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Do Drivers of Corporate Governance Influence shareholder Value

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ABSTRACT: *This study examines effect of drivers of corporate governance on shareholder value. Data from annual financial reports of listed manufacturing companies in Nigeria were analysed and tested using panel dynamic ordinary least square model and panel unit root tests. Most variables used as proxies for shareholder value responded positively to variations in audit independence while there is a non-significant effect of audit independence on all variables used as proxies for shareholder value. Board independence has a positive and non-significant effect on shareholder value whereas board size and audit size negatively and non-significantly affect shareholder value. The study further reveals that audit size, board size and board independence have negative and non-significant impact on the economic value added which represents the market value of shareholder assets. Only audit independence has a positive and non-significant impact on economic value added. Corporate governance drivers are efficacious but do not influence shareholder value significantly.*

KEYWORDS: Corporate governance, Shareholder value, Board size, Independence, Audit committee, Environment

INTRODUCTION

The main goal of virtually every company has always been to enhance shareholder value whether by paying dividends, causing the stock price to increase and/or generating as much profit as possible. Michelle (2015) affirmed this aphorism adding that the main purpose of a business is to maximise profits to enhance shareholder value. Others contend that a company's principal purpose is to serve the interests of a larger group of stakeholders, including employees, customers, and even society as a whole (Momoh & Ukpong, 2013). Many companies have thus started to balance their primary objective with other social and environmental goals that help to appease stakeholders as well as generate profits (Kokemuller, 2016).

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The owner(s) must receive an adequate return on the capital invested and risk undertaken by them; this return is in the form of profit or dividend. Najjar (2012) emphasises that employees must also be adequately compensated through fair wages or salaries, allowances, bonus and other benefits to ensure that they will devote themselves to the work and spirit of the organisation, not merely as hired employees but rather as if they were working for themselves. Earning sufficient profits is necessary not only to provide adequate rewards to the owners and employees, but also to enable innovation, growth and satisfaction (Kokemuller, 2016).

Thus the shareholder value of a company can be ascertained by calculating the returns generated for its stockholders. The extent to which this fundamental goal is achieved by management is the subject of significant debate among scholars. Opinions about the concept of creating or maximising shareholder value differ in many respects. The stewardship theory assumes that managers act in the interest of the shareholders to create wealth and thus argues that it is less important for principals or owners to emphasise the maximisation or enhancement of shareholder value. According to this theory, the oversight and control of managers may be unnecessary (Donaldson and Davis 1991, Muth and Donaldson 1998).

In contrast, agency theory maintains that managers must be controlled and effective monitoring of managers by independent directors is essential. This view implies that the achievement of the fundamental goal of every business requires control of management by the board of directors (Baysinger and Butler 1985, Jensen and Meckling 1976, Lefort and Urzua 2008).

We recently witnessed a global crisis and the failures of many companies across the world: Corporate scandals involving Arthur Anderson/Enron in 2001, WorldCom in 2002, Tyco International in the United States in 2002, HIH Insurance Limited in Australia in 2001, Parmalat in Italy in 2003 and Cadbury Nigeria Plc in 2006, are examples of past events that have tarnished both corporate and shareholder value.

Extant literature on the effect of corporate governance on shareholder value in Nigeria is extremely limited. Rappaport's (1986, 1987), used forecast drivers to analyse cash flow for the creation of shareholder value and developed a model to calculate shareholder value. Thus, the main objective of this paper is to examine how the drivers of corporate governance affect shareholder value, focusing on selected listed manufacturing companies in Nigeria. To give the study a proper direction, we formulate the following hypotheses:

Hypothesis 1: Board size and board Independence have no significant effect on Shareholder Value.
Hypothesis 2: Audit committee size and audit committee independence have no positive and significant effect on Shareholder value.
The remainder of the paper is organised into the following sections: (1) Introduction, (2) Literature/Theoretical underpinning, (3) Methodology, (4) Results/Findings (5) Discussion of Findings, (5) Implication to research and practice, (6) Conclusions (7) Future Research.

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LITERATURE/THEORETICAL UNDERPINNING

Conceptually, a share refers to an indivisible unit of capital that signifies or expresses the ownership relationship between a company and its shareholder. The denominated value of a share is its face value and the total of the face values of all issued shares represents the capital of a company, which might not equal the market value of those shares (Wikipedia, 2016). Narayana (2014) opines that the total economic value of an entity such as a company or business unit is the sum of the values of its business and its equity. The value of the business portion is called '"corporate value"' and the value of the equity portion is called '"shareholder value."' Corporate value equals debt plus shareholder value. The debt portion of corporate value includes the market value of debt, the unfunded portion of employee benefits (if any), and the market value of other claims (such as preferred stock). Shareholder value is reflected in the market price of equity shares in a company (Narayana, 2014). Shareholder value can also be understood as the market capitalisation of the equity of a company at any point in time.

An overview of the empirical review of the related literature (presented in Table 1 in Appendix 1) shows that Core, Guay & Rusticus (2006), conducted a study on whether weak corporate governance causes weak stock returns and found that it does not. However, that study does not directly relate to our study due to differences in the environment, and our study reveals a positive but non- insignificant effect of corporate governance to shareholder value. Therefore, corporate governance could affect stock returns. In addition, a study by Koerniadi & Tourani- Rad (2012) showed that independent directors negatively affect firm value and can only positively affect firm value when they are in the minority; In contrast, our study reveals a positive but non-significant impact of the drivers of corporate governance (i.e, independent directors) on shareholder value, although not on firm value generally. Swan & Forsberg (2014), revealed that combining the CEO's role with that of the chairman adds value to firm, which implies that the chairman assumes a position as a dependent director.

Our study shows otherwise. Specifically, our study focuses mainly on the effect of independent directors and reveals a positive but non-significant impact on shareholder value. Marouan & Dabboussi (2015) conducted a study on the impact of corporate governance on shareholder value creation concentrating on ownership structure and board characteristics. Their study showed that capital concentration has a negative effect on firm performance and value creation and that the presence of outside directors has a significant negative impact on firm performance and value creation. That study also differs somewhat from our study, even though, outside directors should be the same as independent directors, for which our study found a positive but non-significant correlation. Tchonassi & Nosseyamba (2011) found that corporate boards are not relatively independent but that both sector- and country-specific factors have an impact on the maximisation of shareholder value. Indeed, Sector -and country-specific factors should not be underestimated, and our study reveals results regarding corporate governance and shareholder value that are unique to our environment.

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Finally, we noticed that most authors conducted their data analysis with regression model. In our study, we used an improved model (the unit root test) because of its suitability for pooled panel data of this nature.

METHODOLOGY

Data were collected from the annual financial reports of selected manufacturing companies listed on the Nigerian Stock Exchange (NSE) from 2004 to 2015. From the eight manufacturing sectors on the NSE, five sectors were chosen. Most of the companies selected from these five sectors were multinational companies, whereas others were chosen based on age and the availability of data over twelve years. Thirteen companies were selected and their annual financial reports were collected for analysis. Board size, board independence, audit size and audit independence are all drivers of and proxies for corporate governance and are derived from the annual financial reports. The effect of these drivers of corporate governance on shareholder value was examined from both an accounting perspectives and a market value- based perspective for the twelve -year period. The independent variables are above-mentioned drivers of corporate governance. The key parameters used as dependent variables to proxy for shareholder value based on the accounting perspectives include; earnings per share (EPS), price earnings ratio (PER), dividend per share (DPS), earnings yield (EYILD), dividend yield (DYILD), return on equity (ROE). For the market value-based perspectives, we employ economic value added (EVA). The listed companies included in the study are Uniliver Nig. Plc, Nestle Nig. Plc, Guinness Nig. Plc, PZ Nig. Plc, Cadbury Nig. Plc, Oando Plc, Total Plc, May & Baker Plc, Berger Paints Plc, UACN Nig Plc, Vita Foam Plc, Mobil Oil Plc and Nigeria Breweries Plc. Because the study period is twelve years, a pooled panel data model was adopted with unit root analysis. We adopted this model because the data comprises time series and cross- sectional data. The choice of the period of study (2004 to 2015) was informed by the 2003 release of the first code of corporate governance for listed companies in Nigeria.

RESULTS/FINDINGS

The data collected for this study are analysed using E-view Software and the hypotheses were also tested. The results of the findings are presented in Tables 1, 2, 3, 4 and 5 as shown below. The discussions of findings follow immediately after these presentations accordingly:

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Table 1: Summary of Results of Panel Unit Root Test at Level

Series	Methods	Levin, Lin & Chu t*	Im, Pesaran and Shin W-stat	ADF - Fisher Chi-square	PP - Fisher Chi-square	Breitung t-stat
AIND	Statistic	-1.20181	-1.00326	9.88954	9.84630	NA
	Prob.**	0.1147	0.1579	0.1294	0.1313	NA
AUDITCS	Statistic	-1.51895	-1.50485	9.09284	9.10338	NA
	Prob.**	0.0644	0.0662	0.0588	0.0586	NA
BIND	Statistic	-4.48135	-1.15029	34.5640	55.9077	-2.09232
	Prob.**	0.0000	0.1250	0.1214	0.0006	0.0182
BOARD_SIZE	Statistic	-6.81548	-1.11679	37.0368	23.1716	-0.38469
	Prob.**	0.0000	0.1320	0.0742	0.6232	0.3502
DPS	Statistic	-6.01967	-1.46673	35.5853	46.6185	-1.75852
	Prob.**	0.0000	0.0712	0.0996	0.0078	0.0393
DYILD	Statistic	-5.86510	-1.41443	39.7973	51.1607	-0.47160
	Prob.**	0.0000	0.0786	0.0408	0.0023	0.3186
EPS	Statistic	-3.43287	-2.07176	41.0571	38.6172	NA
	Prob.**	0.0003	0.0191	0.0306	0.0530	NA
EVA	Statistic	-3.86492	-3.83950	59.7728	63.1523	NA
	Prob.**	0.0001	0.0001	0.0002	0.0001	NA
EYILD	Statistic	-0.08955	NA	39.0039	49.4107	NA
	Prob.**	0.4643	NA	0.0487	0.0037	NA
PER	Statistic	-10.3749	-4.27039	58.2133	74.4190	3.37663
	Prob.**	0.0000	0.0000	0.0003	0.0000	0.9996
ROE	Statistic	-6.30631	-3.18433	52.3939	50.9233	-0.23949
	Prob.**	0.0000	0.0007	0.0016	0.0024	0.4054

Source: E-views version 9 (Emengini S. E et al, 2017)

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Table 2: Summary of results of Panel unit root Test at First Difference

Series	Methods	Levin, Lin & Chu t*	Im, Pesaran and Shin W-stat	ADF - Fisher Chi-square	PP - Fisher Chi-square	Breitung t-stat
AIND	Statistic	-10.2273	-5.83509	35.3777	17.2834	NA
	Prob.**	0.0000	0.0000	0.0000	0.0002	NA
AUDITCS	Statistic	-10.2273	-5.83509	35.3777	17.2834	NA
	Prob.**	0.0000	0.0000	0.0000	0.0002	NA
BIND	Statistic	-22.5627	-7.63218	98.5781	130.497	-4.2671
	Prob.**	0.0000	0.0000	0.0000	0.0000	0.0000
BOARD_SIZE	Statistic	-13.5436	-4.57312	63.4328	103.577	-3.35844
	Prob.**	0.0000	0.0000	0.0000	0.0000	0.0004
DPS	Statistic	-12.3955	-3.9085	78.9550	132.305	-0.5219
	Prob.**	0.0000	0.0000	0.0000	0.0000	0.3009
DYILD	Statistic	-14.2143	-5.67704	99.7483	149.130	-0.49515
	Prob.**	0.0000	0.0000	0.0000	0.0000	0.3102
EPS	Statistic	-12.0786	-8.82525	113.351	128.049	NA
	Prob.**	0.0000	0.0000	0.0000	0.0000	NA
EVA	Statistic	-7.19398	-6.41435	90.2488	143.068	NA
	Prob.**	0.0000	0.0000	0.0000	0.0000	NA
EYILD	Statistic	-15.5764	NA	181.638	182.272	NA
	Prob.**	0.0000	NA	0.0000	0.0000	NA
PER	Statistic	-19.7466	-7.93074	99.8205	164.006	-0.55305
	Prob.**	0.0000	0.0000	0.0000	0.0000	0.2901
ROE	Statistic	-24.7822	-6.62359	92.2485	132.433	-0.28777
	Prob.**	0.0000	0.0000	0.0000	0.0000	0.3868

Source: E-views version 9 (Emengini S. E et al, 2017)

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Table 3: Summary of results of Kao Residual Co-integration Test

SERIES	T-STATISTIC	PROB.
AIND BIND DPS IND_NED AUDITCS BOARD_SIZE	-2.568080	0.0051
AIND BIND IND_NED AUDITCS BOARD_SIZE DYILD	-2.590959	0.0048
AIND BIND IND_NED AUDITCS BOARD_SIZE EPS	-2.823784	0.0024
AIND BIND IND_NED AUDITCS BOARD_SIZE EVA	-2.170615	0.0150
AIND BIND IND_NED AUDITCS BOARD_SIZE EYILD	-2.460654	0.0069
AIND BIND IND_NED AUDITCS BOARD_SIZE PER	-2.440386	0.0073
AIND BIND IND_NED AUDITCS BOARD_SIZE ROE	-2.581663	0.0049

Source: E-views version 9 (Emengini S. E et al, 2017)

Table 4: Summary of Results of Panel Dynamic Ordinary Least Square (DOLS) Analysis

	DPS		DYILD		EPS		EYILD		PER		ROE	
	COEF	PROB	COEF	PROB	COEF	PROB	COEF	PROB	COEF	PROB	COEF	PROB
AIND	3.933198	0.5722	7.75189	0.4128	3.294461	0.7656	6.730246	0.7199	-69.25463	0.0206	-0.8901	0.3969
BIND	0.007008	0.3667	0.066544	0.8958	-0.00011	0.9928	0.000378	0.9856	-0.044982	0.1743	0.00043	0.7147
ASIZE	-0.945895	0.3047	-1.8962	0.1307	-0.63956	0.6615	-1.62955	0.5113	-8.832724	0.0254	0.10709	0.4405
BSIZE	-0.115808	0.5670	-0.1383	0.6146	-0.13233	0.6803	-0.21176	0.6977	0.342206	0.6910	0.07367	0.0168
R^2	0.706701		0.864065		0.734062		0.815700		0.479157		0.328846	

Source: E-views version 9 (Emengini S. E et al, 2017)

Table 5: Summary of results of Economic Value added (EVA)

	EVA	
	COEF	PROB
AIND	737.8455	0.7847
BIND	-0.712916	0.8127
ASIZE	-157.5069	0.6591
BSIZE	-42.37375	0.5898
R^2	0.469325	

Source:E-views version 9 (Emengini S. E et al, 2017)

DISCUSSION OF FINDINGS

The study applies unit root test to observe the integrated order of variables. Unit root test were conducted using multiple methods to address the limitations of each particular

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method for confirmation purposes. The result of the Levin, Lin & Chu (LLC) test which is based on the common panel unit root indicates that the series included in the model are all non-stationary at level but become stationary I(1) after the first difference. The result of the LLC test was consistent with those of individual panel unit root tests conducted using the Im, Pesaran & Shin(IPS), Fisher Augmented Dickey Fuller (ADF) and Maddala and Wu (1999) tests, indicating that all variables under consideration are stationary at order one I(1). The Fisher Philips –Perron (PP) test was applied in addition to the Fisher ADF to verify the stationary trend in the data. However contrary to the other results, the Brietung panel unit root test indicated that all variables are integrated of order zero I(0). We conclude that the variables are integrated of order one I(1) base on the frequency of that result. The results of the unit root test are as shown above in Tables 1 & 2.

The Kao co-integration test is based on the Engle and Granger approach which suggests the existence of a long-run relationship between variables in a single equation. The results of this test showed the existence of a co-integrating equation in the model which implies that there are long run relationships among the variables included in the model. Thus, we estimated a co-integration equation using dynamic ordinary least square (DOLS) to determine the effect of the independent variable on the dependent variable. The result of the co-integration test is as shown above in Table 3

As shown above in table 4, the results of the panel DOLS analysis reveal that audit independence (AIND) positively affects the level of shareholder wealth (as proxied by DPS) particularly for studied companies. The coefficient of AIND is 3.933198, which implies a positive association between AIND and DPS for the period under study. The result of the hypotheses test shows a probability of (0.5722), which is greater than 0.05, indicating that the effect of AIND on DPS is statistically non-significant. However, the result for board independence (BIND) indicates that there is also a positive relationship between BIND and shareholders wealth (as proxied by DPS). The coefficient of BIND is 0.007008 which implies that a 1- percent variation in the level of board independence will cause an approximate 0.007% variation in shareholders wealth for the period under consideration. This result presupposes that the more independent the board is, the greater shareholders wealth is. However a closer look at the results of the panel OLS analysis shows that almost all variables used to proxy for shareholders wealth (EPS, DPS, EYILD, and DYILD) responded positively to variations in AIND, except for PER and ROE which responded negatively. Similarly the results of the long run DOLS analysis indicate that in the long run, BIND has a positive and non-significant effect on all the proxies of shareholders wealth, with the exception of EPS and PER on which it has a negative effect. It can also be observed from the results that in the long run, AIND and BIND have non-significant effect on the proxies of shareholders wealth, with a probability value that is greater than 0.05, except with respect to PER. The results indicate that if AIND and BIND are enhanced, the value of shareholders wealth will improve. This finding is consistent with that of Lefort & Urzua (2008) who found that the proportion of independent directors affects company value creation. Therefore, firms should strive to increase the independence of the board and audit committees because increased independence will lead to increased shareholders wealth. We therefore conclude that AIND makes a positive contribution to the shareholders wealth

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of the studied firms. We also conclude that BIND makes a positive but non-significant contribution to the shareholders wealth of the studied firms. The R^2 values show that most of the variables used to proxy for shareholder wealth poorly fitted to the explanatory variables indicating that the variables included in the model are best suited for determining the causes of changes in shareholders wealth.

The results of the panel OLS analysis shows that BSIZE and ASIZE have a negative effect on all proxies of shareholders wealth with the exception of ROE for ASIZE and PER and ROE for BSIZE which show positive associations. These results imply that the higher the number of non- independent board and audit committee members the lower the value created for shareholders. The results also show that BSIZE and ASIZE have a statistically non-significant effect on most proxies of shareholders wealth which is in line with the findings of Marouan and Dabboussi (2015) with exceptions of PER and ROE. These results suggest greater potential for growth of shareholders wealth if the increase in board and audit Committee size is accompanied by increased independence. Based on the results discussed above, we conclude that BSIZE and ASIZE have a negative and non-significant impact on shareholders wealth in the period under review particularly for the studied firms.

As shown above in Table 5, the results of the panel OLS analysis show that in the long run, ASIZE, BSIZE and BIND have negative and non-significant impacts on EVA which is used to proxy for the market value of shareholders wealth. The results also indicate that AIND has a positive but non-significant impact on EVA which represents the market -based measure of shareholders wealth. The coefficient of BSIZE is -42.37375 with a probability value of 0.5898 which is greater than 0.05 implying that the effect of BSIZE is statistically non-significant. The coefficient of AIND is 737.8455 with a probability of value of 0.7847 which indicates that AIND has a statistically non-significant impact on EVA. Similarly, the coefficient of BIND is -0.712916 with a probability value of 0.8127 which is greater than 0.05, indicating that BIND has a statistically non-significant impact on EVA. The R^2 value is 0.46932 which indicates that the line of best fit is moderately fitted and that 47% of the variation in EVA is attributable to the independent variables included in the model. The results indicate that there is a negative and non-significant effect on the market measures of shareholders wealth as proxied by EVA. This aspect of our findings is consistent with the work of Black, Jang, and Kim (2006) who studied how corporate governance can predict firm's market value? (Evidence from Korea). Their work shows consistent casual relationship between the overall governance index and higher share prices of Korean firms. In contrast, our findings show a negative and non-significant effect of corporate governance on shareholder value which suggests that manufacturing companies in Nigeria have not been successful in improving the market value of shareholder assets through effective corporate governance strategies.

IMPLICATION TO RESEARCH AND PRACTICE

Based on the discussion of the findings, the following policy implications to research and practice are highlighted; Nigerian manufacturing companies should strive to improve the independence of their boards and audit committees by strictly adhering to

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the relevant corporate governance codes, because increased independence will lead to increased shareholders wealth in the long run. The effectiveness of corporate governance depends to a great extent on other factors, including, ethical issues, organisational culture and the 'tone at the top'. This may be part of the reasons why the results do not show a significant effect on shareholders wealth. Policy makers are advised to adopt a holistic concept of the issues affecting corporate governance when making decisions about corporate governance matters.

Our study highlighted a critical issue that board size (BSIZE) and audit committee size (ASIZE) responded positively only to ROE but they have no significant effect on shareholder value. Companies should be much more concerned about the composition of boards and audit committees, that is to say, their independence.The results of a negative and non-significant effect on shareholder value (as measured by EVA) suggest that manufacturing companies in Nigeria have to improve the market value of shareholders wealth through effective corporate governance strategies. Manufacturing companies in Nigeria should improve on their corporate governance strategies to effectively increase EVA for shareholder. The implication of the results anchors also on the need to strengthen the corporate governance strategies of manufacturing companies in Nigeria particularly with respect to board and audit independence.

CONCLUSIONS

Corporate governance describes the way a company is managed by its corporate governors. The corporate governors in this case are the board of directors (independent and dependent directors). Therefore, this paper examines the impact of these corporate governors on Shareholder value. This study used certain items in company financial statements as proxy for corporate governance in order to ascertaining the effect of corporate governance on shareholder value. A pooled panel data model was adopted with unit root analysis for a twelve- year period.

The results of the panel OLS analysis, showed that almost all the variables used to proxy for shareholder wealth (EPS, DPS, EYILD, and DYILD) responded positively to variations in AIND with the exceptions of PER and ROE, which responded negatively. The study also revealed a non-significant effect on all variables used to proxy for shareholder value, except for PER which showed a significant effect. We therefore conclude that as a driver of corporate governance, AIND contributes positively but non-significantly to shareholders wealth for the companies under consideration. We also observed that all variables used to proxy for shareholder value responded positively to changes in BIND except for EPS and PER which responded negatively. However, BIND has a non-significant effect on all variables used to represent shareholder value. Therefore, as a driver of corporate governance, BIND has a positive but non-significant effect on shareholder value. BSIZE and ASIZE have negative effects on all proxies of shareholders value, with the exceptions of ROE for ASIZE and PER and ROE for BSIZE which show positive associations. The results also revealed that BSIZE and ASIZE have statistically non-significant effects on most of the proxies for shareholders wealth, with the exceptions of PER and ROE. The study reveals that in the long run, ASIZE, BSIZE and BIND have negative and non-significant impacts on EVA, which

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was used as a proxy for market value of shareholders assets. In contrast, AIND has a positive and non-significant impact on EVA.

In conclusion, the positive influence of the drivers of corporate governance on Shareholder value is not in doubt, but these drivers do not significantly influence Shareholder value at least in the short run.

FUTURE RESEARCH

The researchers outlined the following specific areas for further research;

1. Corporate governance and Ethics influence on shareholder value.
2. Effect of ownership structure on shareholder value
3. Improving on the same topic by including other variables in the study like market value added (MVA), return on assets and increasing the scope to embrace other countries in Africa.

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Definitions of key Abbreviations:

1. ASIZE = Audit committee size
2. AIND = Audit committee independence (ratio of independent members to total members)
3. BSIZE = Board size
4. BIND = Board independence (ratio of independent board members to total board members)
5. AUDITCS = Audit committee size
6. NED = Non – executive director
7. IND = Independent director
8. EVA = Economic value added = net operating profit after Taxes - (returns on invested capital x weighted average cost of capital))
9. EPS = Earnings per share (total earnings divided by the total number of shares outstanding)

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10. PER = Price- earnings ratio (ratio of market price per share (MPS) to earnings per share i.e, MPS/EPS).

11. EYILD = Earnings yield (EPS divided by the MPS)

9. DPS = Dividend per share (total dividend declared divided by total number of shares outstanding)
10. DYILD = Dividend yield (DPS divided by MPS)

11. ROE = Return on equity = (operating profit after interest & taxes and Preferred dividend divided by shareholder equity)
12. ROA = Return on assets (net operating profit divided by average assets)
13. MVA = Market value added (number of common shares outstanding × share price) + (number of preferred shares outstanding × share price) – Book value of invested capital.
14. Shareholders wealth is interchangeably used as Shareholders value

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APPENDIX I

CALCULATION OF VALUES FOR DEPENDENT AND INDEPENDENT VARIABLES

TABLE 6

GUINESS NIG PLC

YEARS	EPS	PER	EYILD	DPS	DYILD	ROE	**BOARD SIZE**	IND-NED	BIND	**AUDITCS**	IND-NED	AIND
2004	6.71	0.07	13.42	5.25	9.38	0.47	14	0	0	6	3	0.5
2005	4.12	0.121	8.24	3	6	0.27	13	0	0	6	3	0.5
2006	6.31	0.07	12.62	4	8	0.36	13	6	0.4614	6	3	0.5
2007	7.84	0.069	14.5	3.47	6.92	0.34	13	6	0.4614	6	3	0.5
2008	8.04	0.06	16.08	4.5	9	0.32	11	5	0.4546	6	3	0.5
2009	9.18	0.05	18.36	12.8	25.6	0.43	13	8	0.6154	6	3	0.5
2010	9.31	0.053	18.62	7.5	15	0.4	12	7	0.5833	6	3	0.5
2011	12.16	0.04	24.32	8.25	16.5	0.45	11	6	0.5455	5	3	0.6
2012	9.95	0.05	19.9	10	20	0.36	12	9	0.75	5	3	0.6
2013	7.93	0.06	15.85	8	16	0.26	12	9	0.75	6	3	0.5
2014	6.34	0.08	12.72	3.20	6.40	0.21	12	8	0.6667	6	3	0.5
2015	5.18	0.10	10.36	3.20	6.40	0.61	12	8	0.6667	6	3	0.5

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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TABLE 7
PZ CUSSONS NIG PLC

YEARS	EPS	PER	EYILD	DPS	DYILD	ROE	**BOARD SIZE**	IND-NED	BIND	**AUDITCS**	IND-NED	AIND
2004	1.19	0.42	2.38	0.75	1.5	0.11	11	0	0	6	3	0.5
2005	1.34	0.37	2.68	0.75	1.5	0.15	11	0	0	6	3	0.5
2006	1.17	0.43	2.34	0.69	1.38	0.102	11	0	0	5	3	0.6
2007	0.81	0.62	1.62	0.69	1.38	0.067	11	2	0.1818	6	3	0.5
2008	0.86	0.58	1.72	0.81	1.62	0.094	13	5	0.3846	5	3	0.6
2009	0.95	0.53	1.9	0.68	1.36	0.1	12	5	0.4167	6	3	0.5
2010	1.5	0.33	3	0.68	1.36	0.15	12	5	0.4167	6	3	0.5
2011	1.05	0.48	2.1	0.86	1.72	0.1	12	6	0.5	6	3	0.5
2012	0.15	3.33	0.3	0.69	1.38	0.02	12	6	0.5	6	3	0.5
2013	0.56	0.89	1.12	0.43	0.86	0.07	12	6	0.5	6	3	0.5
2014	1.01	0.50	2.02	0.61	1.22	0.15	12	6	0.5	6	3	0.5
2015	0.55	0.91	1.10	0.61	1.22	0.08	10	5	0.5	6	3	0.5

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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TABLE 8
NESTLE NIG PLC

YEARS	EPS	PER	EYILD	DPS	DYILD	ROE	**BOARD SIZE**	IND-NED	BIND	**AUDITCS**	IND-NED	AIND
2004	7.26	0.069	14.52	7	14	2.21	8	6	0.75	6	3	0.5
2005	10.04	0.05	20.08	10	20	3.03	13	6	0.4615	6	3	0.5
2006	10.71	0.047	21.42	10	20	0.89	8	6	0.75	6	3	0.5
2007	8.24	0.061	16.48	8.43	16.86	0.87	8	6	0.75	6	3	0.5
2008	12.61	0.04	25.22	8.4	16.8	0.92	8	5	0.625	6	3	0.5
2009	14.81	0.034	29.62	12.55	25.1	0.924	8	5	0.625	6	3	0.5
2010	19.08	0.026	38.16	12.55	25.1	0.85	8	5	0.625	6	3	0.5
2011	21.21	0.024	42.42	10.33	20.66	0.72	8	5	0.625	6	3	0.5
2012	26.67	0.019	53.34	12.55	25.1	0.62	8	5	0.625	6	3	0.5
2013	28.08	0.018	56.16	20	40	0.55	8	5	0.625	5	3	0.6
2014	28.05	0.02	56.10	17.5	35	0.21	8	5	0.625	6	3	0.5
2015	29.95	0.02	59.90	19	38	0.62	8	5	0.625	6	3	0.5

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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TABLE 9

CADBURY NIG PLC

YEARS	EPS	PER	EYILD	DPS	DYILD	ROE	**BOARD SIZE**	IND-NED	BIND	**AUDITCS**	IND-NED	AIND
2004	2.5	0.2	5	1.6	3.2	0.265	12	5	0.4167	6	3	0.5
2005	2.19	0.23	4.38	1.3	2.6	0.21	12	5	0.4167	6	3	0.5
2006	-4.2	-0.12	-8.4	0	0	-0.12	7	5	0.7143	5	3	0.6
2007	-0.42	-1.2	-0.84	0	0	-0.9	3	1	0.3333	5	3	0.6
2008	-2.68	-0.19	-5.36	0	0	-1.08	3	1	0.3333	6	3	0.5
2009	0.69	-0.72	-1.38	0	0	-0.078	7	5	0.7143	6	3	0.5
2010	0.43	1.16	0.86	0	0	0.1	7	5	0.7143	6	3	0.5
2011	1.22	0.41	2.44	0.78	1.56	0.22	7	5	0.7143	6	3	0.5
2012	1.37	0.36	2.74	0	0	0.2	7	5	0.7143	6	3	0.5
2013	1.93	0.26	3.84	0.5	1	0.25	7	5	0.7143	6	3	0.5
2014	10.75	3	1.5	0.65	1.3	0.06	7	5	0.7143	6	3	0.5
2015	0.61	0.82	1.22	0.65	1.3	0.09	7	5	0.7143	6	3	0.5

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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TABLE 10
UNILEVER NIG PLC

YEARS	EPS	PER	EYILD	DPS	DYILD	ROE	**BOARD SIZE**	IND-NED	BIND	**AUDITCS**	IND-NED	AIND
2004	0.72	0.694	1.44	0.7	1.4	0.55	10	0	0	6	3	0.5
2005	0.53	0.943	1.06	0	0	0.29	10	0	0	6	3	0.5
2006	-0.43	-1.16	-0.86	0	0	-0.41	10	0	0	5	3	0.6
2007	0.28	1.786	0.56	0.25	0.5	0.21	11	5	0.4546	5	3	0.6
2008	0.69	0.725	1.38	0.68	1.36	0.39	12	8	0.6667	6	3	0.5
2009	1.08	0.463	2.16	0.68	1.36	0.5	10	4	0.4	6	3	0.5
2010	1.11	0.45	2.22	1.07	2.14	0.51	10	5	0.5	6	3	0.5
2011	1.45	0.342	2.92	1.1	2.2	0.57	7	6	0.8571	5	3	0.6
2012	1.48	0.338	2.96	1.4	2.8	0.56	7	6	0.8571	6	3	0.5
2013	1.27	0.39	2.54	1.4	2.8	0.51	8	7	0.875	6	3	0.5
2014	0.64	0.78	1.28	1.25	2.5	0.32	8	7	0.875	6	3	0.5
2015	0.32	1.56	0.64	0.10	0.2	0.15	11	8	0.727	6	3	0.5

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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Table 11
OANDO PLC

Year	EPS	PER	EYILD	DPS	DYILD	ROE	B SIZE	IND/NED	BIND	AUDITCS	IND/NED	AIND
2004	2.43	4.94	0.20	2.00	0.167	0.068	12	8	0.67	6	3	0.5
2005	2.40	4.53	0.20	3.12	0.26	0.078	12	8	0.67	6	3	0.5
2006	4.11	2.92	0.34	2.50	0.21	0.13	12	8	0.67	6	3	0.5
2007	4.22	1.60	0.35	4.00	0.33	0.12	12	8	0.67	6	3	0.5
2008	9.22	1.30	0.77	8.00	0.67	0.19	12	8	0.67	6	3	0.5
2009	11.32	1.24	0.81	3.00	0.21	0.19	11	6	0.55	6	3	0.5
2010	8.29	1.69	0.59	3.00	0.21	0.15	11	6	0.55	6	3	0.5
2011	1.26	11.10	0.090	3.00	0.18	0.0280	11	6	0.55	6	3	0.5
2012	4.07	3.44	0.29	3.39	0.17	0.052	11	6	0.55	6	3	0.5
2013	0.23	60.9	0.016	0.30	0	0.029	11	6	0.55	6	3	0.5
2014	20.76	0.67	1.48	0	0	4.04	12	7	0.58	6	3	0.5
2015	(4.23)	0	0	0	0	(0.82)	12	7	0.58	6	3	0.5

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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Table 12
UAC NIG PLC

Year	EPS	PER	EYILD	DPS	DYILD+	ROE	B SIZE	IND/NED	BIND	AUDITCS	IND/NED	AIND
2004	1.40	10.12	0.100	0.85	0.060	0.149	8	4	0.500	6	3	0.500
2005	1.38	12.32	0.081	1.00	0.059	0.140	10	7	0.700	6	3	0.500
2006	1.06	24.95	0.040	1.00	0.038	0.183	10	7	0.700	6	3	0.500
2007	1.90	27.58	0.036	1.20	0.023	0.194	10	7	0.700	6	3	0.500
2008	2.02	17.13	0.058	2.00	0.058	0.206	8	5	0.625	6	3	0.500
2009	1.48	25.00	0.040	1.30	0.035	0.159	8	5	0.625	6	3	0.500
2010	1.00	37.51	0.027	1.10	0.029	0.135	8	5	0.625	6	3	0.500
2011	0.37	80.270	0.013	1.50	0.051	0.350	8	5	0.625	6	3	0.500
2012	2.57	16.342	0.061	1.60	0.038	0.171	8	5	0.625	6	3	0.500
2013	3.39	19.764	0.051	1.75	0.026	0.318	8	5	0.625	6	3	0.500
2014	2.25	15.110	0.066	1.75	0.052	0.201	8	5	0.625	6	3	0.500
2015	1.82	10.30	0.097	1.00	0.053	0.162	8	5	0.625	6	3	0.500

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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Table 13
VITA FOAM PLC

Year	EPS	PER	EYILD	DPS	DYILD	ROE	B SIZE	IND/NED	BIND	AUDITCS	IND/NED	AIND
2004	0.41	15.7	0.032	0.30	0.023	0.353	7	4	0.571	6	3	0.500
2005	0.17	37.8	0.05	0.15	0.047	0.142	7	4	0.571	6	3	0.500
2006	0.34	13.7	0.13	0.12	0.047	0.259	7	4	0.57	6	3	0.500
2007	0.54	11.9	0.08	0.25	0.039	0.313	10	5	0.556	6	3	0.500
2008	0.85	11.00	0.09	0.30	0.032	0.369	10	5	0.556	6	3	0.500
2009	0.63	7.14	0.14	0.25	0.056	0.243	9	5	0.556	6	4	0.667
2010	0.63	7.620	0.13	0.30	0.063	0.252	9	5	0.556	6	4	0.667
2011	0.69	8.26	0.12	0.30	0.053	0.230	9	5	0.556	6	4	0.667
2012	0.67	4.74	0.21	0.30	0.093	0.169	10	6	0.600	6	4	0.667
2013	0.48	10.50	0.14	0.30	0.085	0.127	10	6	0.600	6	4	0.667
2014	0.81	8.57	0.20	0.30	0.075	0.202	10	6	0.600	6	4	0.667
2015	0.50	53.60	0.086	0.35	0.060	0.13	10	6	0.600	6	4	0.667

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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Table 14
MAY & BAKER PLC

Year	EPS	PER	EYILD	DPS	DYILD	ROE	B SIZE	IND/NED	BIND	AUDITCS	IND/NED	AIND
2004	0.50	19.2	0.062	0	0	0.13	8	5	0.63	6	3	0.5
2005	0.47	14.9	0.067	0.30	0.43	0.13	8	5	0.63	6	3	0.5
2006	0.30	5.00	0.038	0.30	0.038	0.081	8	5	0.63	6	3	0.5
2007	0.30	5.90	0.022	0.50	0.13	0.079	8	5	0.63	6	3	0.5
2008	0.19	41.4	0.024	0.36	0.046	0.048	9	5	0.55	5	2	0.4
2009	0.33	23.4	0.43	0.45	0.058	0.086	9	5	0.55	5	2	0.4
2010	0.20	29.9	0.033	0.13	0.22	0.066	9	5	0.55	5	2	0.4
2011	0.23	28	0.036	0.25	0.039	0.070	9	5	0.55	5	2	0.4
2012	0.08	80	0.013	0.21	0.033	0.024	9	5	0.55	5	2	0.4
2013	0.08	46.2	0.016	0.23	0.037	(0.034)	9	4	0.44	6	3	0.5
2014	0.10	30.3	0.055	0.30	0.16	0.020	8	4	0.5	6	3	0.5
2015	0.06	5.06	0.033	0.40	0.22	0.021	8	4	0.5	6	3	0.5

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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Table 15
BERGER PAINTS PLC

Year	EPS	PER	EYILD	DPS	DYILD	ROE	B SIZE	IND/NED	BIND	AUDITCS	IND/NED	AIND
2004	0.38	18.5	0.10	0.30	0.079	0.20	11	4	0.36	6	3	0.5
2005	(0.21)	(40.5)	(0.025)	0	0	0.051	11	4	0.36	6	3	0.5
2006	0.37	22.9	0.109	0	0	0.084	11	4	0.36	6	3	0.5
2007	0.52	17.3	0.54	0.19	0.022	0.23	11	4	0.36	6	3	0.5
2008	0.95	7.89	0.13	0.39	0.052	0.17	10	3	0.3	6	3	0.5
2009	0.89	8.43	0.12	0.38	0.051	0.14	10	3	0.3	6	3	0.5
2010	2.03	3.69	0.27	0.49	0.065	0.26	10	3	0.3	6	3	0.5
2011	1.05	7.14	0.14	0.70	0.093	0.13	10	3	0.3	6	3	0.5
2012	0.83	9.04	0.11	0.70	0.093	0.11	10	3	0.3	6	3	0.5
2013	0.89	6.64	0.119	0.52	0.069	0.88	10	3	0.3	6	3	0.5
2014	0.51	5.07	0.057	0.70	0.093	0.68	10	3	0.3	6	3	0.5
2015	1.14	4.55	0.114	0.75	0.075	0.61	10	3	0.3	6	3	0.5

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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Table 16
TOTAL NIG PLC

Year	EPS	PER	EYILD	DPS	DYILD	ROE	B SIZE	IND/NED	BIND	AUDITCS	IND/NED	AIND
2004	8.18	4.52	0.221	9.00	0.243	0.74	8	3	0.38	6	3	0.5
2005	10.65	3.19	0.058	9.50	0.051	0.59	8	3	0.38	6	3	0.5
2006	7.41	4.90	0.204	7.40	0.204	0.44	8	3	0.38	6	3	0.5
2007	9.59	2.29	0.053	9.50	0.053	0.51	8	3	0.38	6	3	0.5
2008	12.94	14.1	0.064	12.83	0.063	0.71	8	3	0.38	6	3	0.5
2009	11.69	15.7	0.079	11.68	0.078	0.56	7	2	0.29	6	3	0.5
2010	16.01	13.9	0.068	8.00	0.034	0.64	7	2	0.29	6	3	0.5
2011	11.23	16.3	0.061	0.20	0.097	0.38	9	3	0.3	6	3	0.5
2012	13.76	13.3	0.110	0.30	2.49	0.41	9	3	0.3	6	3	0.5
2013	18.39	9.95	0.12	18.21	0.12	0.87	9	3	0.3	6	3	0.5
2014	15.58	5.49	0.090	2.00	0.12	0.077	9	3	0.3	6	3	0.5
2015	11.92	27.3	0.066	9.00	0.52	00.16	9	3	0.33	6	3	0.5

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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Table 17
NIGERIA BREWERIES PLC

Year	EPS	PER	EYILD	DPS	DYILD	ROE	B SIZE	IND/NED	BIND	AUDITCS	IND/NED	AIND
2004	0.67	63.9	0.020	0.55	0.012	0.16	13	5	0.385	6	3	0.5
2005	1.09	33.8	0.030	0.65		0.24	13	5	0.385	6	3	0.5
2006	1.44	25.9	0.040	1.20	0.030	0.30	13	5	0.385	6	3	0.5
2007	2.70	19.60	0.05	1.59	0.03	0.44	13	5	0.385	6	3	0.5
2008	3.40	12.01	0.08	4.85	0.12	0.45	13	5	0385	6	3	0.5
2009	2.57	20.63	0.05	3.69	0.07	0.39	13	7	0.539	6	3	0.5
2010	5.01	18.80	0.050	1.15	0.020	0.62	12	6	0.50	6	3	0.5
2011	5.08	18.6	0.054	1.25	0.013	0.49	15	8	0.533	6	3	0.5
2012	5.03	29.2	0.034	3.00	0.020	0.41	13	7	0.539	6	3	0.5
2013	5.70	29.5	0.034	3.00	0.018	0.38	13	7	0.539	6	3	0.5
2014	5.62	29.4	0.034	5.75	0.035	0.25	13	7	0.538	6	3	0.5
2015	4.82	28.22	0.035	4.70	0.221	0.108	17	10	0.588	6	3	0.5

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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Table 18
MOBIL OIL NIG PLC

Year	EPS	PER	EYILD	DPS	DYILD	ROE	B SIZE	IND/NED	BIND	AUDITCS	IND/NED	AIND
2004	7.32	24.3	0.041	6.50	0.037	0.51	7	2	0.29	6	3	0.5
2005	10.08	17.7	0.057	9.10	0.051	0.72	7	2	0.29	6	3	0.5
2006	7.14	24.9	0.040	0	0	0.61	7	2	0.29	6	3	0.5
2007	9,.59	4.17	0.24	9.50	0.24	0.54	7	2	0.29	6	3	0.5
2008	12.94	4.02	0.25	12.93	0.25	0.65	7	2	0.29	6	3	0.5
2009	11.69	4.53	0.22	11.68	0.20	0.56	6	3	0.5	6	3	0.5
2010	15.50	3.09	0.33	15.19	0.32	0.75	6	3	0.5	6	3	0.5
2011	12.14	2.47	0.40	5.00	0.17	0.91	6	3	0.5	6	3	0.5
2012	8.56	4.32	0.23	5.00	0.14	0.44	6	3	0.5	6	3	0.5
2013	9.65	5.49	0.18	6.00	0.11	0.36	6	3	0.5	6	3	0.5
2014	17.73	4.29	0.23	6.60	0.087	0.47	6	3	0.5	6	3	0.5
2015	13.51	6.29	0.16	0	0	0.32	6	3	0.5	6	3	0.5

Source: calculations of Indices for Dependent and Independent variables from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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Table 19

COMPUTED VALUES OF ECONOMIC VALUE ADDED (EVA) OF SELECTED COMPANIES (20004 – 2015)

YEARS	Nestle	Guinness	Unilever	PZ Cussons	Cadbury	Nigerian Breweries	OANDO	UACN	VITA FOAM	MOBIL	MAY & BAKER	TOTAL PLC	BERGER PAINTS
2004	2,229,514	2,944,906	2,291,329	2,060,004	2,107,573	6,665,128	-3581282	723,636	240,547	1,067,692	148,721	2,970,288	119,890
2005	1,974,128	2,639,479	2,170,241	2,330,935	1,972,615	10,234360	-3,582,057	453,283	64,107	1,131075	117,113	1,225,267	-44,363
2006	1,827,164	3,768,690	-806,974	2,261,364	-1,192,927	10,696,673	2,350,132	978,549	52,726	757,236	159,775	2,004,089	107,480
2007	2,051,886	4,932,451	1,786,955	1,537,784	-1,775,572	17,750	-11,652828	678,970	308,455	1,596,313	272,907	2,999820	152,656
2008	3,375,415	4,359,694	-8,615,721	2,757,666	-596,951	21,918989	-17,057273	772,894	499,260	NA	169,175	3,987,492	113,583
2009	-50,051	5,341,332	4,611,188	2,579,187	44,133	27,580,251	-1,198,780	480,192	373,745	2,791041	83,982	3867,450	121,507
2010	-1,833,401	2,790,803	4,220,179	3,979,762	3,070,040	29,173,728	-7,877211	-115,916	429,519	40,060,701	214,051	3,990,348	223,259
2011	-960,185	2,898,221	5,027,193	2,482,012	2,643,461	27,016324	-6,334702	4,731276	771,971	42,718564	205,678	4,188,357	163,624
2012	4,048,107	5,198,937	5,204,484	599,953	3,102,190	42,846,085	4,010067	280,365	979,308	55,668413	62,668	4,290605	95,207
2013	23,799,906	4,939,662	4,291,262	1,237,832	3,964,324	47,824460	6,462,290	4,329,366	896,040	2,102411	310,664	5,988556	93,795
2014	-16,681,568	2,817,356	2,086,915	828,936	1,063,877	42,438,442	-51,097,536	1,665,166	1,146,319	2,786,908	13,933	5,486344	-10,434
2015	-21,678,650	3,143,381	3,147,438	1,349,864	625,010	37,560,387	-16,785,817	734,723	799,632	4,868,704	246,856	3,387,714	135,454

Source: calculations of Economic valued added from Annual reports of the selected companies in Nigeria (Emengini, et al 2017)

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