12 member in 2004, 10 members in 2005 and 2006, 9 member 2007, 13members in 2008, 9 members in 2009 and 10 members in 2010. The board membership exhibits similar behavior pre and post-privatization in terms of board size. The result suggests that pre-privatization periods have smaller size as compared with post-privatization. With regards to the percentage of executive directors and non-executive directors in the board, the result of pre-privatization percentage of executive directors reveals that executive directors were 8.33% in 1990, 9.09% in 1991, 7.69% from 1992 to 1994, 16.66% in 1995, 7.69% from 1996 to 1997, 7.14% in 1998, 9.09% in 1999 and 11.11% in 25% in 2000. Similarly, post-privatization result discloses that executive directors were 8.33% in 2001, 10% in 2002, 11.11% in 2003, 8.33% in 2004, 10% in 2005 and 2006, 33.33% in 2007, 23.07% in 2008, 11.11% in 2009 and 10% in 2010.

The result suggests that pre-privatization period has higher number of executive directors than post-privatization. This implies that post-privatization period had more independent decision making than pre-privatization period.

Furthermore, the pre-privatization result of the percentage of non-executive directors that occupied the board was 91.66% in 1990, 90.90% in 1991, 92.30% from 1992 to 1994, 83.33% in 1995, 92.30% in 1996 and 1998, 90.90% in 1999, 88.88% in 2000. Post-privatization result suggests that the non executive directors were 91.66% in 2001, 90% in 2002, 88.88% in 2003, 91.66 in 2004, 90% in 2005 and 2006, 66.66% in 2007, 76.92%in 2008, 88.88% in 2009 and 90% in 2010.This implies that the percentage of non-executive directors was higher post-privatization than pre-privatization. This establishes that pre-privatization there was evidence of management influence in the board decision making as against post-privatization period.

The results of duality of chairmen of the board of directors and chief executive officers and that of chairmen audit committee non-executive director reveals that in both periods of pre and post-privatization chairmen of the board of directors were not the chief executive officers. The same thing was found in respect to the chairmen audit committee, they were also non executive directors. This implies that the board of directors were independent of the executive of the company in terms of decision making, reward and punishment for misconduct of the management or any other employee because there was demarcation of responsibilities between the chairmen of the board and the chief executive officers. Similarly the chairmen audit committee has been independent directors, which means the role of audit committee in ensuring accountability and compliance with prudential guideline in financial reporting has never been compromised in both observational periods.

Workforce result shows that the total number of the employees pre-privatization was 903 in 1990, it rose to 925,1027,1057 in 1991, 1992, 1993 respectively and decline to 1023 in 1994 and rose again to 984 in 1995. It then steadily declined to 911,902,847,821, in 1996, 1997, 1998 and 1999 respectively. Post-privatization result shows that the employees were 312 in 2000, 312 in 2001, 301 in 2002, 296 in 2003, 297 in 2004, 200 in 2005, 297 in 2006, 305 in 2007, 297 in 2008, 359 in 2009 and 377 in 2010. The result reveals that the number of employees was higher pre-privatization than post-privatization. This establishes that privatization policy create unemployment and reduce the welfare of the affected families. On the other hand it reduces the cost of production that has positive spillover effect on the company's earnings.

In the case of percentage of management staff, the result shows that percentage of management staff was 0.66% in 1990, 0.65% in 1991 0.58% in 1992, 0.57% in 1993,0.58% in 1994, 0.61% in 1995, 0.67% in 1996, 0.67% in 1997, 0.71 in 1998, and 0.73% in 1999. Post-privatization result was 1.92% in 2000, 1.92% in 2001, 1.99% in 2002, 2.02% in 2003, 2.02% in 2004, 3.00% in 2005, 2.02% in 2006, 1.96% in 2007, 2.02% in 2008, 1.67% in 2009 and 1.59% in 2010.

The result shows that the percentage of management staff post-privatization was higher than pre-privatization. Considering the colossal amount of money paid to management staff which was two thousand percent higher than the total sum of the amount paid to ordinary

senior or middle or junior staff. By implication, the cost of production has also increased instead of reducing due to the reduction of employees.

Percentage of non management staff was 99.33% in 1990, 99.35% in 1991, 99.41 in 1992, 99.43% in 1993, 99.41% in 1994, 99.39% in 1995, 99.33% in 1996, 99.33% in 1997, 99.29% in 1998, and 99.63% in 1999. Post-privatization result shows was, 98.07% in 2000, 98.07% in 2001, 97.97% in 2002, 97.97% 2003, 97.00% in 2004, 97.97% in 2005, 98.03% in 2006, 98.32% in 2007, 97.97.10% in 2008, 98.32% in 2009, and 98.40% in 2010.

The result reveals that the percentage of non-management staff was higher pre-privatization. This means that employment opportunity was higher, there was relatively fair redistribution of income in the society and the standard of living was relatively better off than post-privatization.

Challenges of Corporate Governance Efficiency on the Performance of Cement Company of Northern Nigeria

Under this subheading, factors affecting the efficiency of corporate governance on the performance of Cement Company of Northern Nigeria were identified and analyzed using performance trend analysis model. Certified chairmen statements, auditors' reports and directors' reports furnished in the annual reports were used in identifying the factors affecting corporate governance. The table below presents the results accordingly.

Table 2: Distribution of Performance Trend Analysis Results of Cement Company of Northern Nigeria

Observation	Profitability Ratio %
1990	0.01
1991	0.02
1992	0.03
1993	0.001
1994	0.04
1995	0.001
1996	0.001
1997	0.001
1998	0.001
1999	-6
2000	-
2001	-3
2002	157
2003	39
2004	0
2005	0
2006	0
2007	0
2008	0
2009	0
2010	0

Source: Author's computations

In 1990, the corporate governance of Cement Company of Northern Nigeria became proactive in discharging duty of Care by deciding effort and resources to build and commission a 5MW power plant aimed at containing and alleviating the problem of energy sector crisis, being one of the major inputs of cement production that has been threatening efficient daily operational activities of the company. It approved the purchase of new Pay Loader to relieve the pressure of quarry operation and computerized its finance department to enhance efficiency in keeping financial records. These measures, eventually, culminated in increasing plants' capacity utilization to 49% in 1990 which resulted in increasing cement production to 240,567 tones and clinker production to 243,761 tones. Admirably, the multiplier effects of the capital investment decision manifested in Operational Efficiency results of table 4.6, where the ratio of turnover to company's assets were 0.38 times in 1990, 0.39 times in1991 and 0.5 times, in 1992.

Despite the progression, the results were not impressive; the company's corporate governance needs to embark on aggressive marketing campaign to ensure that the total sales justify the investment in assets. In most ideal situations the total sales should be at least twice more than the total assets. However, the results exhibit that the company assets were not fully utilized. During the year the company introduced new welfare policies such as implementation of new minimum wage, improved staff housing, rent allowances, transport subsidy, building of staff canteen, rehabilitation of clinic, payment of retirement benefits, insurance , increased financial charges, while 73% of the staff attended various training as well as employed the disabled as part of social responsibilities observed accordingly.

These developments stemmed from corporate decisions, which must naturally incur cost on the company's profitability, as presumed. The profitability trend analysis results of Table 2 exhibits that management's efficiency in assets utilization to generate returns (profitability) was 0.01% in 1990, it rose to 0.02% in 1991, because gross revenue has increased with 37.46%. Number of staff trained was reduced to 58% and the number of communities' services undertaken were lesser than previous year. In 1992, the profitability improved to 0.03% again, because the turnover grew by 44% above 1991, staff training declined with 5% and fewer social responsibilities were observed. Notwithstanding, the trend of the profitability results of these years drained the confidence of investors and creditors, therefore, the corporate governance of the company need to review the activities that were incurring unnecessary financial burden on the earnings of the company to the detriment of the investors' stake, even though it was a public company.

Surprisingly, the company had a healthy working capital within these periods as evident in Table 2. The liquidity ratios were; 5.7:1 in 1990 which declined to 3.5:1 in 1991, and 2.6:1 in 1992, which means the ratio of current assets to current liabilities was attractive to short-term creditors throughout the periods. In exercising duty of cure, the corporate governance of the company avoided circumstance that might inflict long-term financial burden on the company's assets. Such decisions were expressed in Leverage results of Table 2 which reveals that 1% of the company assets which were financed with liability in 1990 and 1991, later declined to 0.3% in 1992.

The results of liquidity and leverage ratios above, was an indication that the corporate governance was prudent in financial management which resulted in safeguarding the

confidence of the creditors particularly interest repayment and meeting the obligation of suppliers to enable smooth daily operations. However, as at December 1990 and 1991 there were no dividends declared but in 1992, the board of directors declared a dividend of 5k per share of 50k, which was 10% equivalent to total shares value. The inability of the company to declare dividend in the later two years had adversely affected the psychology of investors in secondary market, as the Tobin's q result reveals. The current cost of replacing the assets of Cement Company of Northern Nigeria were 0.1 in 1990, which rose to 0.5 in 1991 and declined to 0.1 in 1992. Statistically, having a Q value at 0.1, 0.5 and 0.1 in 1990, 1991 and 1992, was an indication that the firm's stock was less expensive than the replacement cost of its assets, which signifies that the company's shares (stock) were undervalued.

In 1993 the company was saddled with serious macroeconomic problems that led to the reduction of plants utilization capacity to 40%. This had negatively affected operational efficiency from 0.5 times in 1992 to 0.15 times. Profitability declined to 0.001% in 1993, and liquidity to 1.6:1. To enable the company have enough working capital, the board of director discharged duty of care and directed the management to secure long-term loan which rose company's leverage from 0.3% in 1992 to 6%. In compliance with capital market listing requirements the board of directors approved and declared a dividend of 7.5k per share, yet, this decision has not impacted positively on the company's q value. This situation manifested in Tobin's q result, which reveals that the replacement value of the company's shares was 0.03. Obtaining Q value less than 1 implies that the company's stock was less expensive than the replacement cost of its assets, indicating that it is undervalued.

In spite of the macroeconomic challenges in 1994, the corporate governance of Cement Company of Northern Nigeria carried out installation of three units of screw compressors that boosted air supply to all areas of the plant to facilitate their productive efficiency. This measure increased performance with 42.94% over 1993. Consequently, the company's profitability rose from 0.001% in 1993 to 0.04%, operational efficiency to 0.75times. However, banks strike in 1994 became a serious obstacle in obtaining bank facilities to finance transactions of company's suppliers, distributors and granting soft loan to augment working capital. The management was meticulous enough to improve liquidity ratio to 1.8:1 and reduced leverage to 0.3%.

The replacement value of the company shares as revealed by Tobin's q result was 4.5 in1994, which means company's stock was overvalued. In an effort to discharge corporate social responsibility in 1995 the company took over the responsibility of providing learning infrastructure to Wurno Role Model Primary School from Sokoto State Government, built a new clinic in staff quarters and 55% of the workforce was sent to various trainings. These projects incurred financial burden on the company that consequently reduced company's Profitability to 0.001% and Operational Efficiency to 0.6times. Furthermore, Inflation was controlled by stabilizing interest rates and Naira exchange rates which became incentives for the company board to improve working capital as manifested in the liquidity ratio result which disclosed that liquidity ratio rose to 1.9:1 and leverage ratio to 0.4%. The Tobin's q result demonstrates that the company's stock was overvalued to the tune of 4.7 in 1995.

In 1996 the company was faced with many challenges. Prominent among them were; coolers inefficiency that accounted for about 50% loss of kiln production. In addition, the

problem of transportation and packing system that also accounted for additional loss of kiln production. To arrest this situation the corporate board contracted the supply of cooler refurbishing which was accomplished in December 1996 and commenced operation in early 1997. Furthermore, macro-economic instability such as slowdown in construction industry, fuel shortage, Naira devaluation that led to cost push inflation in the economy affected the cost of spare parts that increased the cost of production as well as caused general lack of demand for the company products. These factors combined together reduced the company's Profitability to 0.001% in 1996 and 1997. Similarly, the Operational Efficiency declined to 0.59 times in 1996, and 0.5 times in 1997. Liquidity ratio also declined to 1.4:1 in 1996 and 1:1 in 1997. Leverage declined to 0.7% in 1996 and rose to 1% in 1997. Similarly, Tobin's q result reveals that q value was 4.8 in 1996 and declined to 4.0 in1997. In both observations, the company's stock was overvalued.

However, in 1998 the spillover crisis of energy sector increased the cost of production being part of the major inputs of cement production, coupled with importation of cheap cement which also reduced the demand for domestic cement products as well as denied the company any opportunity to adjust cement prices to match the cost of production. A fire incident caused the company to shutdown the kiln for 33 days. This calamity and other factors mentioned above resulted in reducing company operational capacity by 19%. In effect, the Operational Efficiency declined to 0.5 times, Profitability declined to 0.001%, while Liquidity Ratio remains at 1:1. Another positive development was that the board of directors ensured the reduction of Leverage to 0.3%. Tobin's q also remained at 4.0 which means, the cost of the company stock was greater than the replacement cost of its assets, implying that the stock of the company was overvalued.

In 1999, the corporate governance of the company planned to float right issue shares to augment working capital and signed a technical management agreement with China to enhance company's productivity. Unfortunately, both efforts were frustrated by privatization programme. Therefore, lack of working capital and spare parts, consumables and fuel scarcity hampered the productivity of the company. Above all the company was short-listed among the companies to be privatized in Nigeria same year. These problems adversely affected the productivity of the company to the tune of 104,653 tons of cement with 5,077 tones less than 1998. Despite that the Operational Efficiency rose to 0.55 while Profitability declined 6% in 1999. The working capital was at 0.5:1 in 1999, Leverage ratio rose to 0.8 in 1999 and Tobin's q value 8.0 in1999 which was the Zenith.

Surprisingly, the results of post-privatization periods demonstrated the same fluctuation pattern of performance trends with pre-privatization periods. The results reveal that corporate governance efficiency in assets utilization to generate returns to the shareholders was determined largely by same macroeconomic factors that influenced the activities of the company prior to privatization. Notably 2000 was the transition period of Cement Company of Northern Nigeria from public ownership to private ownership. Therefore, the performance trend of the company was not interpreted.

The dawn of privatization of the company commenced in 2001. As expected, it culminated into a lot of structural adjustment that impacted negatively on the overall performance. The

company was closed for a while for the rehabilitation of the ageing plant, late delivery of the imported spare parts and machineries and repair of the brokendown klin.

In 2002 the corporate governance of the company took viable capital investment such as replacement of 19.5 meters of kiln shell, girth gear of cement mill1, quarry equipment, installation of 2 new packing machines and general repair of production equipment. However, breakdown of kiln bucket elevator and fuel pumps and frequent fuel shortages caused the closure of the company for three weeks. In view of that the company produced 54,207 tons in 2001 and 154,912 tons in 2002. Consequently, the operational efficiency was 9.0 times in 2001, 18.00 times in 2002, and declined to 1.0 times from 2003 up to 2010 and profitability ratios were -3%in 2001 rose to157% in 2002, and 39% in 2003. Liquidity ratios were 0.8:1 in 2001 declined to 0.5:1 in 2002 and rose to 0.8:1 in 2003. Leverage Post-privatization period, the debt financing rose to 1% in 2001 and 2002 and declined to 0.9% in 2003. Tobin's q values were 4.5, 5.0, and 3.4 in 2001, 2002 and 2003 respectively.

Table 3: Distribution of Regression Results of Profitability ratio on the Set of Independent Variables of Cement Company of Northern Nigeria

Independent Variables	Coefficients	Significance
CONST	-376.696	0.000
TMVS	7.373E-9	0.300
STOWN	92.528	0.031
INST	18.208	0.451
MINOWN	-6.306	0.000
FOREI	-108.019	0.313
BSIZE	1.033	0.214
PED	0.561	0.252
PNED	-0.080	0.669
DUAL	-1.109	0.817
WF	-0.022	0.144
PMS	223.102	0.000
PNMS	328.103	0.000
PRIV	84.128	0.081
R	0.999	
R^2	0.999	
Ajd R^2	0.996	
F stat	353.100	0.000

Source: Author's computations

The corporate governance of the company purchased new equipment and machines which include pre-heater fan, two Arzener Compressors, Kiln Temperature Scanner, Programmable Logic Controller and partial computerization of kiln control room. In effect 2004 and 2005 company performance trends results induced new hope and confidence in the corporate governance of Cement Company of Northern Nigeria. The performance trend analysis results reveal that the corporate governance efficiency to utilize the firm's assets to generate earnings had significantly improved in these years. Operational efficiency ratios remain constant at 1.0 times from 2003 up to 2010. However, there was no return earned

from 2004 up to 2010. The new board of directors adopted the culture of short-term laon from creditors in order to enhance healthy working capital.

The results suggest that the ratio of current assets to current liabilities were 1.8:1 in 2004, 2:1 in 2005, 2:1 in 2006, 1.2:1 in 2007, 0.6:1in 2008 and 2009, and rose to 1.56:1 in 2010. These results expressed the commitment of the company corporate governance in discharging duty of cure in ensuring smooth daily operations. Despite the financial constraint, the corporate decision makers were prudent enough to ensure that they did not impose unnecessary burden on the company's asset by receiving long-term loans. This manifested in the leverage results that reveal consistent decline in leverage ratio from 0.9% in 2003, to 0.5% in 2004, and to 0.35 in 2005. However it rose to 7% in 2006, declined to 0.03% in 2007, rose to 0.12% in 2008 and to 0.8% in 2009 and 2010. The Tobin's Q value remained constant at 0.2 from 2004 up to 2010.

Corporate governance does not have significant impact on Cement Company of Northern Nigeria's performance (profitability Ratio). According to profitability result of Table 3, management's efficiency in assets utilization to generate returns (dependent variable) was associated with company's corporate governance (independent variable) to the tune of R= 99.9%. This demonstrates that a strong relationship exists between Return on Assets and corporate governance decisions. Similarly, the result of R^2 exhibits that about 99.9% variation of return on assets was explained by the corporate governance performance. The result of Adjusted R^2 discloses that corporate governance proxies jointly accounted for 99.6% variation in Return on Assets (ROA). The calculated F-statistics is 353.100 and the estimated significant value is 0.000. Conducting the surrogate test at 1% statistical significance the model is strong in explaining the variation in Company's performance (profitability Ratio). In view of that it is concluded that the model has a good fit.

The constant value -376.696 was the average value of Return on Assets (ROA) in the absence of corporate governance variables. Holding other variable constant, the result suggests that the coefficient of TMVS is 7.373 and estimated significant value is 0.300. This means a unit increase in TMVS will lead to 7.373 increase of Company's performance (profitability Ratio). Admirably, the coefficient conforms with the expected positive coefficient which suggests that investors patronize company's shares based on assessment of the trend of the company's profitability. The p-value 0.300 establishes that TMVS has no significant impact on the company's profitability. In view of that it can be concluded that TMVS has positive and insignificant impact on Cement Company of Northern Nigeria's profitability. The result shows that the coefficient of STOWN is 92.528 and the estimated significant value is 0.031. This means a unit increase of percentage of state ownership leads to 92.528 increase in company's performance (ROA). The positive coefficient defies the study's expected negative coefficient that argues that state ownership promotes corporate governance inefficiency by appointing incompetent people on managerial positions and board membership based on personal relationship and political interest (Okeahalam & Akinbode, 2003). The p-value reveals that state ownership has positive and significant impact on profitability.

Furthermore, the coefficient of the percentage of institutional ownership INST is 18.208 and the estimated significant value is 0.451. This indicates that a unit increase in INST will lead

to18.208 increase in company's performance (ROA) which conforms with the expected positive coefficient of the study that viewed institutional ownership as a positive development in corporate governance of the company. However, the p-value of 0.451 shows that INST has no significant impact on the company's performance (ROA).

The coefficient of minority ownership (MINOWN) is -6.306 and the estimated significant value is 0.000. In effect, a unit increase in MINOWN will result to -6.306 decrease in profitability ratio (ROA). The negative coefficient is consistent with the expected negative coefficient of the study that says any unit increase in MINOWN will result into paving illegal ways for the management team to mismanage company's resources and easy ways of manipulating corporate decision making to favor the illegitimate interest of the concentrated shareholders to the detriment of other stakeholders. Furthermore, the P-value of MINOWN 0.000 is signifying that minority ownership has a significant impact on the company's profitability in conducting surrogate test at 1% statistical significance. Thus minority ownership has positive and significant impact on company's performance (Profitability Ratio). The FOREI coefficient -108.019 and the estimated significant value of 0.313 disclose that foreign ownership does not have any impact on company's performance. This result repels expected positive coefficient of the study and the argument that tying privatized firms to capital market and foreign investment improves information disclosure and accountability, constraint national government expropriation and increase liquidity (Dyck, 2000). The coefficient of board size is 1.033 and the estimated significant value is 0.214. The coefficient value is suggesting that a unit increase in board size (BSIZE) will bring about 1.033 increase in Return on Assets (ROA). The positive coefficient of the result conformed to the expected positive coefficient value of the study, confirming that an increase in board membership with right people enhances board efficiency in decision making and checkmate management performance. However, the p-value 0.214 reveals that despite the positive coefficient of BSIZE, it has no significant impact on the company's performance (profitability). Thus board size has positive and insignificant impact on Cement Company of Northern Nigeria's performance (profitability).

Similar result was obtained in the percentage of executive director, the PED coefficient is 0.561 and the estimated significant value is 0.252. A unit increase in percentage of executive directors will lead to 0.561 increase in company's profitability. The positive coefficient of the percentage of executive directors defies the expected negative coefficient of the study which opines that the lower the percentage of the executive directors the higher the board independence. Besides that the p-value 0.252 indicates that PED has no significant impact on the company's performance. Hence, PED has a positive and insignificant impact on company's performance.

The result discloses that the coefficient value of percentage of non-executive directors is -0.080 and the estimated significant value is 0.669. Impliedly, a unit increase in percentage of executive directors (PNED) will lead to -0.080 decrease in Return on Assets. The negative coefficient of the result is inconsistent with the expected positive coefficient of the study, which opines that an increase in percentage of non-executive directors will enhance board independence as well as their role in serving audit committee and other statutory committees which will promote efficiency and will be a very strong positive signal for

accountability and reliability in the financial information issued to all stakeholders of the company. The p-value reveals that the PNED has no significant impact on company's performance (profitability). Another amazing discovery with regards to the issue of duality of board chairman and chief executive position is that DUAL has no impact on the company's performance considering the coefficient -1.109 and the estimated significant value 0.817.

The coefficient of WF is -0.022 and the estimated significant value is 0.144. The result states that a unit increase in WF will lead to -0.022 decrease in Return on Assets (ROA). Fortunately the coefficient of the result harmonized with the expected negative coefficient of the study, which suggests that an increase in WF will lead to decrease in profitability. Considering the significant test value, the study reveals that the workforce has negative and insignificant impact on Cement Company of Northern Nigeria's performance (profitability). Contrary to the result of workforce the coefficient of percentage of management staff PMS is 223.102 and the estimated significant value is 0.000. Therefore, a unit increase of PMS will lead to 223.102 increase in company's performance. The positive coefficient agreed with the expected positive coefficient of the study which postulates that percentage of management measures the number of staff that are directly involved in corporate decision making, policy formulation and implementation. This signifies harmony between the board decisions and management operational activities. The p-value 0.000 reveals that in conducting surrogate test at 1% the PMS has significant impact on the company's performance. Therefore, PMS has positive and significant impact on company's performance.

The coefficient of percentage of non-management staff is 328.103 and the estimated significant value is 0.000. This means a unit increase in PNMS leads to 328.103 increase in Return on Assets (ROA). The coefficient contradicted the expected negative coefficient of the study which postulates that a unit increase in percentage of non-management staff leads to decrease in company's performance (ROA). The p-value 0.000 indicates that the PNMS has significant impact on the company's performance. Consequently, percentage of non-management staff has positive and significant impact on profitability. Finally 84.128 was the difference in Return on Assets (ROA) post-privatization compared to pre-privatization and the estimated significant value is 0.081. The post-privatization positive coefficient is consistent with expected positive coefficient of the study which argues that privatization will promote efficient corporate governance that will impact positively on company's performance (ROA). The result conflicted with what obtained in trend analysis result that pre-privatization has higher profitability than post-privatization. Moreover, conducting surrogate test at 10% statistical significance the p-value 0.081 reveals that privatization has significant impact on the company's performance (ROA). Therefore, privatization has positive and significant impact on company's performance (ROA).

In a nutshell, minority ownership STOWN, PMS, PNMS and PRIVt have positive and significant impact on company's performance (profitability). However, MINOWN has negative and significant impact on company's performance (ROA). Conversely TMVS, INST, workforce BSIZE, and PED have positive and insignificant impact on the company's performance. FOREI, PNED, DUAL and WF have negative and insignificant impact on

ROA. Having more than 70% of the corporate governance proxies impacting significantly on the performance of Cement Company of Northern Nigeria, it will be pertinent to conclude that the result has embrated the Alternative Hypothesis that corporate governance has significant impact on the company's performance (ROA).In view of the above, the result rejected Null Hypothesis, that corporate governance does not have significant impact on Cement Company of Northern Nigeria performance.

Summary of the Findings

Under this sub-heading, summary of the findings of Cement Company of Northern Nigeria were presented. The result suggest that, the company has lower market capitalization, private sector and foreign investors have concentrated ownership, bigger board size, lower percentage of executive directors and higher percentage of non-executive directors, Board chairmen were not the chief executives and chairmen audit committees were non-executive directors,lower workforce, higher percentage of management staff small percentage of non-management staff, lower profitability, products demand depended on government capital projects, The Company purchased 5MW power plant in 1991, macro-economic challenges such as devaluation of naira, energy sector crisis, foreign exchange rate, inflation, trade liberalization, inconsistent stabilization policies, political instability and banks' strikes and weak private sector. Inferential result reveals that, has state ownership, percentage of management staff, percentage of non-management staff and privatization have positive and significant relationship with profitability. However, minority ownership has a negative and significant relationship with profitability. Based on the above findings, the researcher arrived at the conclusions that corporate governance has significant impact on the profitability of Cement Company of Northern. Even though, unfavourable macroeconomic environment militated against its efficiency.

5. Conclusion and Recommendation

Based on the above findings, the researcher arrived at the conclusions that corporate governance has significant impact on the performance of the cement industry in Nigeria due to unfavourable macroeconomic environment militated against its efficiency. Privatization has positive and significant impact on profitability on Cement Company of Northern Nigeria despite the fact that trend analysis shows that transferring ownership to private sector did not record any remarkable improvement on the overall performance of the industry as experienced in other countries. Weak private sector compelled the industry to depend on government projects for both demand and supply of its products.

The policy implication of the study is that, government needs to introduce macroeconomic stabilization measures that will enable private sector to improve effective demand of cement products particularly with the problem of withdrawal of fuel subsidy in the economy. The company should as a matter of necessity, design strategies that will; create international market opportunities, enhance security measures, cheap inputs, efficient financial and inventories management that will improve profitability post privatization.

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