EVOLUTION OF CORPORATE GOVERNANCE IN NIGERIA

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Abstract

Effective corporate governance has been considered as an essential ingredient for ethical management of corporate entities organization. This study is aimed at reviewing the evolution of corporate governance in Nigeria. The study adopted the exploratory research design based on the review of the extant literature on the subject matter. The study revealed that corporate governance is a product of the historical, political, social and economic development of Nigeria the country. This evolution has provided the right legislation and regulation (code) to ensure good corporate governance practice which will lead to better performance and reduce corporate failures. However, the challenge has been how these firms can promote good corporate governance by themselves. The study recommend that regulatory agencies such FRCN, CBN, SEC, CAC, etc, should established an effective mechanism to monitor and promote implementation of the various legislation and regulations on corporate governance. Also, corporate organizations in Nigeria should ensure compliance voluntary compliance with the various corporate governance legislation and codes so as to benefit from the corporate governance mechanism.

Keywords: Corporate Governance, Code of Corporate Governance. Evolution and Nigeria

Introduction

Growth and development of commerce has led to engagement of third parties by the owners of businesses to manage the operations of the business on their behalf, creating principal-agent relationship. The owners of equity are referred to principal, while the management (managers) refers to agents. The principal-agent relationship has resulted to principal-agent conflict. This conflict is not limited to equity owners but extends to all other stakeholder group of the business. Thus, effective management of the firm requires adequate corporate governance (here after called CG) mechanism.

CG implies a mechanism employed to direct and control the affairs of a firm in order to ensure corporate accountability and prosperity. CG ensures that corporate policies are enforced, goals are met, performance is monitored, adequate disclosures are made, effective internal control system are adhered to, procedure and independence, ethical standards and quality control standards are followed (Egolum, Ugonabe & Okenenwa, 2021).

In face of publicized corporate scandal and failure, the quest for good CG has become the central theme and discourse. Both national governments and international organizations have developed CG codes and guidelines to address issues relating to CG practices. Cadbury report of 1992 developed in the UK was the first code of CG established globally. Other countries such as USA

(Sarbane – Oxley Act 2000), South Africa (King Report), France (Bouton report), Canada, Germany (Cromme code) and South Korea have all developed code of CG. The OECD has also developed principles of CG to guide corporate practices.

Nigeria also has rich history of CG practice dating back to the pre-colonial era. Owolabi, Owolabi and Olotu (2013) identified CG as a product of Nigerian environment, politically, legally and economically. It is aligned with the political, legal and economic structure of the Nigerian environment. Before 1960, colonial rule and other foreign nationals who dominated the Nigerian economy determined the structure of CG in the country.

Thereafter, the company Act 1968 (hereafter called CA 1968) was enacted in 1968 to repeal the 1922 ordinance which guided CG practice before 1968. The CA 1968 was a mirror of the UK Companies Act 1948 (hereafter called UK CA 1948) of was the principal regulation guiding system of CG in the country. It was repealed by Companies and Allied Matter Decree No. of 1990 (CAMA 1990). CAMA 1990 has gone through several modifications to ensure the ease of business in Nigeria. The principal company legislation today is CAMA 2020.

There was also the era of corporate codes, which is the period 1999 to date. Codes of Corporate Governance were developed by the various industry regulators. This include the issuance of the Code of CG for Public Companies, 2003 by the Security and Exchange Commission (SEC) and Corporate Affairs Commission (CAC), Code of CG for Banks Post Consolidation, 2006 by the Central Bank of Nigeria, Code of CG for Insurance industry, 2009 iisued by National Insurance Commission (NAICOM), Code of Good CG for Licensed Pension Operators, 2008 issued by Pension Commission (PENCOM), etc. The study sought to examine the evolution of CG in the country and how it has helped to structure management of corporate organizations.

Statement of the problem

Effective CG has been considered as an essential ingredient for ethical management of an organization. Prior studies suggest that since CG could improve performance, CG could also have adverse impact on performance. Bad CG can bring a hitherto healthy company down (Ajogwu, 2014). The corporate scandals and failures which rocked the corporate world in recent history is attributed to weak CG.

Weak CG opens up the environment that allows (Egolum, *et. al.*, 2021) for unethical practices which have led to corporate scandals and corporate failures. The corporate scandals indicate that a feature of CG could be employed to enable malpractice in an organization. Chief Executive Officer, Kozlowski, L. D. and Chief Finance Officer, Swartz, M. H. were at the center of the scandal that rocked Tyco International. Similarly, back home former Managing Director Bunmi Oni, Ayo Akadiri and other Executive Directors of Cadbury Nigeria Plc were found guilty of financial statement misstatement. These financial scandals and corporate failures have resulted into credibility crisis, especially in terms of financial reporting.

The plethora of cases of bad CG, globally and locally have resulted to so many research studies in CG. Also, several governance rules and pronouncements have been proposed internationally and locally to mitigate the effect of bad CG effects through tackling corruption and applying the best practices of the code across the globe (Mustapha, Rashid & Lateef, 2020). This study was initiated to review the evolution of CG practice in Nigeria.

Methodology

The study employed the exploratory research design. This involves thorough review of relevant journal publication, text books, seminar papers, conference papers and workshop papers. The review includes conceptual and historical review as well as review of empirics. The aim here is to review what other scholars have done on the subject area.

Literature review

Available literature on the subject matter is reviewed as follows: conceptual review, theoretical framework and empirical review.

Conceptual review

Concept of Corporate Governance

Though, business discourse and academic debate on the concept of CG has been relatively new, the idea of CG is not new. Owolabi (2018) traced the origin of CG to the origin of the world.

> *And the Lord God took the man and put him into the Garden of Eden to dress it and to keep it. And the Lord commanded the man, saying, of every tree of the garden thou mayest freely eat: But of the tree of the knowledge of good and bad, thou shalt not eat of it: for the day that thou eatest thereof thou shall surely die. (Genesis 2: 15-17)*

Owolabi (2018) averred that the God of creation is the principal while man (Adam) is the agent. Thus, there arose the principal-agent relationship. The conflict between God and Adam as a result of sin represents the principal-agent conflict. With the fall of man emanating from the principal-agent conflict, God gave the Ten Commandments to the Israelites to guide their activities (Exodus, 20).

Generally, CG is defined as the mechanisms, institutions and laws upon which an entity is managed and controlled. Ajogwu (2014) described CG as the system of rule, procedure and mechanism by which the directors of entities ensure transparency fairness and accountability in the running of the company. The supervision of operations of every organization is vested in the hands of the board of directors. Here, CG refers making those saddled with the responsibility of managing the affairs of a firm to be held responsible, accountable and sensitive to the interest of their stakeholders of the firm.

According to Egolum, *et. al.* (2021), CG consists of various sets of legal and institutional mechanisms aimed at safeguarding the interests of corporate shareholders and reducing agency costs attributable to separation of ownership (shareholders) from control (managers and/or controlling shareholders). Yhe OECD (2010) gave a more comprehensive definition of CG as a set of processes, customs, policies, laws and institutions affecting the way a corporation or a company is directed, administered or controlled. CG comprises the long-term management and oversight of the company in accordance with the principles of responsibility and transparency (Owolabi, 2018).

The definition of CG points to the fact that the ultimate purpose of good CG practice is to create value for firms and to ensure that those who contribute directly or indirectly to its generation can participate in the increase in value (Castrillion & Alfonso, 2021).

Evolution of Corporate Governance Practice in Nigeria

CG practice in Nigeria has experienced tremendous growth leading to a establishment of various legislation and code of CG. Marshall (2015) discussed the evolution of CG under five stages – Pre-1990 phase, 1990 – 2003 phase, 2003 – 2011 phase, 2011 – 2013 phase and 2014 to date phase. However, the evolution of CG in this study is reviewed three periods, which are: pre 1960, 1960 – 1999 and 1999 to date.

Corporate Governance: Pre-1960 (Era before independence)

During this era, CG practice was governed by the provision of company law which was rooted in British common law. Okike (2007) noted that the issues relating to the regulation, control and governance of business enterprises in Nigeria are largely contained within the provisions of company legislation. He further echoed that this system of legislation has its roots in Nigeria's colonial past (Okike, 2007). Similarly, Owolabi and Kassim (2020) observed that company law is alien to Nigeria's traditional system of law and was only systematically introduced into Nigeria during the colonial era.

Though, the development of CG in Nigeria was credited to the British colonial rule and activities of foreign businesses, however, the idea of CG in Nigeria pre-dates the colonial era. A significant feature of the pre-colonial Nigeria was a pulsating trade relations and extensive commercial activities that exist between the people and population of frontiers far and near (Ariyo, 2014).

The commercial activities extend within and beyond the West African region. Ariyo (2014) assert that the conduct of trade within this era was across frontiers of kingdoms, empires, chiefdoms, and regions. Thus, there were established rules directing and controlling commercial activities. These rules were established by the empires, kingdoms, chiefdoms and regions through emirs, chiefs and kings. Describing the features of pre-colonial Esan Economy, Egbefo and Salihu (2019) noted that there were series of controls such as taboos, sanctions and reversionary rights which safeguard against alienation or speculation.

Similarly, Nnona (2018) observed that prior to the colonial rule; there was existence of corporate customary law in the traditional Nigeria societies. This was in form of system of family land holding and apprenticeship. Under the apprenticeship, an apprentice agrees to work for his master for a specified length of time with an agreement of settlement at the end of the service years. Nnona (2018) likened the arrangement to the modern day concept of "sweat equity". Sweat equity refer to non-monetary contribution (in form of time and labour) by the stakeholders of a firm.

However, the advent of the British rule gave birth to the enactment of the company law in Nigeria. The first company law (the Company Ordinance) was enacted in 1912. The 1912 Companies Ordinance which was a mirror of the UK Companies (Consolidation) Act of 1908 was limited to the Lagos Colony. During this period, there were no indigenous companies rather the firms that existed in Nigeria were owned by foreigners and these foreign companies were managed as the owners desired and governed by company law from their home countries.

The 1912 Ordinance was modified by the Companies (Amendment and Extension) Ordinance of 1917 to cover the entire company. Five years later, the 1917 Ordinance was modified by the Companies ordinance of 1922 to "reflect commercial development and commercial realities" (Owolabi & Kassim, 2020). There were subsequent amendments in 1929, 1941 and

1954 to address growth and development in the country.

Corporate Governance: 1960 -1999

This era was the period after Nigeria gained independence from the British Government covering the period of both democratic and military rule. The major regulation of CG in the country during this era was still the Company law. After the attainment of independence, the Companies Act 1968 was enacted to repeal the Companies Ordinance of 1922 as amended. It was modeled after the UK CA 1948.

The Federal Military Government promulgated the Company and Allied Matter Decree No. 1 of 1990 (CAMA 1990) to repeal the Companies Act 1968 to govern CG practice in the country. Though, CAMA 1990 did not specifically mention CG, it provided for the incorporation of businesses in Nigeria, change of business name and establishment of rules that govern business operations.

Beside the company law which was the major CG regulation, there were other Acts (decrees) governed CG during this era. These Acts which provided for CG regulations in Nigeria during this era include:

Security and Exchange Commission (SEC) Act:

Based on the recommendation of the Financial Review Committee set up by the then Federal Government of Nigeria, the SEC Decree No 71 of 1979 was promulgated to regulate and develop the Nigeria capital market (Okike, 2007). The 1979 decree was repealed by the SEC Decree No. of 1988.

Bank and other financial institutions Act 1991:

BOFIA was promulgated by the federal military government in 1990 through BOFIA Decree No 25 of 1990 giving power to the CBN to regulate the affairs of banks and related financial institutions in the country. It underwent some amendment in 1997 and 1998.

The Acts identified and disclosed during this era including the Company law placed regulation of CG on the shoulders of CBN, SEC and Corporate Affairs Commission.

Corporate Governance: 1999 to date

This era saw the review of CG legislation and establishment of various codes of CG by regulators of different industries. These codes of CG took center stage during this era, hence the study tagged this era to the “era of codes of CG.

CAMA:

During his era, CAMA still remained the major law regulating CG practice in Nigeria. However, CAMA has undergone several modifications. CAMA 1990 (as amended) was repealed by CAMA 2020. As noted earlier, CAMA 2020 do not expressly mention CG, however, it provide mechanism for good CG which include the appointment and removal of directors, auditors and audit committee by ordinary resolution, duties and liabilities of the directors, provisions on corporate disclosures, compulsory involvement of shareholders in corporate decisions. CAMA 2020 was the government’s effort to ease doing business in Nigeria, in 2018, CAMA 2014 was further reviewed to reflect prevailing market conditions.

Investment and Securities Act:

To enhance the powers and responsibilities of the SEC, SEC Decree No. 1988 was repealed by the Investment and Securities Act (ISA) 1990. ISA 1990 was aimed at promoting greater market efficiency and capital market development geared towards achieving economic and developmental aspiration. ISA 1999 was further reviewed and amended in 2007 giving rise to ISA 2007.

Bank and other financial institutions Act (BOFIA):

To improve the business climate in the country, BOFIA 2020 was enacted to repeal BOFIA 1991 (as amended in 1997, 1998, 1999 and 2002). The new Act (BOFIA 2020) expands the scope of CBN regulatory oversight of the financial industry. It was expanded to cover microfinance banks and financial technology companies. According to Folarin (2020), BOFIA 2020 is intended to update the existing Act to tackle some of these debilitating challenges in the Nigerian banking and financial services industry occasioned by an Act which has proved to be grossly inadequate in the present ecosystem and to bring it in line with global best practices.

Financial Reporting Council of Nigerian Act:

The Financial Reporting Council of Nigeria (FRCN) was established by the FRCN Act No. 6 of 2011 to develop and publish accounting and financial reporting standards to be followed in financial reporting of public entities in Nigeria and for related matters.

Code of Corporate Governance (CCG)

The reoccurring cases of corporate failures and scandals resulted to the establishment and improvement of various codes of CG. These codes are as highlighted below:

Corporate Governance Code for Banks and Other Financial Institutions:

The Bankers Committee was the first body to develop and issue code of CG in the country. The code was issued in August 2003 for Banks and Other Financial Institutions in Nigeria. This was issued in response to the financial crisis experienced during the 1990s. The code had contained eleven principles but mainly capitalized on board appointment, responsibilities, proceedings, assessment and audit committees (Okike, 2004).

Code of Best Practices on Corporate Governance Public Companies:

Two months later (precisely in October 2003), the SEC in conjunction with the Corporate Affairs Commission inaugurated a 17 member committee headed by Atedo Peterside (Obigbemi, Omolehinwa, Mukoro, Ben-Caleb & Olusanmi, 2016). The committee was saddled with the responsibility to identify weaknesses in CG practice in Nigeria and make recommendation to improve CG practice in Nigeria. This led to the issuance of the 2003 Code of Best Practices on CG in Nigeria for Public Companies in Nigeria. This code was the first code of CG issued by a regulatory body in Nigeria. It focused on the board of directors and management roles; shareholder rights and privileges; and the audit committee SEC in 2008 inaugurated another Committee chaired by Mr. M. B. Mahmoud to review the 2003 code. The review was geared towards addressing the weaknesses of the 2003 code and to improve the mechanism for its enforceability. In 2011, a revised version of the 2008 was issued by SEC.

Code of corporate governance for banks:

Due to perceived shortcomings in the 2003 code for public companies and the CBN after process of consolidation of Nigerian banks, issued its own code of CG for banks in 2006. The code was issued to address issues of transparency, appointment of directors, equity ownership, board structure and composition, auditing and risk management. The CBN replaced the 2006 code with CCG for Banks and Discount Houses.

National Pension Commission (PENCOMM) Code:

This code was issued in 2008 by the PENCOMM. It was issued to regulate the operations of pension fund administrators (PFAs). The code was developed to establish rules based on best practice to guide PFAs and pension fund custodians on a structural process that is geared at achieving a favorable governance framework.

National Insurance Commission (NAICOM) Code:

This code was issued in 2009 by the NAICOM to regulate the operations of the insurance industry. The NAICOM code establishes structures and system of internal control to ensure efficiency and accountability by management and board of directors of insurance companies.

Nigerian Communication Commission (NCC) Code:

With the growth of the telecommunication industry and recognition of the significance of good CG, the NCC in 2014 issued the Code of CG for Telecommunication Industry. The code which was later reviewed in 2016 was a voluntary code of leading practices aimed at regulating corporate behavior and practices of companies within the industry (Ajogwu, 2014).

Okara (2021) observed that the compliance with the provision of these Codes was merely advisory and not obligatory, whereas the observance of the CBN Code is mandatory on all banks and financial institutions. The codes were also limited in scope as they are industry specific codes established for firms under their purview.

Nigerian Code of Corporate Governance (NCCG):

To unify the sectorial codes of CG issued by the various industry regulators, the Financial Reporting Council (FRC) of Nigeria in 2016 released the NCCG 2016. The NCCG 2016 provides CG legislation for private and public sectors as well as not-for-profit organizations. However, 2016 code was suspended by the federal government in November following stiff opposition from various stakeholders.

On 15th January 2019, the FRCN issued the NCCG 2018. The NCCG 2018 highlights key principles that seek to institutionalize CG best practices in Nigerian companies. The NCCG 2018 among other things granted companies the flexibility to determine the size and composition of their Board of Directors and provided for the position of chairman of the Board to provide leadership to the board. The code discourage the transition of MD/CEOs or EDs to the role of chairman and mandates a three year cooling off period where this is the case. It further mandated directors to be independent, both in mind and appearance. The code advocates for stronger governance practices within firms and accountability to shareholders.

Following the repealing of all sectorial codes by the NCCG 2018, the PENCOM in 2019 issued industry specific CG guidelines to enable operators in the sector meet the governance responsibilities and ensure corporate accountability. Similarly, NAICOM on 17th March 2021 issued the Corporate Governance Guidelines for Insurance and Reinsurance Companies (CGGIRC). The guideline according to NAICOM (2021) is to assist the implementation of NCCG 2018. The effective date of the code is June 1, 2021.

Ebebiju and Fatokunbo (2021) made two fundamental observations on the NAICOM guidelines of 2021. First, what is the need for the CGGIRC 2021 given under the NCCG 2021? (Ebebiju & Fatokunbo, 2021). However, they observed that no law restricts NAICOM from issuing guidelines, circulars or directives. Secondly, in the event of conflict between the provisions of CGGIRC 2021 and NCCG 2018, which one may prevail? In this, case, they noted that the provisions of NCCG 2018 will prevail. Ebebiju and Fatokunbo (2021) concluded that there is no significant difference in the provisions of the CGGIRC 2021 and NCCG 2018, except that NCCG 2018 has a wider coverage while the CGGIRC is limited to the insurance.

The development of the various code of CG by the different regulating agencies in Nigeria is geared towards creating and improving CG culture by corporate entities which generally favor obtaining better business ethics. The ultimate goal is to create value for the both the firm and her stakeholders.

Theoretical Framework

This study is anchored on the stakeholder theory. The origin of the stakeholder theory credited to the seminar work of Edward Freeman in 1984. The theory is a general theory that relates to the ethical management of a business. It explains that the decision of business organizations is a reflection of various stakeholder groups (Owolabi, Adegbie & Ogan, 2016). These stakeholders include the management, shareholders, creditors, suppliers, investors, government and intergovernmental agencies and the general public.

The stakeholder theory explains that there is a close relationship between the firm and the various stakeholders from within and outside the firm. Thus, the firm through her managers is expected to serve interest of these stakeholders with varying need in an ethical manner. Owolabi, *et. al.* (2019) noted that this is necessary to enable the organization to survive in the dynamic business environment.

In the stakeholder approach, CG is affected by the relationship between the stakeholders that intervene in the CG system (Gastrillon & Alfonso, 2021). This relationship is subject to legislations and regulations, voluntary adoptions of these legislations and regulations as well as market force. Thus, sound CG should be measured on the basis of the company's response to the needs of the various stakeholders. The organization and her management should direct and control the affairs of the firm in such a manner that will cause harm to the various stakeholders of the firm.

Empirical Review

Several studies have assessed the evolution of CG in Nigeria and the relationship between CG and various organizational attributes, including firm performance and corporate failure. These prior studies were reviewed under this section.

Ehugbo (2021) examined the effect of CG characteristic on performance. The study employed the longitudinal research data covering a 5 year period (2015 - 2019) in Microfinance Banks in Nigeria. Ehugbo (2021) found that board independence has with return on assets. Gender diversity was found to negative and significant influence on return on assets. Also, board independence and gender diversity showed a positive but significant relationship with liquidity.

Findings from Gorowa and Igyo (2017) found that CG variables except board size have an insignificant negative effect on performance of asset quality of the banks investigated. Similarly, Sani, Aliyu and Bakare

(2019) found that CG affects financial performance in Nigeria significantly. In a study of quoted money deposit banks covering 9 years (2010 – 2018), Egolum, *et. al.* (2021) revealed that board independence plays important role in curbing the likelihood of managers committing fraudulent financial activities.

Marshall (2015) reviewed the historical development of code of CG. The study covered the functions of the codes on CG practices in Nigeria and conformity with international best practices. The study which is exploratory in nature, review various and regulations relating to CG, revealed that though there are cases of corporate fraud and mismanagement, CG codes has made tremendous impact in ensuring sound CG practice in Nigeria.

Amodu, Areo and Adeniyi (2017) examined CG failure in Nigeria using financial crisis of 2015 – 2017 as a case study. The study which was exploratory in nature indicates that the Nigeria is plagued by a high level of CG failures and weak components of CG components.

Oyetunji, Akande and Olurin (2017) examined the relationship between ethics and CG. The study was exploratory in nature, involving the review of extant literature and empirics. The study found that the Nigerian banking sector crisis is linked to poor credit administration processes and poor CG (Oyetunji, *et. al.*, 2017).

Discussion of Findings

This paper reviewed literature devoted to examining the evolution of CG. The studies reviewed indicate that CG practice in Nigeria has developed significantly. It has been modified by historical, political, legal and sociopolitical factors in the country.

CG practice has evolved from the pre-colonial era through traditional rulers, system of taboos, sanctions, apprenticeship, to the colonial era where British rule and businessmen as well as other foreigners structured CG practices. This era was closely by the post independent company regulation (the CA 1968). This Act was mirror of the UK CA 1948.

The Companies Act 1968 guided CG practice till 1990, when it was modified by CAMA 1990. CAMA 1990 has also gone through several modifications. CAMA 2020 signed into law by the President on January 2020 to repealed CAMA 1990. Other legislations that have made CG provision are ISA 2007, BOFIA 2020 and FRC Act 2011. Both ISA and BOFIA have gone through various modifications over the period.

The study also revealed establishment of CG code by different industry regulators and the FRCN. These codes include that issued by CBN (CCG for Banks and Discount Houses in Nigeria); SEC (CCG for Public Companies); NAICOM (CCG for Insurance Industry in Nigeria); PENCOM (CCG for Licensed Pension Fund Operators 2008); and NCC (CCG for the Telecommunication Industry). These codes which are sectorial codes were repealed by the NCCG 2018 issued by the FRCN. These codes made great impact on ensuring sound corporate governance practices in Nigeria (Marshall, 2015).

From the empirical review, it is stated that CG is veritable tool to enhance organizational performance of corporate organization in Nigeria and beyond. Studies such as Ehugbo (2021), Sani, *et. al.* (2019) and Gorowa and Igyo (2017) indicate have a positive relationship with performance. These studies suggest that since CG group improve performance, CG could also have adverse impact on performance.

Organizational resource cannot yield desired performance under a management of poor management standard.

Closely related to poor CG practice is corporate scandal and corporate failures. It is argued that poor CG is responsible for the celebrated cases of corporate scandals and failure and that a strong CG mechanism should be established to address the issue of corporate scandals and corporate failures. The poor CG reduces the confidence of the various stakeholders of the firm, thereby bringing distrust and eventually been punished through lack of patronage which have effect on performance. This view is supported by the result of Gorowa and Igyo (2017). This implies that poor CG would lead to inability of the company to achieve its intended objective.

Despite rich CG legislation and regulation, our empirical review suggests that there are no sign of improvement in CG practices. This position is confirmed by the removal of Directors of First Bank Limited and First Bank Holdings Plc by the CBN on the 29th of April, 2021 due to governance issues. This suggests that efforts put to implement good CG practice in Nigeria has not been successful. Nigerian firms comply with rules stated in legislation and regulation such CAMA (2020) and NCCG (2018) to escape sanctions.

Akinyomi (2012) observed that poor monitoring by the regulatory and supervisory agencies is blamed for CG failure in Nigeria. Precisely, he noted that it is inability of CBN, NDIC and SEC to monitor the excesses of Chief Executive Officers that led to the financial crisis in the Banking industry. Under this circumstance, the CG legislation and codes would not enhance quality financial reporting quality and reduce unethical practices such as earnings management that could lead to corporate failure.

Conclusion and Recommendation

The study concludes that the evolution of CG in the country has provided legislation and regulation (code) to ensure good CG practice that will bring about better performance and reduce corporate failures. However, the challenge has been how these firms can promote good CG by themselves.

Based on the result of the study, this study recommend that regulatory agencies such as FRCN, CBN, SEC, CAC, etc., should established an effective mechanism to monitor and promote implementation of the various legislation and regulations on CG. Also, corporate organizations in Nigeria should ensure compliance voluntary compliance with the various CG legislations and codes so as to benefit from the CG mechanism.

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