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## DOES DIRECTOR REMUNERATION INFLUENCE GOING CONCERN IN SELECTED MANUFACTURING FIRMS IN NIGERIA

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### Abstract

*The Nigerian manufacturing sector is a critical driver of economic growth, employment, and GDP contribution. However, several high-profile corporate failures have highlighted concerns about financial instability and threats to the going concern of listed firms. It is against this backdrop that the inspiration to this study arose. Therefore, this study examines the impact of directors' remuneration on the going concern of manufacturing firms listed on the Nigerian Exchange Group. Using an ex-post facto research design, secondary data were collected from the audited annual reports of 56 listed manufacturing firms spanning 2015 to 2024. Directors' remuneration was proxied by the natural logarithm of total directors' pay, while going concern was measured using the Going Concern Ratio (GCR). Multiple linear regression analysis using the fixed-effect model revealed that directors' remuneration has a significant positive effect on going concern ( $\beta = 249,704$ ;  $p = 0.010 < 0.05$ ). This finding indicates that appropriate remuneration packages can enhance directors' commitment to maintaining firm sustainability, particularly in financially stable firms. Based on these results, the study recommends that manufacturing firms should implement performance-linked remuneration structures that balance the interests of directors and other stakeholders, ensuring firm continuity without compromising shareholder value or operational efficiency.*

**Keywords:** Financial Instability; Directors' Remuneration; Going Concern; Manufacturing Firms; Capital Market; Nigerian Exchange Group

**JEL Classification Codes:**G30, G32, M41, L60

### INTRODUCTION

The going concern assumption is a fundamental principal in accounting, indicating that an organization is expected to continue its operation into the foreseeable future. In Nigeria, the going concern status of many manufacturing firms has increasingly come under scrutiny due to persistent challenges such as high operating costs, fluctuating exchange rates, poor infrastructure, and weak corporate governance practices. As these firms struggle to remain profitable and stable, stakeholders have begun to question the effectiveness of internal governance mechanisms-particularly the role and compensation of director-in sustaining organizational performance and survival (Akinyemi & Adepiti, 2024). Director remuneration, which includes salaries, bonuses, allowance, stock options and other financial rewards, is designed to motivate directors to act in the best interest of the organization. However, concerns arise when director compensation appears excessive, disproportionate to firm performance, or misaligned with long-term organizational goals. In many Nigerian manufacturing firms, issues such as weak monitoring systems, inadequate transparency, and poor accountability have raised doubt whether directors pay packages truly reflect their contributions to the organization continuity.

In recent years, Nigerian corporate environment has had its own share of corporate failure. For instance, prior to the 2004, many firms such as Kanotans S.A. Ltd, TMT textile, ASAD pharmaceutical Nigeria plc., Baffas soft drinks Nigeria Ltd., have closed down in the manufacturing sector (Abdulqadir, 2021). Between the year 2015 and 2021, twenty-four (24) others companies in the manufacturing sector such as Nigeria Distilleries Limited; Nestle Nigeria Plc; Cadbury Nigeria Plc; Flours Mills of Nigeria Limited; Seven-Up Bottling Company Limited; Sosaco Nigeria Limited; Dangote Flour Mills Limited; Ragolis water Ltd; Guinness Nigeria Plc; International Breweries Plc; Nigerian Breweries Plc; Fan milk Nigeria Plc; and CWAY food and Beverage Limited, among others carried out mass sack/retrench of workers within the period (culled from Tribune newspapers, 30<sup>th</sup> of May, 2021). Similarly, in the year 2022, sad event in the history of Nigeria economy was also reported where manufacturing companies such as Rasa Industries, Vee Oil Ltd Triumph Nigeria Limited, Multi-Trex Integrated Foods Plc, Evans Pharmaceutical, Procter & Gamble and GlaxoSmithKline Nigeria among other shut down their production plants, in the third quarter of 2021, with tens of jobs lost. (PUNCH newspaper, 2022 & international centre of investigative reporting, 2022).

However, corporate failure and financial distress in the Nigerian manufacturing sector have amplified these concerns. Cases where firms face liquidity problems, declining profitability, or audit queries regarding their ability to continue as a going concern often coincide with instances of rising executive pay. This raises a critical question: does the remuneration given to directors actually influence the going concern status of manufacturing firms, or does it contribute to financial strain and weaken long-term sustainability? The problem becomes more alarming and pressing as investor, regulators, and the public demand stronger corporate governance and better alignment between director rewards and firm outcomes. Despite this, empirical evidence in Nigeria remains limited and inconclusive, especially within the manufacturing sector where financial pressure is more pronounced. It is therefore necessary to investigate whether director remuneration practices have a positive, negative, or insignificant effect on the going concern status of selected manufacturing firms in Nigeria.

## LITERATURE REVIEW

### **Directors' Remuneration (DR)**

The financial performance is an extremely important indicator of board effectiveness and proper justification for the board's remuneration. It helps the firms maintain a going concern and is an important yardstick of shareholder value and the firm's ability to distribute dividends (Lee & Kim 2020). Mallin (2019) opined director remuneration as the total financial and non-financial compensation provided to members of a company board of director for performing their duties, responsibilities, and decision-making roles. It typically includes salaries, sitting allowances, bonuses, share-based payments, pensions and other benefits designed to attract, motivate and retain qualified directors while aligning their interests with those of shareholder. The term executive compensation is used to indicate the top management or top employees' gross earnings in the form of financial rewards and benefits (Odewusi & Olalere 2024). Though, compensation can be examined as a system of rewards that can motivate the employees to perform (Aduda & Oke-potefa 2024). Employees may receive financial and non-financial compensations for the work performed by them. Financial compensation includes salary, bonus, and all the benefits and incentives, whereas non-financial compensation includes awards, rewards, citation, praise, recognition, which can motivate the employees towards higher productivity (Omisope et,al 2023). Sania (2021) mentioned that Director Compensation is the financial payments and nonmonetary benefits provided to high level management in exchange for their work on behalf of an organization.

## **Going Concern**

International Accounting Standard (IAS) 1 opined that going concern is an accounting assumption that a business entity will continue to operate in the foreseeable future, without any intention or need to liquidate or significantly curtail its operations. This assumption allows financial statements to be prepared on the basis that the organization will realize its assets and settle its liabilities in the normal course of business. Going concern is currently one of the basic notions in the accounting regulatory framework. At its heart is the continuation of company's business activities in the foreseeable future – which covers, but is not limited to, the next twelve months from the date of the financial statements (Kameliya, 2021). Under the conditions of extraordinary events such as COVID-19, this appears to be an essential issue for many companies. Investors need transparent information about the financial position and assets, about cash flows, income and expenses of the companies where they have invested their capital (Kameliya, 2021). As cited in Mohammed (2020), Going concern of an organization is easily defined in many financial accounting books as the ability of a corporate entity to go beyond the current and the next fiscal period in terms of the use of its existing assets to continue to meet its financial obligations and execute its planned operations unhindered and unbroken by either liquidation or other untoward conditions even beyond the foreseeable future (MaRS Discovery District, 2009; Accounting Tools, 2017; m.bayt.com, 2015). This term can also often be referred otherwise to, as financial stability which is one of the attributes of going concern (Mohammed, 2020). Financial stability has become a term we have come to adopt as the basis of measuring the likelihood of failure or continued survival of corporate entities.

## **Theoretical Review**

### **Agency Theory**

This theory was propounded by Jensen and William (1979) this theory is an important concept in economics, finance, management, accounting, and corporate governance. This theory refers to a framework that explains the relationship between two key parties in an organization: Principal the owner or shareholder who delegates authority and Agent the manager or individual who makes decisions on behalf of the principal. This theory examined how conflicts arise when the interests of these two parties are not aligned, and how organizations can design mechanisms to minimize such conflicts. Agency theory also focuses on three major issues: goals conflict, agent may pursue personal goals such as higher compensation, job security, perks that may not align with the principal objective of maximizing return; information asymmetry, manager agent usually possess more internal information than shareholders principals, this can lead to opportunistic behavior or even manipulation of financial data; and risk preferences principal and agent often have different levels of risk tolerance, meaning principal prefer higher risk if it increases returns why agents prefer lower risk to protect their position. The assumption of this theory: individual are self-interested and motivated by personal gains; principals cannot fully monitor agents leading to monitoring cost; and organizations needs systems such as incentives, performance evaluation, and governance to reduce conflict. Mechanism for reducing agency problem and conflict are: incentive-based compensation such as director remuneration, bonuses, stock option; monitoring such as audits and board oversight; bonding costs such as agents spending resources to assure principals of their loyalty and lastly effective corporate governance structure. This research is based on agency basis idea and capture both independent and dependent variable.

### **Resource – based Theory**

This theory was proposed by Birger Warnerfelt (1984) and later developed and refined by Barney in 1991. The resource – based theory of firms combines strategic management and organisational economic concepts (Wernerfelt, 1984; Conner, 1991; Barney, 1991; Peteraf, 1993). This theory's central

premise is that businesses can succeed if they can achieve and retain a competitive edge (Porter 1985). A resource is a type of production factor that is available to the firm, implying that it is managed by the firm despite the fact that it does not have property rights to it. Firms earned a competitive edge by developing a value – creating and sustaining strategy that is difficult to copy and has no immediately substitutable alternatives (Barney, 1991). To achieve a competitive advantage, two requirements must be met. First, a company's resources must be interchangeable with those of its competitors, and second these resources must be protected, i. e. difficult to obtain both independent and dependent variables are captured by this theory. As an alternative, the resource – based theory provides a way to examine a firm's competitive advantages as a result of the resources available. The firm is conceptualized as a unique bundle of productive resources that managers use in the resource – based theory of the firm (Lockett & Wild, 2014). Wernerfelt (1984) describe the resource – based approach as viewing the firm as a conventionally determined collection of resources or assets that are semi – permanently linked to the firm's management. Labor, capital and land are common resources to include in such studies.

### **Empirical Review**

Adu & Olomola (2024) examined effect of human resource accounting on financial performance of Deposit Money Banks (DMBs) in Nigeria. Secondary source of data was adopted for this study and ten quoted deposit money banks were selected through random sampling technique while the data were analyzed using regression analytical method. It was found out that salaries and wages, training, health and safety had significant positive influence on capital employed of deposit money banks in Nigeria and salaries and wages, training, health and safety had significant positive influence on return on capital employed. Adegbayibi et, al (2024) examines human resource cost on earnings per share of listed manufacturing firms in Nigeria exchange group. This study adopted ex-post facto research design. The study population is 62 manufacturing firms listed on Nigeria Exchange Group. Secondary data was extracted from the annual financial reports of 41selected manufacturing firms, covering the time period from 2011 to 2020. Data were analyzed using descriptive statistics and regression analysis. The findings of the study showed that Compensation Costs (CC) has a negative effect on EPS which is statistically insignificant, while Retirement Benefit (RB) on EPS is also negative and statistically significant. Furthermore, Employees Training Costs (ETC) has a positive on EPS and statistically significant.

Adesanmi (2024) study examined the effect of human resource cost on financial performance of listed manufacturing firms in Nigeria exchange group. This study employed ex-post facto research design. 41 listed manufacturing firms were purposefully selected as the sample size of the study. Data were gathered from secondary sources using annual reports of the selected firms from 2011 to 2020. Data were analysed using descriptive statistics and regression analysis. The study findings reveal that Human-Resource Cost measured by RB, CC, and ETC has a significant-effect on ROA of listed manufacturing-firms in Nigeria.

Ebe et.al (2023) Investigate effect of human resource accounting on financial Performance of manufacturing firms listed in Nigeria exchange group. Thus, the study critically investigated the Extent and nature of the association between human resource accounting staff training/recruitment cost, staff salaries/remuneration, staff pension cost and staff gratuity cost, these variables were proxy for Human Resource Accounting while financial performance was measured using firms' profit for the year. Secondary data were collected from the annual reports of the selected companies for the period of 2010-2020 and analysis was run with the aid of E-view output 9. The result revealed that both staff training/recruitment cost and staff gratuity cost have significant positive influence on the profit for the year of the selected listed companies in Nigeria. Further, it was revealed that Staff

Sulaiman, I. B. & Abdulqadir, H. A. (2025). Does Director Remuneration Influence Going Concern in Selected Manufacturing Firm in Nigerian. *Malete Journal of Accounting and Finance*, 6 (2), 334 – 345

salaries/remuneration and Staff pension cost has insignificant negative effect on profit for the year of listed manufacturing firms in Nigeria.

Ndum & Oranefo (2021) examined effect of human resource cost on financial performance of quoted brewery firms in Nigeria. The study adopted Ex-Post-Facto research design. The population of the study is made up of 5 breweries companies quoted on the floor of the Nigerian exchange group as at 2019 and have consistently submitted their annual reports to the NEG from 2007 to 2019. The data for this study were extracted from the published annual reports and accounts of these companies. The analysis revealed that staff cost has positive and significant effect on the net profit margin of quoted brewery firms in Nigeria, while staff cost has positive and insignificant effect on the return on assets of quoted brewery firms in Nigeria.

Abdulsalam, (2021) analyzed impact of human resource accounting on the profitability of conglomerate firms in Nigeria. The study obtained secondary data from the audited annual report of six (6) conglomerates firms quoted on the Nigeria exchange group spanning from the period 2010 – 2019. The study adapted panel regression technique to analyse data collected. The result showed that staff training and development cost, changes in salary of employees and post – employment benefit have positive significant impact on profitability of conglomerate firms in Nigeria.

Godwin and Udeh, (2021) evaluated the effect of Human Resource Accounting on profitability: A study of selected firm's quoted on the Nigerian exchange group. The study adopted ex-post facto research design. The population of the study was 116 firms categorized as non-financial services sector. Purposive sampling technique was used and 76 firms were considered which had secondary data information that covered a period of 10 years from 2011 to 2020. The regression analysis/hypothesis testing was done with the aid of linear structural relations LISREL 8.80 student edition. Data were sourced from annual reports of firms quoted in Nigerian exchange group fact book 2020. Findings using profitability measure showed that Staff Training and Development cost has a significant positive effect on EBTIDA but no significant positive effect on ROCE of quoted non-financial service firms. Increment in number of staff has no significant positive effect on EBTIDA but has a positive significant effect on ROCE of quoted non-financial service firms.

Ovedje and Iserien (2021) investigates the effect of human resource accounting on financial performance of manufacturing firms in Nigeria, secondary data was obtained from listed manufacturing firms in Nigeria spanning from 2011 to 2020. Employee cost, employee size, and directors' remuneration are the Human Resource Accounting (HRA) proxies used in this study to assess the impact on financial performance in Nigeria. Return on Asset is the metric used to assess financial performance. The researchers used earnings per share as the control variable. Specifically, to examine the cause-effect relationships between the dependent variables and independent variables as well as to test the formulated hypotheses, the researchers used a robust regression analysis. The finding reveal that only the variable of employee size and directors' remuneration significantly impacts the financial performance of selected manufacturing firms in Nigeria. While employee cost did not have an impact.

## METHODOLOGY

### Research Design/Population

An ex – post facto research design was used in this study. Ex – post facto research is conducted after an event has occurred; data has already been collected and cannot be changed or controlled (Ijaiya, 2013). The study was conducted after the time periods under consideration, this design was chosen.

available online at: <https://majaf.com.ng/index.php/majaf/index>

The study employed a quantitative approach. The manufacturing companies listed on the Nigeria exchange group floor as of December 31, 2024 make up the study population. As of that date, the Nigeria exchange group floor had sixty – five (65) listed manufacturing firms classified into three (3) sections namely; Conglomerate and Agriculture sector (12), Consumer sector (28) and Industrial sector (25).

**Sampling Technique and Sample Size**

The study employed Taro Yamane (1967) formula to determine the desired sample size as follows:

$$n = \frac{N}{1 + N (e)^2}$$

Where n = Desired sample size      N = Sample population, and e = Error margin (5%)  
 $n = \frac{65}{1 + 65 (0.05)^2}$       n = 55.91

The sample size for the study is 56 out of which the selection was made based on the availability of annual report and accounts in the public domain which is an essential ingredient of corporate governance in Nigeria. Table 1 below set out the population and the sample selected from each of the sectors.

The sample size was arrived at by  $\frac{\text{Individual population}}{\text{Total population}} \times 56$

**Table 1: Population and Sample Distribution**

S/N	SECTOR	POPULATION (SIZE)	SAMPLE (SIZE)	SAMPLE AS PERCENTAGE OF POPULATION
1	CONGLOMERATE AND AGRICULTURE	12	10	83
2	CONSUMER GOODS	28	24	86
3	INDUSTRIAL GOODS	25	22	88
<b>TOTAL</b>		<b>65</b>	<b>56</b>	<b>86</b>

Source: Field Survey, 2025

**Source of Data collection**

The main data source for the study was the audited published annual financial statements of all companies in the sample. The secondary source of data was used because data for all of the variables was found in the companies’ audited annual reports and financial statements. The data for both the explanatory and explained variables was sourced from the audited annual reports of the companies.

**Method of Data Analysis and Estimation Techniques**

For systematic analysis of the data collected, both descriptive and inferential statistical tools of analysis were employed. The inferential statistics used was panel regression analysis. To estimate the models specified, this study runs Fixed Effect Model (FEM) and Random Effect Model (REM) (i. e., Error Composite Model) estimation technique using the Hausman test. Gujarati (2004) observes that the Hausman tests null hypothesis is that the FEM and ECM estimator do not differ substantially. The test statistic developed by Hausman has an asymptotic  $\chi^2$ . Gujarati (2004) points out that the null hypothesis of the Hausman test is that the FEM and ECM estimators are not significantly different. Hausman created a test statistic with an asymptotic 2 distribution. If the null hypothesis is rejected, then FEM is applicable for testing the model and statistical conclusions will be conditional on the I in the sample distribution. If the null hypothesis is rejected, the conclusion is that FEM is appropriate for evaluating the model, in which case statistical inferences will be conditional on the  $\lambda_{it}$  in the sample. Although both FEM and ECM approaches account for individual heterogeneity, fixed effect assumes

$\lambda_{it}$  is a fixed parameter (i.e., it does not change with time), whereas  $\lambda_{it}$  assumed to be a random parameter under random effect model. When ECM was found to be more suitable, the study further checked whether to opt for a pool OLS model or a random effect model. This is achieved through the probability test with the use of the Breusch and Pagan Lagrangian multiplier test.

**Model Specification**

The current study evaluates does director remuneration influence going concern of quoted manufacturing firms in Nigeria. The model of Ikpefan (2017) was adopted and modified. The model was presented as:

$$GCR_{it} = \beta_0 + \beta_1 DR + \varepsilon_{it} \dots \dots \dots 3.1$$

Where:

GCR = Going concern

DR = Director Remuneration

$\beta_0 - \beta_1$  = Parameters of the model to be estimated; they represent the slope of the model and measure the amount of change in the dependent variable caused by the independent variables.

$\varepsilon_{it}$  = Stochastic error term

Decision rule: null hypothesis should be rejected if the p - value is < 5% significant level, otherwise, it should b accepted.

**Measurement of Variables**

**Table 3.7.1: Definition and Measurement of Variables**

Variables	Definition and Measurement	Sources/previous author
<i>Dependent Variable</i>		
Going Concern Ratio	Going concern ratio proxy as $= \sqrt{\frac{nP(A-L)}{B(T-P)}}$	Enyi, (2008) and Enyi, (2018)
<i>Independent Variables</i>		
Directors' remuneration	Measured with natural logarithm of director remuneration for the year	Abdul et al, (2014); Olaoye and Afolalu, (2020)
<i>Control Variables</i>		
Altman - Z	Measured as $1.2X_1 + 0.999X_5$	Abdulqadir, (2014), Enyi, (2008)

**Source: Author's Compilation, 2025**

There are two variables in the study; the explained (dependent) and explanatory (independent) variables. The dependent variable is going concern why independent variable directors remuneration.

**RESULTS AND DISCUSSION**

**Table 4.1: Descriptive Statistics (Dependent and Independent)**

Variable	Obs	Mean	Std. Dev.	Min	Max
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COMPANIES	56				
YEAR	560	2016.5	2.874849	2012	2021
DRS	560	617120.3	4284084	146	94386986.87
Z_SCORES	560	3.570122	4.387332	-2.549338	80.70671
GCR	560	419257418.67	6048500478.49	1215.184	106216599749.06

Table 4.1 presents the results of descriptive statistics for the explained (dependent) and explanatory (independent) variables for this study. The descriptive statistics is presented in form of number of 10 years (observations) for each company, mean, standard deviation, minimum values and maximum values for each of the variable. The dependent variable of this study is Going Concern Ratio (GCR) with the total observed cases of 560, an average value of 419257418.64 and a standard deviation result of 6048500478.49. This therefore, indicates that a statistic from this sample is an accurate reflection of the population from which the sample came. The minimum and maximum value of this variable is 1215.18 and 106216599749.06 respectively.

The independent variables of this study is Directors’ Remunerations (DRS) with the total observed cases of 560, minimum value of ₦146, maximum value of ₦94386986.87, an average value of 617120.3 and standard deviation result of 4284084. The control variable of this study is Financial Stability (Z\_SCORES) with the total observed cases of 560, minimum value of ₦-2.55, maximum value of ₦80.71, an average value of 3.57 and standard deviation result of 4.39, which mean that the sample accurately reflect the population from which it was drawn.

**Table 4.2: Multi-collinearity Test (Variance Inflation Factors [VIF])**

Variable	VIF	1/VIF(Tolerance)
DRS	1.02	0.981524
Z_SCORES	1.01	0.990580
Mean VIF	1.02	

Table 4.2 presents the result of multi-collinearity test. Multi-collinearity refers to the problem of too-strong linear relationships among the predictors or independent variables in a model. If perfect multi-collinearity exists among the predictors, regression equations lack unique solutions. It shows the VIF and tolerance (1/VIF) of the independent variables. The VIF indicates whether a predictor has a strong linear relationship with the other predictor(s). Filed (2009) asserted that, there are no hard and fast rules about what value of the VIF should cause concern, Myers (1990) suggests that a value of 10 is a value at which to worry because multi-collinearity may be biasing the regression model. The tolerance (1/VIF) statistics are simply the reciprocal of the variance inflation factor (1/VIF). Values below 0.1 indicate serious problems, although Menard (1995) suggests that values below 0.2 are worthy of concern. Gujurati (2004) also states that the closer the inverse values of VIF to zero, the higher the degree of multi-collinearity problems. Whereas, all of the independent variables considered for this study are far away from the minimal threshold. It was highlighted by Hamilton (2013) that, Stata warns and then drops one of the offending predictors. As it can be seen from the results of multi-collinearity test, no predictors (independent variable) are dropped because there is no multi-collinearity problem between all the variables considered.

**Table 4.3: Breusch-Pagan / Cook-Weisberg test for Heteroskedasticity**

Variable	Chi <sup>2</sup>	P-value
Model	917.35	0.0000

Homoscedasticity at each level of the predictor variable(s) means that the variance of the residual terms should be constant. This just means that the residuals at each level of the predictor(s) should have the same variance (homoscedasticity); when the variances are very unequal there is said to be heteroscedasticity, which occurs when the residuals at each level of the predictor variables(s) have unequal variances. So, the Breush-Pagan/Cook-Weisberg Test was used in this study to examine if the model has heteroscedasticity problem. The null hypothesis of this test is that there is no constant variance (heteroscedasticity) as oppose to the alternative that there is constant variance (homoscedasticity). The null hypothesis was rejected since the p-value (0.000) is less than the 0.05 significant levels. As a result, there is no concern with heteroscedasticity in this regression model.

**Hypotheses Testing: Multiple Linear Regression Results**

This section presents the results of multiple regression for testing the hypotheses and to answer the corresponding research questions raised in Chapter one.

**Table 4.4: Multiple Regression Results director remuneration and Going Concern Ratio controlled for financial stability (z-score)**

GCR	Coefficient (β)			Std.Err.			T			P> t		
	Fisc. Inst.	Fisc. Edge	Fisc. stab.	Fisc. Inst.	Fisc. Edge	Fisc. stab.	Fisc. Inst.	Fisc. Edge	Fisc. stab.	Fisc. Inst.	Fisc. Edge	Fisc. stab.
DRS	-.57	-.24	2497.04	.99	18.35	954.64	-0.58	-0.01	2.62	0.560	0.990	0.010
_cons	39700000	106000+3	811000+3	7861129	15500+3	722000+3	5.05	6.85	1.12	0.000	0.000	0.263
sigma_u	91732734	371700+3	549000+4									
sigma_e	83120344	59552332	853000+4									
rho	.55	.98	.29									
R-sq	0.2638	0.1414	0.0377									
corr(u_i, Xb)	0.1799	0.3170	-0.1692									
F-test	5.42	35.70	2.10									
(Prob>F)	(0.0000)	(0.0000)	(0.0004)									
Hausman test					6.9							
					(0.1390)							

Table 4.4 shows the director remuneration on the going concern of listed Nigerian manufacturing firms. The table presents the results of multiple linear regressions of fixed effects models using longitudinal/panel data statistical analysis of STATA version 14 software.

The Hausman test was used to determine the best model between fixed-effect model and random-effect model. The Hausman test postulated that fixed-effect model is the best and this hypothesis is maintained with p-value (0.1390) greater than 0.05 significance level. This study thus, cannot reject this null hypothesis and therefore, maintain the result of fixed-effect model for this study. This implies that all possible predictors of going concern of quoted manufacturing firms that the researchers are interested in are present in the study. Fixed effects can be generalized only to the situations in the experiment.

Sulaiman, I. B. & Abdulqadir, H. A. (2025). Does Director Remuneration Influence Going Concern in Selected Manufacturing Firm in Nigerian. *Malete Journal of Accounting and Finance*, 6 (2), 334 – 345

The model overall R-square ( $R^2$ ) suggests that the model is well fit. The coefficient of determination,  $R^2 = 0.2638$  for firms in fiscal distress, director remuneration explains about 18% of the variance in their going concern, while  $R^2 (0.1414)$  for firms at the edge of fiscal distress, director remuneration explains about 32% of the variance in their going concern and  $R^2 (0.0377)$  for firms that are financially healthy, director remuneration explains about 17% of variance in their going concern.

### **Re-statement and Testing of Hypothesis**

$H_{01}$ : *Directors' remuneration has no effect on the going concern of Nigerian listed manufacturing firms based on their financial stability*

The results in table 4.4 revealed that directors' remuneration have significant effect on going concern of Nigerian listed manufacturing firms based on their financial stability particularly for firms that are financially healthy with t-value of 2.62 and p-value = 0.010 < 0.05 sig level. This implies that, for every addition or reduction in unit (of a Naira) of mean directors' remuneration, firm's predicted going concern rises by ₦249,704. The result leads to acceptance of alternative hypothesis and rejection of null hypothesis. Alternative hypothesis stating that directors' remuneration have effect on going concern of Nigerian listed manufacturing firms based on their financial stability.

### **Discussion of Findings**

The hypothesis result testing carried out, sought to determine the effect of directors' remuneration on the going concern of Nigerian listed manufacturing firms on their financial stabilities. It can be deduced from the findings that directors' remuneration has a significant positive effect on the going concern of Nigerian listed manufacturing firms ( $t=4.727$ ,  $p<0.05$ ). By implication it has a strong effect on the going concern of those Nigerian listed manufacturing firms with good financial stability. The findings is similar to that of Adegbayibi et.al (2024), Adesanmi (2024), Ebe et.al (2023), Manukaji, Osisioma and Okoye (2019), who all found insignificant positive, but differs from Ndum and Oranefo (2021), Adamu, Saleh and Habeeb (2020), Onyekwelu and Akani (2021), Etim and Effiong (2021) the study find out positively and significantly relationship between the factors. In general, the finding demonstrates that human capital has positively impact on financial performance of manufacturing listed companies in Nigerian exchange group. Which are the same with the finding of Adu and Olomola (2024), Abdulsalam (2021), Godwin and Udeh (2021), Ovedje and Iserien (2021).

### **Conclusion**

The study concluded from the hypothesis tested and findings, that directors' remuneration has significant positive impact on the going concern of those listed Nigerian manufacturing firms with good financial stability. In a nutshell director remuneration has a strong effect on the going concern of those Nigerian listed manufacturing firms with good financial stability.

In view of the finding and conclusion, the study therefore recommends appropriate remuneration packages can enhance directors' commitment to maintaining firm sustainability, particularly in financially stable firms. In addition manufacturing firms should implement performance-linked remuneration structures that will balance the interests of directors and other stakeholders, ensuring firm continuity without compromising shareholder value or operational efficiency.

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