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I. Title page
II. Abstract (150-250 words)
III. Keywords (3-5)
IV. Introduction
V. Literature Review
VI. Methodology
VII. Results and Discussion
VIII. Conclusion and Recommendations
IX. References (APA 7th Edition)
X. Appendices (if necessary)
XI. Author Biographies (optional)

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ABSTRACT

The aim of this research is to examine the effect of corporate governance mechanisms on related party transactions of listed consumer goods companies in Nigeria. The population of the study consists of the twenty one (21) listed consumer goods companies on the Nigerian Exchange Group as at 31st December, 2023. Fourteen of the listed consumer goods companies are selected to form the sample of the study for the period of eleven years (2013-2023). The study employed multiple regressions as tool for analysis. Secondary data obtained from the financial statements of the companies were analyzed. Panel data techniques (fixed and random effects models) were utilized to examine the effect of corporate governance mechanisms on related party transactions, and Hausman specification test confirmed that random effects model was more appropriate for the study. The results show that board size, board independence, board meeting, foreign ownership and number of executive directors on the board have no significant effect on related party transactions, while board gender diversity has a significant positive effect on related party transactions of listed consumer goods companies in Nigeria. The study therefore recommends that, the relevant regulatory bodies in Nigeria should put a quota on the minimum number of female board members consumer goods should have on their board, so that they can bring their bargaining power to optimize the amount of related party transactions that will be beneficial to the company, and increase their shareholders' wealth.

Keywords

Corporate governance mechanisms, Related party transactions, Consumer goods. **JEL Code:** M41

1.0 Introduction

As commonly viewed by regulators, market participants, and other corporate stakeholders, related party transactions represent potential conflicts of interest that can compromise management's agency responsibility to shareholders or a board of director's monitoring function. The Sarbanes-Oxley Act of 2002 in the United States limits the types of related party transactions in which companies can engage. Regulators, overseers, and standard setters are also considering even more rigorous standards or rules limiting and prohibiting related party transactions.

Transactions between a firm and its own managers, directors, principal owners or affiliates are known as related party transactions. Such transactions, which are diverse and often complex, represent a corporate governance challenge. Recent corporate scandals in Nigeria have heightened concerns about Nigerian companies' corporate governance. One of the recurring areas of concern among these corporate scandals is related party transactions. These transactions are diverse, often complex business transactions between a firm and its own managers, directors, principal owners or affiliates. There are two alternative perspectives of related party transactions (RPTs) (Gordon et al. 2004). The first is consistent with the conflict-of-interest view that RPTs jeopardize management's agency responsibility to shareholders or a board of director's monitoring function. Another perspective is referred to as the efficient transactions view that RPTs fulfill underlying economic needs of the organization between parties who have built up trust and shared private information.

In the efficient transactions view, a firm can apply corporate governance tools as a controlling system to avoid the appearance of conflict of interests. In addition, international evidence suggests that regulations on related party disclosure mitigate the negative effects of self-dealing (La Porta et al. 2006) and inhibit the ability of insiders to secretly remove firm assets through related party deals (Kohlbeck & Mayhew 2010). When managers know that these related party transactions will be monitored and have to be disclosed, they may avoid engaging in certain transactions creating questions of a conflict or impropriety, even when the firm would benefit or at least not to be harmed (Gordon et al. 2004). Based on agency theory, one important aspect of corporate governance is financial information disclosure as a means to reduce information asymmetry by providing reports from the managers (directors) to shareholders and other stakeholders (Zubaidah et al. 2009).

Eventually, corporate governance plays a crucial role in improving the efficiency and quality of financial reporting. This monitoring system can prevent financial statement manipulation and assure investors about the quality of information disclosed by companies. From the above, corporate governance mechanisms can mitigate the negative effect of related party transactions, and as well lead to disclosure of relevant information about related party transactions to users of financial statements, helping them to make suitable judgment about these transactions. The empirical literature in related party transactions over the last decade has not given considerable attention to the relationship between corporate governance mechanisms and related party transactions in financial statements. Therefore, empirically examining the effect of corporate governance mechanisms on related party transactions is the focus of this study. The consumer goods sector is a category of stocks and companies that relate to items purchased by individuals rather than by manufacturers and industries. This sector includes companies involved with food production, packaged goods, clothing, beverages, automobiles and electronics (Investopedia, 2017). The importance of consumer goods companies to the economy and individuals is that they help to boost the manufacturing sector and exports, and also provide satisfaction to customers, thereby improving the Gross Domestic Product (GDP) of the economy.

The study of related party transactions has gained significant attention in the developed and some developing countries in the area of business and corporate finance literature. Related party transactions is a vital concern to all groups who have a direct or indirect interest in a firm. But, in spite of the vital role that related party transactions play in the operational efficiency of firms, the related party transactions status of consumer goods firms operating in Nigeria in relation to board size, board independence, board meeting, foreign ownership, number of executive directors on the board and board gender diversity of the firms have not been researched. Therefore, it became of interest to the researchers to examine the effect of these corporate governance mechanisms on the related party transactions of listed consumer goods companies in Nigeria. The aim of this study therefore, is to assess the effect of corporate governance mechanisms on related party transactions of listed consumer goods companies in Nigeria for the period of 2013 to 2023. In order to achieve this objective, the following hypothesis stated in null form is formulated and tested:

Ho_1: Corporate governance mechanisms have no significant effect on related party transactions of listed consumer goods companies in Nigeria.

Section 2 of this study reviews previous empirical literature on the effect of corporate governance mechanisms on related party transactions, section 3 deals with the methodology that was adopted for the study. Section 4 presents the analysis of results, and finally, section 5 carries the summary and recommendations made by the researchers.

2.0 Review of Related Literature

Concept of Corporate Governance Mechanisms

The Nigerian Corporate Governance Code 2018 (NCGC 2018), spelt out the requirements for all matters relating to corporate governance for companies operating in Nigeria. The Code referred to International Accounting Standards (International

Accounting Standard) No. 24 when it talked about the provisions for disclosing related party transactions. According to Cadbury (1992), corporate governance (CG) is a system concerning how companies are directed and controlled. The NCGC (2018) suggested that CG is a set of rules that define the relationship between internal and external parties of the company related to their rights and obligations.

In this study, six elements of corporate governance are tested to see the extent of effect they have on related party transactions of consumer goods companies. The result of the study shows if these corporate governance mechanisms have any effect on related party transactions, and if they do, to what extent is the effect. Also, the study result will show if the effect is a positive or negative effect. The corporate governance mechanisms to be tested are: board size, board independence, board meeting, foreign ownership, number of executive directors on the board and board gender diversity.

Concept of Related Party Transactions

Related party transactions (RPT) are transactions from agreements between two parties related to a particular contract, and are not dealing at arm's length. RPT is carried out as an objective to fulfill the company interests through exclusive agreements. According to Nigerian Corporate Governance Code 2018, related parties are if one of the parties in a transaction can control another party or has a significant influence on the other party to make financial and operational decisions. The related party's selection must be made following the management of each company, so that there is no abuse of privileges. RPT is transactions carried out by 1). companies with ownership relationship, 2). individuals as owners or employees with significant influence, 3). the closest family member of the individual, and 4). companies which are substantially owned by these individuals. The code referred to International Accounting Standards (International Accounting Standard) No. 24. RPT has two opposing hypotheses; opportunistic hypothesis and efficient transactions hypothesis (Choi et al., 2014). The opportunistic hypothesis which is due to conflict of interest is consistent with agency theory.

Empirical Literature

This sub-section presents previous related studies carried out on effect of corporate governance mechanisms on related party transactions of firms.

Antwi and Kong (2019) carried out a study titled "Corporate Governance and Related Party Transactions among Banks in Ghana". Their study examined whether there is a relationship between corporate governance and related party transactions. Specifically, the study sought to examine the effect that board size, board independence and size of board's audit committee have on the firms' related party transactions. Their study used a sample of publicly listed banking firms on Ghana Stock Exchange for the periods ending 2013 and 2017. In all, 7 out of the 9 listed banks, representing 77.78% were used for this study and data gathered from their annual reports was used. After carrying out some diagnostic and specification tests to address the basic assumptions of the Classical Linear Regression Model (CLRM), regression was carried out using Statistical software package, STATA version 15.

Their finding revealed that board size has a significantly negative effect on the firms' related party transactions. This finding provides evidence that the size of the board can reduce the total amount of related party transactions. On the other hand, the study uncovered that board independence and the size of audit committee have positive and insignificant relationships with related party transactions and the inference here is that banks can have non-executive independent board members and audit committee members but if they are not strict and professional, they won't be able to reduce related party transactions of which they themselves are beneficiaries sometimes. Their findings also revealed that, there is a significantly positive relationship between foreign ownership and related party transactions. An indication of this result is that most of the foreign-owned banks in Ghana engage in more related party transactions. However, their study revealed that the size of the firm has no influence on the total amount of related party transactions. From the results of this study, one can see that corporate governance mechanisms have mixed effects for Banks in Ghana. Also, the period of the study which is just 2 financial years seems too short for a study of this nature to arrive at a result that can concretely accept or reject a hypothesis.

Filip and Hilda (2019) studied the effect of institutional ownership on disclosure of related party transactions using evidence from Indonesian publicly listed companies. Their study investigated whether institutional ownership influences transparency in terms of disclosures of related party transactions. They introduced two types of related party transactions not addressed in previous studies: active and passive RPTs. They hypothesized that transparency of related party transactions disclosure is associated with institutional ownership. Using listed Indonesian companies for the period of 2012 – 2015, they tested the hypothesis using a linear regression model. The empirical test results showed that institutional ownership positively influences disclosures of related party transactions. However, when aggregate ownership was divided into two categories, the results differed. Passive institutional ownership showed no influence on RPTs disclosure, whereas active institutional ownership showed positive influence on RPTs. This hypothesis will also be tested in this study with the foreign ownership proxy used to measure corporate governance mechanisms.

Ade et al. (2020) studied effect of corporate governance implementation on related party transactions of Indonesian Banks. The purpose of their study was to examine the impact of corporate governance (CG) implementation on related party transactions (RPT), proxied by debts and receivables in Indonesian banks. They utilized a multiple regression approach to analyze their data. They found that CG did not affect both debts and receivables from bank-related parties. Their results suggest that despite the government and company implementation of CG on Indonesian banking, it did not provide benefits to alleviate RPT, where RPT itself leads to bringing more drawbacks for the company. They recommended it is pivotal for government to improve CG in Indonesia due to the low CG score. Their study shows that corporate governance mechanisms does not affect related party transactions. This study will attempt to align or disagree with this finding by providing empirical evidence from listed consumer goods companies in Nigeria.

Anggraini and Utami (2021) examined the influence of CEO compensation on disclosure of related party transactions using corporate governance as a moderating variable. Their study analyzed the effect of executive director (CEO) compensation on disclosure of related party transactions moderated by corporate governance. The samples used in their study were non-financial companies listed on the Indonesia Stock Exchange from 2017-2019. They employed the purposive sampling method. The total data observations in their study were 1116 data from non-financial companies. The analytical tools utilized in their study were multiple linear regression analysis and the subgroup method for the moderating variable. The results of their study revealed that executive director compensation had a positive effect on disclosure of related party transactions. CEO duality also had a positive effect on disclosure of related party transactions, which served as moderating the positive effect of executive director compensation on disclosure of related party transactions. The findings of their study supports the contingency perspective theory.

Yoon and Jin (2021) carried out a study titled "Relate party transactions, agency problem, and exclusive effects". Their study examined the incentives for, and economic impact of related-party transactions (RPTs) by controlling shareholders (CSHs) of corporate groups. They analyzed a theory model of RPTs transacted on 'market terms' by two affiliate firms in a group, one of which belongs to an upstream and the other to a downstream market. Their result showed that RPTs of this kind, although non-advantageous to the CSH of the group in terms of transfer price, may be abusive in that they serve the interests of the CSH by sacrificing minority shareholders. This is due to the exclusive effects of such RPTs. Their findings also showed that CSH have a strong incentive to exclude upstream rivals for their own sake rather than the group's when they are allowed to implement such RPTs. Their results shed light on regulation of RPTs: distortions of RPTs arise not only from unfair transfer-pricing but also from large transaction volume. This further implies that competition policies regarding the leverage of market power and anti-competitive vertical mergers may be applied to regulate harmful RPTs. The results from Yoon and Jin's study is the reason why leverage is being used as a controlling variable in this study to moderate for the effect CG could have on related party transactions.

Abdulrasheed et al. (2022) examined related party transactions and firm value using governance mechanism as moderating variable to examine the impact of RPTs on firm value in the Indian context. A sample of 2,294 firms consisting of 685 group affiliated firms and 1,609 standalone firms for a period of 2014–2021 were selected for the study, and panel data regression method was used for testing the hypotheses. The empirical findings of the study support the transaction efficiency hypothesis that RPTs in India do not expropriate the interest of minority shareholders and these transactions enhance efficiency of the firm by reducing transactions cost, enforcing optimal business contracts and effectively allocating resources between affiliated firms. The findings of the study also provided significant contribution to the RPTs literature as it showed the effect of corporate governance mechanisms on RPTs and firm value.

Islam (2022) investigated the efficacy of corporate governance performance in regulating related party transactions among Indian listed companies. His study investigated the impact of corporate governance practices on Related Party Transactions (RPTs) for a sample of BSE 500 companies in India. The findings of his study advance the earlier understanding that good corporate governance practices inhibit RPTs. He further suggests that the composition of board with active independent directors and compensation structure of Key Management Persons (KMPs) mainly contributes towards inhibiting RPTs. Also, board size was found to promote RPTs in his study. The implication of his findings is that the larger the number of directors on the company's board, the higher the related party transactions. This hypothesis will be be tested in this study to see how true it is, effect of board size on related party transactions of listed consumer goods companies in Nigeria will be tested. Perdana et al. in (2022) also studied related party transactions and corporate governance in business groups with evidence from Indonesia. Their aim was to offer new evidence as to how sub-related party transactions (RPTs) can be related to corporate governance for Indonesia's business group. They examined whether RPTs in the business group relate with domestic/foreign shareholders, independent board/commissioner, and firm size as controlling factors. The business groups were selected through purposive sampling that met the analysis criteria with their typology in the population of business groups listed on Indonesian Domestic Exchange (IDX). They used panel data analysis for four of their models. They found that the relationship is more pronounced for business group firms and firms with more highly concentrated foreign ownership with RPTs. The controlling variable, firm size shows a significant effect on every sub RPTs. Their results imply that foreign ownership increases related party transactions among business groups in Indonesia.

Therefore, they recommended that there is need for a balanced interest between government and business groups in Indonesia via foreign direct investment with corporate governance implementation and adaptive regulation. Their study provides empirical evidence on the association between foreign ownership in firms and related party transactions. However, their study was conducted in Asia, the result may not be the same when conducted in Nigeria, because the business environment in Indonesia is different from that of Nigeria. Therefore, this study will attempt to bridge that empirical gap.

This study based on the reviewed literature examines whether the following corporate governance mechanisms; board size, board independence, board meeting, foreign ownership, number of executive directors on the board and board gender diversity have effects on related party transactions of listed consumer goods companies in Nigeria.

Theoretical Review

Agency Theory

Agency theory was first proposed by Jensen & Meckling (1976), and it is used to explain corporate governance and related party transactions phenomenon in this research. The theory concerns contractual relationships among the company's members and the Board. It states that agency relationship occurs when a person or more (shareholders as principal) appoints another person or more (managers as agent) to provide a service and delegate decision-making authority to them. It would lead to agency conflict when the managers act on their own, instead of to maximize the shareholders wealth.

Agency theory identifies mechanisms that shareholders use to control the management of an organization to avoid conflict of interest. These mechanisms include setting up a board to monitor the managers, appoint external auditors to check the managers and to also retain majority shareholders to retain power to make decisions about the managers. This theory in summary identify corporate governance, external auditors and shareholders characteristics as the key determinants of accounting decision in an organization. This theory will hold when the selected agency theory independent variables have a significant relationship with the accounting decision dependent variables, and that is the case in this study.

3.0 Methodology

This study adopts the panel research design method. The population of the study consists of the twenty one (21) consumer goods companies listed on the Nigerian Exchange Group as at 31st December, 2023. The use of listed consumer goods firms can be justified based on availability and reliability of their financial data. Purposive sampling technique was adopted for the study. The strict requirement that companies must meet to be included in the sample is; the availability of complete financial data for the 11 years under review. This criterion is essential to guaranteeing the comprehensiveness and dependability of the panel financial reports, enabling a solid investigation of the companies' financial data over an extended time frame. A total of 14 out of the 21 listed consumer goods companies were selected as the study sample. To achieve the stated research objective, the study employed panel data from secondary sources which are quantitative in nature. The data were obtained from the annual reports of individual consumer goods companies submitted to the Nigerian Exchange Group. The technique of data analysis employed in this study is the multiple regression analysis. The study adopted this technique to ascertain the effect of the selected corporate governance mechanisms on related party transactions of listed consumer goods companies in Nigeria. The data was analyzed using STATA 15 statistical package, and the outcome was used to test the hypothesis formulated for the study after conducting necessary tests. Various robustness tests such as test for multicollinearity between the independent variables were carried out to improve the validity of the results obtained. Related party transactions of consumer goods companies is estimated using logarithm of related party transactions value (LogRPT) as its proxy. This is expressed as follows:

Related Party Transactions = (LogRPT)

RPT which is measured by LogRPT, is a function of six explanatory variables, namely: board size (BSZE), board independence (BIND), board meeting (BMET), foreign ownership (FOWN), number of executive directors on the board (NEDB), and board gender diversity (BGED).

That is; ***LogRPT = f (BSZE, BIND, BMET, FOWN, NEDB, BGED)***

The Ordinary Least Square (OLS) regression model was used to estimate the effect of the explanatory variables on the explained variable, LogRPT. The model is given below:

$$LogRPT_{i,t} = \beta_0 + \beta_1 BSZE_{i,t} + \beta_2 BIND_{i,t} + \beta_3 BMET_{i,t} + \beta_4 FOWN_{i,t} + \beta_5 NEDB_{i,t} + \beta_6 BGED_{i,t} + e_{i,t} \ldots\ldots\ldots\ldots (1)$$

Where:

$\beta_0, \beta_1, \beta_2, \beta_3 \ldots\ldots\ldots\ldots\ldots\ldots \beta_6$ are parameters to be estimated with a priori expectation.

BSZE = **Board Size**, measured as number of both executive and non-executive directors on the board.

BIND = **Board Independence**, measured as number of non-executive directors on a company's board.

BMET = **Board Meeting**, measured as number of board meetings held during the financial year.

FOWN = **Foreign Ownership**, measured as as the percentage of foreign ownership on a company's shareholdings.

NEDB = **Number of Executive Directors on the Board**, measured as number of executive directors on a company's board.

BGED = **Board Gender Diversity**, measured as number of female directors on a company's board

β_0 = Constant

e **= Error term**

4.0 Results and Discussion

This section presents the results from the analysis of data and its interpretation.

Variables	*Observations*	*Mean*	*Standard Deviation*	*Minimum*	*Maximum*
RPT	*154*	6.994	0.653	5.540	8.236
BSZE	*154*	11.272	2.523	6	18
BIND	*154*	8.448	2.462	4	14
BMET	*154*	5.058	1.392	2	11
FOWN	*154*	38.135	33.076	0	87.29
NEDB	*154*	2.850	1.502	0	8
BGED	*154*	2	1.171	0	6

SOURCE: Descriptive Statistics Result using STATA 15

Table 1 shows the descriptive statistics of the dependent and independent variable of the study. The average RPT for the 154 observations is 6.994 with a high standard deviation of 0.653. This implies that RPT of the sampled firms is 6.994 and deviation from this average is 65.3%. This is because the data includes an observation from a firm with related parties transactions value as low as 5.540, whereas a maximum RPT value of 8.236 implies that the highest RPT in the sampled firms is 8.236. The average board size of the sampled companies as proxied by BSZE for listed consumer goods companies during the study period is about 11.27 with standard deviation of 2.52. This implies that there exists a significant variation among the number of persons sitting on the Board across the listed consumer goods companies in Nigeria during the period. As for board independence, it shows a mean value of 8.44 and a standard deviation of 2.46, with minimum and maximum values of 4 and 14 respectively. This suggests that there is a significant disparity in the number of non-executive directors sitting on the board of the sampled companies within the study period.

The board meeting of listed consumer goods companies in Nigeria shows an average value of 5.05

meetings with a standard deviation of 1.392. This implies that there is not much variation in the board meetings of the firms within the study period. Foreign ownership of the companies on average is 38.13% as a proportion of foreign shares ownership to total equity shareholdings. This comes with a standard deviation of 33.076 which is very high. The highest percentage of foreign ownership among the firms is 87.29%, while the lowest percentage of foreign ownership among the firms is 0% as seen in Dangote Sugar Refinery plc and a few other companies sampled. In respect of number of executive directors on the board, the average value is 2.85 with a standard deviation of 1.50. This implies that there is a huge variation of NEDB amongst the companies due to this standard deviation. The mean NEDB in the sector is 3 executive directors. The number of executive directors on the board of the consumer goods companies in the industry ranges from a minimum of 0 executive directors to maximum of 8 executive directors. The table also shows that the mean value of board gender diversity is 2 with a standard deviation of 1.171. This shows that there is small variation in the number of women on the board across the sample of listed consumer goods companies in Nigeria. Hence, the small variation may or may not have significant effect on the related party transactions of listed consumer goods firms in Nigeria as will be shown in the regression results. Therefore, this study is conducted to determine the extent to which the variations in corporate governance mechanisms affect the related party transactions of listed consumer goods companies in Nigeria.

Table 2 Summary of Regression Result

Variable	*Co-efficient*	*Robust Std Error*	*Z-value*	*P-value*
CONSTANT	*6.965146*	*.3392771*	*20.53*	***0.000***
BSZE	*.0267692*	*.0239882*	*1.12*	*0.264*
BIND	*-.0906018*	*.0558214*	*-1.16*	*0.105*
BMET	*.0004995*	*.0325449*	*0.02*	*0.988*
FOWN	*.0047098*	*.007471*	*0.63*	*0.528*
NEDB	*-.0017111*	*.0318403*	*-0.05*	*0.957*
BGED	*.1577806*	*.049809*	*3.17*	***0.002***
R-Sq:				
Within	***0.1825***			
Between	***0.0529***			
Overall	***0.0697***			
Wald Chi²	***14.12***			
Prob > chi²	***(0.0283)***			

SOURCE: RESULT OUTPUT FROM STATA 15

The result of random effects regression model is shown in table 2, because from the heteroskedasticity test carried out, the regression model proved to be heteroskedastic. Hence, fixed and random effects regression were carried out, and as both models proved to be significant at 1% level of significance, a Hausman specification test was carried out to choose between the two models which is more appropriate for the study. From the results of the test, it showed that random effects model is the more appropriate model for the study, hence, our discussion of results will be based on the results of the random effects model which is presented in Table 2. From the table, it can be seen that all the variables as are not significant, except board gender diversity which has a positive significant effect on the dependent variable at 5% level of significance. The within R^2 of this model is 18.25%, which states the percentage change in the dependent variable caused by the independent variables. This model is also significant as indicated by Wald chi^2 of 14.12 at 5% level of significance.

Discussion of Regression Result

Board Size and Related Party Transactions

The board size of consumer goods firms shows a coefficient of 0.026, a z-value of 1.12 with p-value of 0.264 in scenario which is statistically insignificant. This result shows that board size of consumer goods companies is not significantly affecting the related party transactions of listed consumer goods firms in Nigeria. The level of effect which is in line with the priori expectation of the researcher implies that bigger board sizes are more likely to have higher related party transactions as seen from the positive coefficient in the regression result. The positive coefficient suggests that consumer goods firms with more directors on their Boards are going to have more volumes of related party transactions, and may benefit from transactions efficiency which allows them to earn a higher margin on sales and hence better financial performance. This result agrees with the efficient transactions theory which states that it would be more cost efficient for the company to engage a related party than an outsider. This finding is in line with the findings of Ade *et al* (2020) and Islam (2022), but it is in contrast with that of Antwi and Kong (2019).

Board Independence and Related Party Transactions

The random effects regression result reveals that board independence as shown in Table 2 has a z-value of -1.62, coefficient value of -0.090, with a p-value of

0.105 which is statistically insignificant. This result signifies that board independence does not have a significant effect on related party transactions of listed consumer goods firms in Nigeria. The negative coefficients of board independence is consistent with the researcher's priori expectation. This result implies that the more number of non-executive directors present on the board of a consumer goods company, the lesser the amount of related party transactions it will be involved in. The finding supports the conflict of interest theory which articulates a negative relationship between board independence and related party transactions of a firm. The result is in contrast with the finding of Muhammad (2018), but is in line with those of Antwi and Kong (2019), Ade *et al* (2020), and Islam (2022).

Board Meeting and Related Party Transactions

The results reveal that board meeting has insignificant effect on related party transactions of listed consumer goods firms in Nigeria, though it has a positive relationship as can be seen from the coefficient value of board meeting in Table 2. As shown in Table 2, the coefficient of board meeting is 0.000 with a z-value of 0.02 and p-value of 0.988 which is not statistically significant. This result signifies that board meeting (BMET) did not significantly affect the related party transactions of listed consumer goods firms in Nigeria within the study period. The coefficient values though imply that when there is an increase in the number of board meetings, there is a resulting increase in the value of related party transactions, though not a significant increase. This may be as a result of the directors having more opportunities to deliberate on the related party transactions to engage in for the benefit of the company. Thus, from this result it can be seen that more board meetings will result in higher related party transactions. This finding is in congruence with the agency theory, which talks about the relationship between owners of a business and the managers of the business. It highlights how a positive relationship between both parties can benefit the company.

Foreign Ownership and Related Party Transactions

Foreign ownership shows a z-value of 0.63 with a coefficient value of 0.004 and a p-value of 0.528 which is statistically insignificant. The result implies that the percentage of foreign ownership is not significantly affecting the related party transactions of listed consumer goods firms in Nigeria within the study period. This result is not consistent with the researcher's priori expectation. The result is not in line with the finding of Perdana *et al* (2022), they suggested that foreign ownership is positively and strongly related to related party transactions.

NEDB and Related Party Transactions

As can be seen on table 2, number of executive directors on the board shows a z-value of -0.05 and coefficient value of -0.001 with a p-value of 0.957 which is statistically insignificant. This result signifies that number of executive directors on the board is not significantly affecting the related party transactions of listed consumer goods firms in Nigeria. This positive coefficient implies that the higher the number of executive directors on the board of a consumer goods company, the higher the amount of related party transactions it will be engaged in. This finding is in harmony with the finding of Antwi and Kong (2019), but contradicts the findings of Ade *et al* (2020) and Islam (2022). This finding supports the agency theory which postulates that higher number of executive directors brings about more related party transactions.

Board Gender Diversity and Related Party Transactions

Board gender diversity as shown in Table 2 has a z-value of 3.17, coefficient value of 0.157, with a statistically significant p-value of 0.002 at 5% level of significance. This result signifies that board gender diversity has a significant positive effect on related party transactions of listed consumer goods firms in Nigeria, that is, the greater the number of female directors on the board of consumer goods companies in Nigeria, the higher their reported related party transactions. The positive effect of board gender diversity is not consistent with the researcher's priori expectation. This finding may be as a result of women's bargaining power when it comes to economic transactions. The finding does not support the agency theory which articulates a conflict of interest between managers and owners of business.

Test of Hypothesis

Ho_1: Corporate governance mechanisms have no significant effect on related party transactions of listed consumer goods companies in Nigeria.

Corporate governance mechanisms which is measured by board size, board independence, board meeting, foreign ownership, number of executive directors on the board and board gender diversity of the companies showed that only one out of the six proxies (board gender diversity) has a significant effect on related party transactions of listed consumer goods firms in Nigeria. This therefore suggests that, corporate governance mechanisms does not significantly affect related party transactions measured by LogRPT. Thus, this provides enough evidence to accept the null hypothesis of the study which states that: Corporate governance mechanisms have no significant effect on related party transactions of listed consumer goods companies in Nigeria.

5.0 Conclusion and Recommendations

The objective of this study is to examine the effect of corporate governance mechanisms on related party transactions of listed consumer goods companies in Nigeria for the period of 2013-2023. The study used secondary data obtained from the annual reports and accounts of 14 of the listed consumer goods companies. Multiple regression technique was used with the aim of explaining and predicting empirically the effect of corporate governance mechanisms on related party transactions of the companies. The result of the regression model reveals that only board gender diversity is a significant determinant of related party transactions, while the other five explanatory variables are not significant determinants of related party transactions. Thus, from this result, the study concludes that corporate governance mechanisms does not affect the related party transactions of listed consumer goods companies in Nigeria.

From the findings, the study recommends that:

(I) From the study result, board gender diversity showed a positive and significant effect on related party transactions. Thus, it is recommended that consumer goods companies in Nigeria, should recruit more women into their boards, as their natural bargaining power will help them to engage in more favourable related party transactions.

(ii) From the positive coefficient of number of executive directors on the board, it is recommended that the management of consumer goods firms should caution their decisions in respect to the number of executive directors on the board. There should be a clear disclosure of all transactions involving the executive directors, so as to ensure that those transactions are beneficial to the firm, and not to the detriment of the shareholders and stakeholders.

(iii) Board independence is also found to have a negative and insignificant effect on related party transactions, therefore, the boards of consumer goods companies are advised to continue having more independent non-executive directors on their boards, because they help them to maintain a healthy level of related party transactions that are favourable to the firms. This will hep them to achieve the optimal utilization of their current assets, while making the best use of their resources during the process of producing and distributing their products as this will go a long way in improving their operational efficiency.

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