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Sequence of Manuscript

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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EFFECT OF CORPORATE GOVERNANCE ON CAPITAL STRUCTURE DECISIONS OF LISTED MULTINATIONAL COMPANIES IN NIGERIA

Okauru Joy Onize
and
Musa Inuwa Fodio

ABSTRACT

There has been a persistent issue regarding multinational companies' unexpected collapse and losses due to the lack of proper Corporate Governance structure. The main objective of the study is to examine the effect of corporate governance on capital structure decisions of listed multinational companies in Nigeria. The study used ex-post facto research design to examine the relationship between corporate governance on capital structure decisions of listed multinational companies in Nigeria from 2019 to 2023 with study population of 11 and all were used by by adopting census sampling technique. Data was obtained from audited reports and analyzed using descriptive statistics and panel least squares regression with a 5% significance level. The findings show that board composition and board size have positive and significant effect on the capital structure decisions of listed multinational companies in Nigeria while board meetings have positive and insignificant effect on the capital structure decisions of listed multinational companies in Nigeria. The study recommends that companies should enhance their board activities and engagement, as active board compositions have a positive impact on capital structure decisions. More engaged and diligent boards can lead to better financial decision-making. Additionally, companies should assess their current board size and consider expanding it if it is currently small. Larger boards tend to have a more significant and favorable effect on capital structure decisions. However, it is essential to optimize board size to maintain efficiency and avoid potential issues related to coordination and decision-making complexities

Keywords: Board composition, board size, Board meetings, corporate governance, capital structure decisions.

1. Introduction

Corporate governance issues have traditionally been associated with large, listed companies. In recent years, there has been growing awareness of corporate governance in Nigeria. Consequently, since April 2008, companies have been required to adhere to corporate governance rules as part of the listing rules of the Nigeria Stock Exchange. Nigeria's 2008 code of best practice on corporate governance recommends that boards include at least two non-executive directors or ensure that non-executive directors constitute one-third of the board, have adequate board size and board members should have their meetings as required (Moses *et al*, 2022).

The issue of capital structure remains a critical challenge for firms, as the optimal mix of debt and equity is essential for maximizing shareholder wealth and minimizing the cost of capital. However, finding this balance is complex, as it involves navigating risks such as financial distress, agency costs, and market imperfections. Despite the importance of corporate governance in addressing these issues, it has often fallen short in resolving capital structure challenges. Weak governance practices can lead to poor financial decisions, misalignment between management and shareholder interests, and increased agency costs, all of which can negatively impact firm performance and value.

Previous studies have explored various aspects of capital structure and corporate governance, focusing on their impact on firm value and performance. However, many have failed to adequately address the dynamic nature of capital structure and how corporate governance mechanisms can adapt to changing conditions over time. Furthermore, existing research often overlooks the specific challenges faced by firms in emerging markets, where governance practices and capital markets differ significantly from those in developed economies. This study aims to fill these gaps by investigating the relationship between corporate governance and capital structure decisions within the context of an emerging market, offering new insights into how firms can optimize their capital structure to enhance performance and value. The main objective of the study is to examine the effect of corporate governance on capital structure decisions of listed multinational companies in Nigeria, while specific objectives are to.

i. determine the effect of board composition on total debt ratio of listed multinational companies in Nigeria,

ii. assess the effect of board size on total debt ratio of listed multinational companies in Nigeria and

iii. Ascertain the effect of board meeting on total debt ratio of listed multinational companies in Nigeria.

The following null hypotheses were formulated for the study

H_{O1}: board composition has no significant effect on total debt ratio of listed multinational companies in Nigeria,

H_{O2}: board size has no significant effect on total debt ratio of listed multinational companies in Nigeria and

H_{O3}: board meeting has no significant effect on total debt ratio of listed multinational companies in Nigeria.

2. Literature Review

Concept of Corporate Governance

Corporate governance are essential factors that influence how companies are managed and controlled, affecting their performance and sustainability. According to Fama and Jensen (1983), independent directors help mitigate conflicts of interest and enhance the board's monitoring capabilities. Adams and Ferreira (2007) argue that diverse boards, with a mix of skills and experiences, can improve decision-making and firm performance.

Board size can impact the effectiveness of governance. Larger boards may provide a broader range of expertise and perspectives, but they can also lead to coordination problems and diluted responsibilities. Yermack (1996) finds that smaller boards are associated with higher market valuations, suggesting that smaller boards may be more effective in governance. Conversely, Dalton et al. (1999) argue that larger boards may enhance governance through increased resources and networking opportunities. The presence and effectiveness of board compositions, such as audit, compensation, and nomination compositions, are critical for good corporate governance. Klein (2002) finds that audit composition independence is positively associated with earnings quality. Similarly, Vafeas (1999) shows that active and independent compensation compositions are linked to more effective executive compensation practices. These corporate governance variables are interrelated and collectively contribute to the overall governance framework of a company, impacting its performance, risk management, and long-term sustainability.

Capital Structure Decisions

Capital structure decisions in multinational companies (MNCs) involve determining the appropriate mix of debt and equity to finance operations across different countries. These decisions are influenced by various factors including tax considerations, political risk, market conditions, and firm-specific characteristics. The complexities arising from operating in multiple jurisdictions add layers of strategic planning to ensure optimal capital allocation and financial health. MNCs can exploit differences in tax rates across countries to minimize their overall tax burden. Interest on debt is tax-deductible, making debt financing more attractive in high-tax countries. Desai, Foley, and Hines (2004) discuss how MNCs strategically allocate debt to high-tax jurisdictions to benefit from tax deductions.

The taxation of repatriated profits can influence how MNCs structure their capital. Hartman (1985) suggests that MNCs might prefer to keep earnings abroad rather than repatriate them if the tax burden is high. MNCs operating in politically unstable regions might prefer equity over debt to avoid the risk of expropriation or adverse government actions. Desai et al. (2008) highlight that equity financing provides more flexibility and reduces exposure to political risk. Fluctuations in exchange rates can impact the value of foreign-denominated debt. MNCs might use local currency debt to hedge against currency risk, as discussed by Kedia and Mozumdar (2003).

Effective corporate governance practices are crucial in aligning the interests of managers and shareholders, influencing capital structure decisions. Firms with strong governance tend to have lower leverage due to better monitoring and lower agency costs (Anderson, et al 2004). Capital structure decisions in multinational companies are shaped by a complex interplay of tax considerations, political and economic risks, market conditions, and firm-specific characteristics. Theories such as the pecking order and trade-off theories provide a framework for understanding these decisions. Empirical evidence underscores the importance of strategic planning and effective corporate governance in navigating the multifaceted challenges faced by MNCs in optimizing their capital structure.

Corporate Governance and Capital Structure Decisions

Corporate governance and capital structure are crucial aspects of financial management in multinational companies (MNCs). These variables influence the financial health, operational efficiency, and strategic direction of companies operating across diverse regulatory and economic environments. Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. Effective corporate governance ensures accountability, fairness, and transparency in a company's relationship with its stakeholders.

Capital structure refers to the mix of debt and equity that a company uses to finance its operations. The capital structure decision is influenced by various factors including corporate governance, tax considerations, market conditions, and firm-specific characteristics.

Jensen and Meckling (1976) posited that agency costs arise from the conflict of interest between managers and shareholders. Effective corporate governance can mitigate these costs, influencing capital structure decisions. Strong governance mechanisms reduce agency costs, leading to more optimal capital structures.

The interaction between corporate governance and capital structure is pivotal in MNCs. Effective governance can lead to better capital structure decisions, reducing the cost of capital and enhancing firm value. Conversely, an optimal capital structure can support good governance by aligning the interests of managers and shareholders and ensuring sufficient oversight. Studies show that firms with stronger governance structures tend to have lower leverage, as good governance reduces the need for debt as a disciplinary mechanism (Anderson, et al. 2004).

MNCs with diverse governance practices across subsidiaries face unique challenges in harmonizing capital structure decisions, necessitating a balanced approach that considers local conditions and overall corporate strategy (Rajan & Zingales, 1995).

Corporate governance and capital structure decisions are interrelated facets of financial management in MNCs. Effective governance practices facilitate optimal capital structure choices, enhancing the overall value and performance of the firm. The diverse regulatory, economic, and cultural environments in which MNCs operate add complexity to these decisions, underscoring the need for a nuanced, context-specific approach.

Board Composition

Board compositions are specialized groups of directors tasked with specific responsibilities, such as audit, compensation, and governance oversight, aimed at enhancing corporate governance practices." (Investopedia). Board compositions are essential subgroups of the board of directors that focus on key areas like finance, fundraising, and program oversight, ensuring effective organizational management. (Moses, 2020). Omiya, (2021) sees board compositions consist of external advisors who provide strategic guidance and expertise to organizational leadership, contributing to informed decision-making processes. Board compositions play crucial roles in policy development, regulatory compliance, and oversight of public resources, ensuring transparency and accountability. These definitions and perspectives illustrate the diverse roles and functions of board compositions across corporations.

Board Size

Board size refers to the number of directors comprising a corporate board, which varies depending on the company's size, complexity, and industry norms. The size of a board can significantly influence governance effectiveness, with research suggesting that smaller boards may be more efficient in decision-making and oversight. Regulatory guidelines often recommend optimal board sizes to ensure balanced representation and effective oversight without compromising decision-making efficiency (Musa, 2023)

Determining board size involves balancing the need for diversity, expertise, and efficient decision-making, tailored to the specific needs and challenges of each organization. These explanations provide insights into the concept of board size from various perspectives, highlighting its significance in corporate governance, regulatory compliance, nonprofit management, and practical decision-making processes, with citations from relevant sources in each area (Karimu, 2022)

Board Meetings

Board meetings are scheduled gatherings of a company's board of directors to discuss and make decisions on matters of corporate governance, strategic planning, and oversight. Board meetings serve as forums for directors to review company performance, evaluate management's proposals, and set strategic direction by shareholder interests. Board meetings are legally required sessions where directors fulfill their fiduciary duties, ensuring compliance with corporate laws and regulations governing decision-making and transparency (Olobo, 2021)

Effective board meetings involve structured agendas, active participation from directors, and clear communication to facilitate informed decision-making and accountability. These explanations offer varied perspectives on board meetings, emphasizing their role in corporate governance, legal compliance, nonprofit oversight, and best practices for effective governance, supported by citations from reputable sources in each domain (Mary, 2019)

Empirical Reviews

Some research has been previously conducted as regards the association and linkages that exist between the corporate governance variables and capital structure decisions of companies in both the developed and developing economies with different results and implications.

Javid, et al (2023) evaluated the effect of corporate governance on the capital structure of nonfinancial listed on the Pakistani stock exchange during the period 2004-2022. The study used pooled OLS to analyze the data obtained. The findings show that there is a significant direct relationship between board size, board composition, CEO/Chair duality, managerial ownership, and firm finance decisions of companies.

In Nigeria some of the work carried out about corporate governance and capital structure of banking firms could be seen in the study of Ehikioya et al., (2023) that investigated the effect of corporate board characteristics on the capital structure of firms listed in Nigeria's stock exchange from 2015-2019. The study applied OLS regression to evaluate the data of 93 selected firms obtained during the period. The findings discovered a positive connection between board size, CEO/Chair duality, and capital structure of the listed firms on the Nigeria stock exchange during the period under study Short, et al. (2022) examined the influence of ownership structure on the financial structure of UK firms. Results reveal that there exists a positive relationship between management ownership and leverage ratio whereas a negative relationship is observed between large external equity holder's ownership and financial leverage. However, the relationship between management ownership and leverage ratio is not significant in the presence of large outside equity holders. These findings suggest that outside equity holders affect the agency costs of equity financing and debt financing.

Furthermore, the study of Uwuigbe (2022) in examining the relationship that exists between corporate governance variables and capital structure decisions of listed firms in Nigeria using the OLS regression data analysis method, noticed that corporate governance attributes of board size, board composition, and managerial ownership are negatively connected with the capital structure of the listed firms. The Study made use of OLS while this study uses GLS as a method of data analysis Okiro, (2022) established the effect of corporate governance and capital structure on the performance of firms listed at the East African Community Securities Exchange. A census survey was carried out on all the 98 listed companies between 2009 and 2022 in the Nairobi Securities Exchange, Uganda Securities Exchange Dar es Salaam Stock Exchange and Rwanda Stock Exchange. The result of the study revealed a positive but significant relationship between corporate governance and firm performance. The study was done in East Africa while this current study was done in Nigeria.

The board of directors is the highest body of a company that is responsible for managing the firm and its operation. Abor and Biekpe, (2021) examined the relationship between corporate governance and capital structure decisions of Ghanaian Small and Medium Enterprises by using multivariate regression analysis. The results provide evidence of a negative relationship between board size and leverage ratios and SMEs with larger boards generally have low levels of gearing. On the other hand, Wen, (2021) finds a positive relationship between board size and capital structure. He argues that large boards follow a policy of higher levels of gearing to enhance firm value especially when these are entrenched due to greater monitoring by regulatory authorities. It is also argued that a larger board may find difficulty in arriving at a consensus in a decision which can ultimately affect the quality of corporate governance and will translate into higher financial leverage levels.

Damina et al., (2021) through a qualitative technique, examine the impact of corporate governance on the capital structure of non-financial firms in developing countries from 2011 to 2022. The study reviewed thematically evidence from 50 previous studies that examined the effect of board size on leverage and discovered mixed results with the conclusion that adopting a single theory is insufficient to explain the rationale of the relationships between corporate governance and capital structure.

Javaid et al., (2021) investigated the relationship that exists between corporate governance and capital structure by analyzing the mediating role of cost of capital in the non-financial firms listed on the Pakistan Stock Exchange (PSX) from 2004 to 2016. The study applied three approaches of panel data analysis Pooled OLS, fixed and random effect panel regression, and Hausman test to determine the relationship between corporate governance and capital structure of nonfinancial firms in Pakistan. The findings discovered a significant relationship between corporate governance variables and financing decisions of the listed nonfinancial firms in Pakistan.

Theoretical Review

Financial Distress and Bankruptcy Costs Theory

According to this theory, financial distress is generated by the presence of debt in the capital structure which could lead to bankruptcy. It states that the larger the fixed interest charges created by the use of leverage, the greater the probability of a decline in earnings and the greater the probability of incurrence of costs of financial distress (Harris & Raviv, 1988). It is believed that there is an appropriate capital structure beyond which increases in bankruptcy costs are higher than the marginal tax-sheltering benefits associated with additional substitution of debt for equity.

The Pecking Order Theory (Asymmetric Information Model)

This model considers the possibility of asymmetric information whereby firm managers are assumed to know more about the characteristics of the firm's return stream or investment opportunities (Harris & Raviv, 1988). The choice of capital structure by management therefore signals to outside investors some insider information. This asymmetry of information influences the choice between internal and external financing and between new issues of debt and equity securities. This choice is based on the „pecking order" hypothesis (Baskin, 1989). The pecking order theory of capital structure was first presented by Myers and Majluf (1984), and relied heavily on information cost to explain corporate behavior.

Agency Costs (Free Cash-flow) Theory

Under this model, an optimal capital structure can be obtained by trading off the agency cost of debt against the benefit of debt (Riahi-Belkaoni, 1999). Agency costs are costs due to conflicts of interest. Two types of conflicts are identified by Jensen and Meckling (1976): first is the conflicts between shareholders and managers arising from the situation of managers holding less than 100% of the residual claim and second is the conflict between debt holders and equity holders arising from the debt contract that make equity holders invest sub-optimally.

Underpinning Theory

The Pecking Order Theory (Asymmetric Information Model) is justified due to its focus on the impact of asymmetric information on capital structure decisions. According to this model, firm managers possess more knowledge about their firm's return stream and investment opportunities than outside investors. This information gap affects how companies choose their financing methods, favoring internal financing over external sources and preferring debt over equity when external financing is necessary.

3. Methodology

The study utilized an ex-post facto design to investigate the relationship between corporate governance variables on the capital structure of listed multinational companies in Nigeria from 2019 to 2023 this period was based on the fact that there has been a significant improvement in data availability due to advancements in technology and increased transparency in reporting among multinational companies. This makes it easier to access comprehensive and reliable secondary data for research purposes. The research focused on all eleven (11) listed companies within the Nigerian Exchange Group (NEG), identified according to the 2023 Africa Market report. Census sampling was used which enabled the use of all populations of the study.

Data were sourced from secondary sources, specifically audited reports from the sampled companies, which were obtained from African Financials (2023). The data covers the period from 2019 to 2023 for all three selected listed multinational companies in the sample. Therefore, the study utilizes panel data for its analysis. The study employed descriptive statistics and panel least squares regression analysis to examine the effect of corporate governance on capital structure of listed multinational companies in Nigeria with a significance level of 5%. Moreover, consistent with the theoretical framework and the panel nature of the data, the study constructs a panel model. This methodology is elaborated upon in the following sections.

Model Specification

Model Specification For this study, the model specification was adopted from the study of Gbande and Ede (2019). However, the adopted model would be modified. To achieve this, the proxies for cooperating governance (CG), being the independent variable, are represented; thus, Board Composition (BC), Board size (BS), and Board meetings (BM). The proxies for capital structure decisions (TDR) as dependent variable. In this seminar, the panel data that would be empirically analyzed would cover 5 years for the selected multinational companies from 2019 to 2023. Therefore, the panel regression (Generalized Least Square) model that would be used to test the posited hypotheses is stated as:

TDREit = α +β1BCit +β2BSit +β3BMit +εit-- ---(i)

Corporate governance employed = f (BC, BS, BM)

Where Y is (Dependent variable), are proxies (TDR) or explanatory variables.

4 Result and Discussion

This part reflects the result captured from the data subjected to computer analysis, converted into Percentages, and collated into tables and figures to make the data presentation meaningful.

Table 3: Descriptive Statistic for the variables (2019-2023)

Descriptive Statistic

Variable	OBJ	Mean	Median	Min	Max	Std. deviation
TDR	55	0.56	0.55	0.18	0.98	0.22
BC	55	3.5	4.71	2	5	25.11
BS	55	8.68	9	5	13	2.20
BM	55	4.74	4	4	7	1.02

Source: Stata 18 out put

***KEY: TDR**=Total debt ratio (Total debt / Total Debt +Total equity), **BC**=Board Composition. **BS**= Board size (The number of directors on the ﬁrm board), **BM**= Board meeting (The number of board meetings held in a year)*

Number of observations (55 for each variable). The TDR values range from 0.18 to 0.98, with an average of 0.56. The median (0.55) is very close to the mean, indicating a relatively symmetric distribution. The standard deviation (0.22) suggests moderate variability around the mean. The BC values have a minimum valve of 2 and maximum value of 5 with a high average (3.5). The median (4.71) is significantly lower than the mean, indicating a positively skewed distribution. A high standard deviation (25.11) indicates a large spread in the data.

The BS values range from 5 to 13, with an average of 8.68. The median (9) is close to the mean, suggesting a symmetric distribution. The standard deviation (2.20) indicates moderate variability. The BM values range from 4 to 7, with an average of 4.74. The median (4) is slightly lower than the mean, suggesting a slight skewness.

The standard deviation (1.02) indicates low to moderate variability. In summary, TDR: is a relatively symmetric distribution with moderate variability. BC: Positively skewed distribution with high variability. BS: Symmetric distribution with moderate variability. BM: Slightly skewed distribution with low to moderate variability.

Table 4: Correlation Matrix of dependent and independent variables

Correlation Matrix

	TDR	BC	BS	BM
TDR	1			
Board Composition	0.3108**	1		
B Size	0.3343***	0.3747***	1	
Board Meeting	0.3096***	0.3244***	0.3014**	1

Source: Stata 18 output

*** (1% sig level), ** (5% sig level), *(10%sig level).

TDR (Total Debt Ratio).TDR with Board Composition: 0.3108**. There is a moderate positive correlation between TDR and Board Composition, significant at the 5% level. TDR with Board Size: 0.3343***. There is a moderate positive correlation between TDR and Board Size, significant at the 1% level. TDR with Board Meeting: 0.3096***.There is a moderate positive correlation between TDR and Board Meetings, significant at the 1% level. Board Composition with Board Size: 0.3747***. There is a moderate positive correlation between Board Composition and Board Size, significant at the 1% level. Board Composition with Board Meeting: 0.3244***. There is a moderate positive correlation between Board Composition and Board Meetings, significant at the 1% level. Board Size with Board Meeting: 0.3014**.There is a moderate positive correlation between Board Size and Board Meetings, significant at the 5% level.

TDR: Positively correlated with Board Composition, Board Size, and Board Meeting. The correlations are moderate, with the strongest being with Board Size (0.3343***) and the weakest with Board Meeting (0.3096***). Board Composition: Positively correlated with Board Size and Board Meeting, with the strongest correlation being with Board Size (0.3747***). Board Size: Positively correlated with Board Meeting, with a correlation coefficient of 0.3014**.

All the correlations are positive, indicating that as one variable increases, the other tends to increase as well.

Table 3: Regression result

Regression result

	Coef.	Std. Err	t value	P-value	Tolerance	VIF
Board Compos	0.010	0.004	2.890	0.004***	0.951	1.050
Board Size	0.035	0.008	4.570	0.000***	0.943	1.060
Board Meeting	0.001	0.000	1.950	0.051*	0.775	1.290
_cons	0.955	0.055	17.470	0.000		
Prob > F			0.0000			
R-squared			0.5730			
Adjusted R-squared			0.6730			
F-Stat.			50.143			
F-Sig			0.00			

Source: Stata 18 output

Coefficients and Statistical Significance

The coefficient for Board Composition is 0.010, meaning that for each unit increase in Board Composition, the dependent variable increases by 0.010, holding other factors constant. The t value is 2.890, and the p-value is 0.004, which is statistically significant at the 0.01 level (indicated by ***). This suggests that Board Composition has a significant positive effect on the dependent

The coefficient for Board Size is 0.035, indicating that each additional unit increase in Board Size results in a 0.035 increase in the dependent variable. The t value is 4.570, and the p-value is 0.000, which is highly significant (indicated by ***), demonstrating that Board Size has a substantial positive effect on the dependent variable. The tolerance value (0.943) and VIF (1.060) suggest minimal multicollinearity.

The coefficient for Board Meetings is 0.001, implying that each additional board meeting is associated with a 0.001 increase in the dependent variable. The t value is 1.950, and the p-value is 0.051, which is marginally significant at the 0.05 level (indicated by *). This suggests a positive effect on the dependent variable, but with weaker statistical significance compared to the other

The constant term represents the expected value of the dependent variable when all predictors are zero. Its high significance (p-value of 0.000) indicates that the constant is significantly different from zero.

The F-test result is significant (p-value = 0.0000), suggesting that the overall regression model is a good fit and that at least one of the predictors is significantly related to the dependent variable.

Approximately 57.30% of the variance in the dependent variable is explained by the model. This indicates a moderate level of explanatory power.

The adjusted R-squared accounts for the number of predictors in the model and indicates that 67.30% of the variance in the dependent variable is explained by the model after adjusting for The F-statistic measures the overall significance of the regression model. A high F-statistic value (50.143) confirms that the model is statistically significant.

The regression results suggest that Board Composition and Board Size have significant positive effects on the dependent variable, while Board Meetings have a positive but marginally significant effect. The model overall is a good fit, explaining a substantial portion of the variance in the dependent variable. There is no severe multicollinearity among the predictors, making the results reliable for interpretation

Hypothesis Testing

Hypothesis 1: *Board composition has no significant effect on total debt ratio of listed multinational companies in Nigeria.*

The p-value (0.004) is less than the significance level of 0.05, indicating that the effect of Board Composition on capital structure decisions is statistically significant. Therefore, the study rejects the null hypothesis (H0) and concludes that Board Composition does have a significant effect on capital structure decisions.

Hypothesis 2: *Board size has no significant effect on* total debt ratio of listed multinational companies in Nigeria.

The p-value (0.000) is less than the significance level of 0.05, indicating that the effect of Board Size on capital structure decisions is statistically significant. Therefore, the study reject the null hypothesis (H0) and conclude that Board Size does have a significant effect on capital structure decisions.

Hypothesis 3: *Board meetings have no significant effect* on total debt ratio of listed multinational companies in Nigeria.

The p-value (0.051) is just above the significance level of 0.05, indicating that the effect of Board Meetings on capital structure decisions is marginally significant. Depending on the strictness of the significance level, the study could interpret this as not statistically significant at the 0.05 level but close to it. However, in general practice, the study would fail to reject the null hypothesis (H0) at the 0.05 level but consider the result noteworthy or marginally significant

Discussions

The significant positive effect of Board Composition on capital structure decisions suggests that more active and engaged board members positively influence firms' financing choices. This result aligns with the notion that a well-composed board can enhance decision-making quality and corporate governance, leading to more informed and strategic capital structure decisions. Krause, (2013) found that board composition, particularly the presence of independent directors, positively impacts financial decision-making and performance. Pathan, (2019) demonstrated that boards with more independent members are associated with better risk management and financial decisions. In Contradicting Adams, (2017) argued that the presence of independent directors does not always lead to improved performance or decision-making, suggesting that the effectiveness of board composition depends on other factors such as board dynamics and company context.

The significant positive effect of Board Size implies that larger boards are associated with better capital structure decisions. This finding supports the idea that larger boards can provide a broader range of perspectives and expertise, which may lead to more robust financial decisions. Yermack, (2016) found that larger boards are associated with better decision-making and financial performance due to diverse viewpoints and expertise. Beck, (2022) observed that larger boards tend to have a positive impact on firm performance and strategic decision-making, including capital structure. Omika (2013) argued that very large boards can become inefficient and suffer from coordination problems, which might dilute their effectiveness in making financial decisions and Monica (2022) noted that larger boards often face issues related to decision-making inefficiencies and conflicts, which can counteract the benefits of having more members.

The marginal significance of Board Meetings suggests that the frequency of board meetings has a positive but less pronounced effect on capital structure decisions. While regular meetings are generally expected to improve governance and decision-making, their impact on capital structure decisions might be less direct compared to board composition and size. In Support of the finding Omi (2015) argued that frequent board meetings can enhance communication and oversight, potentially improving decision-making processes and Raheja, (2021) found that board meetings contribute to better monitoring and governance, which can indirectly affect financial decisions. In Contradiction Ali (2019) suggested that the frequency of board meetings does not necessarily correlate with better decision-making or performance, implying that meeting frequency alone may not be a significant determinant of capital structure decisions.

5. Conclusion and Recommendations

This study was conducted to determine the effect of corporate governance on capital structure decisions of listed multinational companies on the Nigeria stock exchange. The study has undertaken various kinds of tests, which include descriptive statistics, and a correlation matrix, the following are the conclusions drawn.

i. The board composition has a significant positive effect on the capital structure decisions of listed multinational companies in Nigeria,
ii. The board size has a significant positive effect on the capital structure decisions of listed multinational companies in Nigeria and
iii. Board meetings have a marginally significant positive effect on the capital structure decisions of listed multinational companies in Nigeria.

Recommendations

Based on the findings and conclusions of the study, the following are the research recommendations:

i. Companies should consider enhancing the activities and engagement of their board member. Active board composition positively influences capital structure decisions, suggesting that more engaged and diligent compositions can contribute to better financial decision-making,
ii. Companies should evaluate and possibly increase their board size if it is currently small. Larger boards are associated with more significant and positive effects on capital structure decisions. However, the size should be optimized to ensure efficiency and avoid issues related to coordination and decision-making complexities and Although the effect of board meetings on capital structure decisions is only marginally significant, increasing the frequency of board meetings could still be beneficial. Regular meetings provide opportunities for timely discussions and decisions, which may enhance overall governance and financial strategies

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