

Corporate Governance and Firm Performance: a Study of Listed Manufacturing Firms in Nigeria

Nwancha Basil

*Department of Library Science
Veritas University, Abuja*

Abstract

The study dealt on corporate governance and firm performance. The main purpose of the study was to determine who sits on the board which has become a major concern as this ultimately defines the performance of such companies. This study examines the relationship between three variables of corporate governance (board composition, insider ownership and CEO duality) and firm performance of selected listed manufacturing firms in Nigeria. The study comprises a panel of ten (10) manufacturing firms listed on the Nigerian Stock Exchange (NSE), covering the period of 1999 to 2013. Data for this research were majorly collected from secondary sources being the annual reports of the 10 listed manufacturing firms from years 1999-2013 used as a sample for this study. The combination of 10 manufacturing firms for a four-year period provides a balanced panel of 40 observations which can be analyzed using the panel data methodology. The performance measures used in this study are the earnings per share and the return on assets. Firm size i.e. the total assets of the firm was used as the control variable. The study used the Ordinary Least Square method for data analysis. The empirical results provided evidence that diversity in the board and separation of the office of chairman of the board and chief executive officer is not significantly linked to firm performance while insider ownership is significantly linked to firm performance. It is therefore recommended that board of directors should ensure that funds are raised internally by already existing shareholders of the firms and also there should be effective implementation of policy that will aid improve the operations of the firms.

Keywords:

Corporate
Governance, Firm
Performance.

Corresponding Author:

Nwancha Basil

Background to the Study

Exercising power and decision-making for a group of people is called governance. Governance encompasses the system by which an organisation is controlled and operated, by which people are held accountable. Corporate governance deals with the manner in which companies are to be run to meet the owners' required return on invested capital and thus contribute to economic growth and efficiency and ethical behaviour in society. Put differently, it refers to the processes and structures by which the business and affairs of the company are directed and managed, in order to enhance long term shareholder value through enhancing corporate performance and accountability, whilst taking into account the interests of other stakeholders (National Pension Commission, 2008: 3).

This research thus beams the spotlight on the relationship between corporate governance and firm performance and the major challenges that affect the operating performance of the manufacturing industry in Nigeria with an outlook to increasing shareholder value and meeting the expectations of the other stakeholders. Addressing top government functionaries, policy makers and industrialists from across the country, during the 37th annual general meeting of Manufacturers Association of Nigeria, in Lagos, MAN President, Alhaji Bashir Borodo, disclosed that between 2000 and 2008 about 820 manufacturing companies have closed down or temporarily suspended production.

Furthermore, with the increased levels of global public investment in the fortunes of quoted companies the criteria for determining who sits on the board of public companies is now of major concern as this ultimately defines the performance of such companies (Okara, 2003). Supported by Blair (1995:322) who proposes that "the goal of directors and management should be maximizing total wealth creation by the firm". The key to achieving this is to enhance the voice of and provide ownership-like incentives to those participants in the firm who contribute or control critical, specialized inputs (firm specific human capital) and to align the interests of these critical stakeholders with the interests of outside, passive shareholders. Investors want to be assured that their companies are in safe hands. The faint ray of hope is that the governance reforms really will make directors more accountable to shareholders, leading to improved performance (Lawrence, 2001).

Literature Review

The primary purpose of this study is to empirically ascertain whether or not corporate governance have significant effect on firm performance. This chapter examines the extent to which insider shareholding may be related to firm financial performance, ascertain the influence of the composition of board members on firm performance and determine if the separations of office of chief executive from the chairman of board of directors have an effect on the firm performance. This chapter provides the theoretical and conceptual frameworks underpinning corporate governance and firm performance. The chapter also reviews the empirical literature on the relationship between corporate governance and firm performance.

There is also presentation of theoretical and regulatory frameworks on corporate governance and control, the conceptual framework on corporate governance was also presented, corporate governance and control theories, and corporate governance theories, respectively.

Review of empirical literature on the corporate governance and firm performance and summary of the chapter.

Conceptual Framework

Definitions of Corporate Governance

Corporate governance is a central and dynamic aspect of business. The term 'governance' originated from the Latin word "gubemare", meaning 'to steer'. It's usually applying to the steering of a ship which implies that corporate governance involves the function of direction rather than control. There are many ways of defining corporate governance, ranging from narrow definitions that focus on companies and their shareholders, to broader definitions that incorporate the accountability of companies to many other groups of people, or 'stakeholders'.

Hussey (1999) defines corporate governance as the manner in which organizations are managed and the nature of accountability of the managers to the owners. O'Donovan (2003) defines corporate governance as an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity and integrity. O'Donovan (2003) argues that sound corporate governance is reliant on external market place commitment and legislation, plus a healthy board culture which safeguards policies and processes.

O'Donovan goes on to say that the perceived quality of a company's corporate governance can influence its share price as well as the cost of raising capital. According to O'Donovan (2003), quality is determined by the financial markets, legislation and other external market forces plus the international organizational environment; how policies and processes are implemented and how people are led. External forces, on the other hand are, to a large extent, outside the circle of control of any board. The internal environment is quite a different matter, and offers companies the opportunity to differentiate from competitors through their board culture (Academic dictionaries and encyclopaedias, 2009).

Corporate governance can also be defined in the context of the agency theory, as a process designed to align interests of management (agent) with those of shareholders (principals), and to hold management accountable to the company's equity owners (Rezaee, 2007).

The Ultimate Business Dictionary (2003) defines corporate governance as the managerial control of an organization, which can reduce the risk of fraud, improve company performance, leadership, and demonstrate social responsibility. Corporate governance is the process of supervision and control intended to ensure that the company's management acts in accordance with the interests of shareholders (Parkinson, 1994). It is the governance role that is not concerned with the running of the business of the company per se, but with giving overall direction to the enterprise, with overseeing and controlling the executive actions of management and with satisfying legitimate expectations of accountability and regulation by interests beyond the corporate boundaries (Tricker, 1984).

The governance of an enterprise is the sum of those activities that make up the internal regulation of the business in compliance with the obligations placed on the firm by legislation, ownership and control. It incorporates the trusteeship of assets, their management and their deployment (Cannon, 1994). Corporate governance is the relationship between shareholders and their companies and the way in which shareholders act to encourage best practice (e.g., by voting at AGMs and by regular meetings with companies' senior management). Increasingly, this includes shareholder 'activism' which involves a campaign by a shareholder or a group of shareholders to achieve change in companies (The Corporate Governance Handbook, 1996).

It is also defined as the structures, process, cultures and systems that engender the successful operation of the organization (Keasey and Wright, 1993). Lastly, it can be defined as the system by which companies are directed and controlled (The Cadbury Report, 1992).

Developments of Corporate Governance in Nigeria

Over the years, Nigeria as a nation has suffered a lot of decadence in various aspects of her national life, especially during the prolonged period of military dictatorship under various heads. The political and business climate had become so bad that by 1999 when the nation returned to democratic rule, the administration of Obasanjo inherited a pariah state noted to be one of the most corrupt nations of the world. Most public corporations, such as NITEL, NNSL, NEPA, and NRC were either dead or simply drain pipes of public resources, while the few factories that were merely available were working below capacity. The banks with their super profits were collapsing in their numbers, leaving a trail of woes for investors, shareholders, suppliers, depositors, employees and other stakeholders. It was as a result of the messy state of the nation then that led to the government to make a bold step in initiating the corporate governance evolution. In view of the importance attached to the institution of effective corporate governance, the Federal Government of Nigeria, through her various agencies have come up with various institutional arrangements to protect the investors of their hard earned investment from unscrupulous management/ directors of listed firms in Nigeria. These institutional arrangements are provided in the "code of corporate governance. (Ademola & Adedoyin, 2001).

The Manufacturing Sector

The Manufacturing sector in Nigeria refers to those industries in Nigeria involved in the manufacturing and processing of items and indulges in either creation of new commodities or addition of value. The manufacturing industry accounts for a significant share of the industrial sector in developed countries. The final products either serve as finished goods for sale to customers or as intermediate goods used in the production process.

According to Alli (2009), manufacturing companies contribute a great deal to the Gross Domestic Product a country. They contribute to developing the economy of the nation. In recent years however, the manufacturing sector in Nigeria has not done too well with regards to its contribution to the Gross Domestic Product of the Nigerian economy, with 820 manufacturing companies closing down in the last ten years. Examples of highly and well reputable manufacturing companies include Unilever, PZ, Cadbury Plc., Nigeria bottling company, Seven-Up bottling company Plc, amongst many other, The need and importance

of these companies cannot be overemphasized as they are partly responsible for the development and advancement of the economy.

Principles of Corporate Governance

Key elements of good corporate governance principles include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and commitment to the organization. Of importance is how directors and management develop a model of governance that aligns the values of the corporate participants and then evaluate this model periodically for its effectiveness. In particular, senior executives should conduct themselves honestly and ethically, especially concerning actual or apparent conflicts of interest, and disclosure in financial reports.

Commonly accepted principles of corporate governance include:

1. **Rights and equitable treatment of shareholders:** Organizations should respect the rights of shareholders and help shareholders to exercise those rights. They can help shareholders exercise their rights by effectively communicating information that is understandable and accessible and encouraging shareholders to participate in general meetings.
2. **Interests of other stakeholders:** Organizations should recognize that they have legal and other obligations to all legitimate stakeholders.
3. **Role and responsibilities of the board:** The board needs a range of skills and understanding to be able to deal with various business issues and have the ability to review and challenge management performance. It needs to be of sufficient size and have an appropriate level of commitment to fulfill its responsibilities and duties. There are issues about the appropriate mix of executive and non-executive directors.
4. **Integrity and ethical behavior:** Ethical and responsible decision making is not only important for public relations, but it is also a necessary element in risk management and avoiding lawsuits. Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making. It is important to understand, though, that reliance by a company on the integrity and ethics of individuals is bound to eventual failure. Because of this, many organizations establish Compliance and Ethics Programs to minimize the risk that the firm steps outside of ethical and legal boundaries.
5. **Disclosure and transparency:** Organizations should clarify and make publicly known the roles and responsibilities of board and management to provide shareholders with a level of accountability. They should also implement procedures to independently verify and safeguard the integrity of the company's financial reporting. Disclosure of material matters concerning the organization should be timely and balanced to ensure that all investors have access to clear, factual information.

Corporate Governance and Controls

Corporate governance and controls are designed to reduce the inefficiencies that arise from moral hazard and adverse selection. For example, to monitor managers' behaviour, an independent third party (the external auditor) attests the accuracy of information provided by management to investors. An ideal control system should regulate both motivation and ability. The control can be either internal or external to the organization.

1. Chief Executive Officer

The Chief Executive Officer (CEO) of an organization can play an important role in creating the value for shareholders. The CEO can follow and incorporate governance provisions in a firm to improve its value (Brian, 1997; Defond and Hung, 2004). In addition, the shareholders invest heavily in the firms having higher corporate governance provisions as these firms create value for them (Morin and Jarrell, 2001).

The decisions of the board about hiring and firing a CEO and their proper remuneration have an important bearing on the value of a firm as argued by Holmstrom and Milgrom (1994). The board usually terminates the services of an underperforming CEO who fails to create value for shareholders. The turnover of CEO is negatively associated with firm performance especially in developed markets because the shareholders lost confidence in these firms and stop making more investments. It is the responsibility of the board to determine the salary of the CEO and give him proper remuneration for his efforts (Monks and Minow, 2001). The board can also align the interests of the CEO and the firm by linking the salary of a CEO with the performance of a firm. This action will motivate the CEO to perform well because his own financial interest is attached to the performance of the firm as suggested by Yermack (1996).

The tenure of a CEO is also an important determinant of the firm's performance. CEOs are hired on short-term contracts and are more concerned about the performance of the firm during their own tenure causing them to lay emphasis on short and medium-term goals. This tendency of the CEO limits the usefulness of stock price as a proxy for corporate performance (Bhagat and Jefferis, 2002). The management of a firm can overcome this problem by linking some incentives for the CEO with the long-term performance of the firm (Heinrich, 2002).

2. CEO Duality

Similar to the other corporate governance instruments, CEO duality plays an important role in affecting the value of a firm. A single person holding both the Chairman and CEO role improves the value of a firm as the agency cost between the two is eliminated (Alexander, Fennell and Halpern, 1993). On the negative side, CEO duality lead to worse performance as the board cannot remove an underperforming CEO and can create an agency cost if the CEO pursues his own interest at the cost of the shareholders (White and Ingrassia, 1992).

3. Insider Shareholding

Insider shareholding (such as board and management) stems from the potential conflicts of interest that could arise between corporate managers and dispersed shareholders when managers do not have an ownership interest in the firm they manage (Tsegba&Achua, 2011). This agency conflict may however, be eliminated by simply requiring that managers return the entire stake in the assets they manage but this would lead to inefficient risk sharing, since wealth-constrained owner managers are likely to be assuming large amounts of idiosyncratic risk when their wealth is concentrated in the firm they manage (Capozza& Seguin, 2003). The consequence of allocating a greater ownership structure to managers may be that they choose to reduce the risk level of the firm in order to reduce their own level of idiosyncratic risk. In other words, insider shareholding can be described as a double edged sword which can affect firm performance either negatively or positively.

Internal Corporate Governance Controls

Internal corporate governance controls monitor activities and then take corrective action to accomplish organizational goals. Examples include:

1. **Monitoring by the board of directors:** The board of directors, with its legal authority to hire, fire and compensate top management, safeguards invested capital. Regular board meetings allow potential problems to be identified, discussed and avoided. Whilst non-executive directors are thought to be more independent, they may not always result in more effective corporate governance and may not increase performance. (Bhagat& Black, 2001). Different board structures are optimal for different firms. Moreover, the ability of the board to monitor the firm's executives is a function of its access to information. Executive directors possess superior knowledge of the decision-making process and therefore evaluate top management on the basis of the quality of its decisions that lead to financial performance outcomes, *ex ante*. It could be argued, therefore, that executive directors look beyond the financial criteria.
2. **Internal control procedures and internal auditors:** Internal control procedures are policies implemented by an entity's board of directors, audit committee, management, and other personnel to provide reasonable assurance of the entity achieving its objectives related to reliable financial reporting, operating efficiency, and compliance with laws and regulations. Internal auditors are personnel within an organization who test the design and implementation of the entity's internal control procedures and the reliability of its financial reporting
3. **Balance of power:** The simplest balance of power is very common; require that the President be a different person from the Treasurer. This application of separation of power is further developed in companies where separate divisions check and balance each other's actions. One group may propose company-wide administrative changes, another group review and can veto the changes, and a third group check that the interests of people (customers, shareholders, employees) outside the three groups are being met.
4. **Remuneration:** Performance-based remuneration is designed to relate some proportion of salary to individual performance. It may be in the form of cash or non-cash payments such as shares and share options, superannuation or other benefits. Such incentive schemes, however, are reactive in the sense that they provide no mechanism for preventing mistakes or opportunistic behavior, and can elicit myopic behavior.

External Corporate Governance Controls

External corporate governance controls encompass the controls external stakeholders exercise over the organization. Examples include:

- i. Competition
- ii. Debt covenants
- iii. Demand for and assessment of performance information (especially financial statements)
- iv. Government regulations
- v. Managerial labour market
- vi. media pressure
- vii. takeovers

Corporate Governance, Board Diversity and Firm Performance

One of the most significant governance issues currently facing the managers, directors and shareholders of the modern corporation is the gender, racial, cultural, executive and non-executive composition of the board of directors. The issue has taken on a high public profile as a result of reports, shareholder proposals and policy statements from major institutional investors. Many corporations also see the board of director make-up as a significant issue. Campbell (1996) stated that "Often what a woman or minority person can bring to the board is some perspective a company has not had before adding some modern-day reality to the deliberation process. They can also be inspiration to the company's diverse workforce".

Many corporate managers and others interested in good governance believe that a positive link exists between board diversity and shareholder value. Haggard (1997) argued that we have to look at the connection between diversity, the success of the board and a successful company. We should look in a broader sense at good governance, not just because it includes a broad spectrum of people, but because it means running a good company.

Board diversity is defined as the percentage of women, African, Americans, Asians, Hispanics, and other minorities on the board of directors. Diversity is believed to affect a firm's long term and short term financial value in so many ways. Robinson and Dechant (1997) cite limited empirical evidence and provide intuitive examples to support each proposition.

These propositions are as follows: First, corporate diversity promotes a better understanding of the marketplace. Because demographic projections indicate the marketplace is becoming more diverse, matching the diversity of a company to the diversity of the company's potential customers and suppliers increases the ability to penetrate markets. Second, diversity increases creativity and innovation. According to this view, "attitudes, beliefs are not randomly distributed in the population, but tend to vary systematically with demographic variables such as age, race and gender" Robinson and Dechant (1997). Third, diversity produces more effective problem-solving. The variety of perspectives that emerge cause decision makers to evaluate more alternatives and more carefully explore the consequences of these alternatives. Fourth, diversity enhances the effectiveness of corporate leadership. Finally, diversity promotes more effective global relationships. Firms that deal with diversity-related issues should have cost advantages over firm that do not. To assess the impact of diversity on firm performance, Keys, Turner, and Friday (2002) compare firms ranked by Fortune as being among the "diversity elite" with firms not ranked as such.

Agency theory and the link between board Diversity and Firm Performance

Agency theory is the theoretical framework most often used by investigators in finance and economics to understand the link between board characteristics and firm value. The argument of Fama and Jensen (1983) are well known but, as a general statement, they propose a very important role for the board as a mechanism to control and monitor managers. The role of the board in an agency framework is to resolve agency problems between managers and shareholders by setting compensation and replacing managers that do not create value for the shareholders. Board independence is crucial for boards to function in the best interest of shareholders.

One argument is that diversity increases board independence because people with a different gender, ethnicity or cultural background might ask questions that would come from directors with more traditional backgrounds. In other words, a more diverse board might be a more activist board because outside directors with non-traditional characteristics could be considered the ultimate outsider. However, a different perspective may not necessarily result in more effective monitoring because diverse board members may be marginalised. Hermalin and Weisbach (2000) make the following statement, “although such principal-agent modelling provides many insights, it is not particularly useful for explaining board-specific phenomena: for example, why the ratio of insiders to outsiders matters or changes: or why management seems to have such influence in the selection of directors.” Hermalin and Weisbach's (2000) point is important to the study because agency theory simply does not provide a clear-cut prediction concerning the link between board diversity and firm value.

Firm Performance and Corporate Governance

Various researches have been conducted to examine the effect of corporate governance (ownership structure, board composition, board and CEO ownership, CEO compensation and tenure) on company performance. Coles et al. (2001) states that much of the academic work in the corporate governance field has focused on how to design corporate governance that will motivate managers to make choices for the firm that will improve performance. However these researches indicate mixed findings. Coles classified governance into two broad categories namely organizational monitoring (including leadership structure and board structure) and CEO incentive alignment (including CEO compensation and ownership structure).

A number of studies have provided insights into the relationship between leadership structure and performance. The leadership structure of the company is the relationship between the CEO and the Chairman of the BOD. CEO duality is a situation where the CEO is also the Chairman of the BOD. CEO duality is said to increase agency problem because the chairman is supposed to monitor the performance of the CEO.

Other studies in corporate governance have focused on the composition of Board of Directors and its effect on performance. It was concluded that companies dominated by non-executive directors had a better performance than companies dominated by executive directors. Klein (1998) on the other hand divided boards into several committees and found that higher percentage of inside directors in finance and investment committees leads to a better accounting and stock-market performance. Thus her findings indicate that there is a positive relationship between inside director and firm performance.

When banks efficiently mobilize and allocate funds, this lowers the cost of capital to firms, boosts capital formation, and stimulates productivity growth. So, weak governance of firms reverberates throughout the economy with negative ramifications for economic development.

Empirical Review

The agency theory states that better corporate governance should lead to higher stock prices or better long-term performance, because when managers are better supervised, agency costs are decreased (Albanese, Dacin and Harris, 1997). However, as Gompers, Ishii, and Metrick (2003) suggest, the evidence of a positive association between corporate governance and firm performance may be traced to the agency explanation.

Empirical works aimed to help reduce the agency problem. Abstracting from other dimensions of corporate governance (such as incentive schemes) we focus on three corporate governance – board composition, insider ownership and CEO duality.

Composition of Board Members

The composition of board members is also proposed to help reduce the agency problem (Weisbach, 1988; Hermalin and Weisbach, 1991). A positive relationship is expected between firm performance and the proportion of outside directors sitting on the board. Unlike inside directors, outside directors are better able to challenge the CEOs. It is perhaps in recognition of the role of outside directors that in the UK a minimum of three outside directors is required on the board; in the US, the regulation requires that they constitute at least two-thirds of the board (Bhagat and Black, 2001).

Empirical evidence on the composition of the board has grown but the results are very conflicting. Studies by Weisbach (1998), Mehran (1995) and Pinteris (2002) have produced evidence in support of a positive role for outside directors on firm performance. John and Senbet (1998) in a survey of corporate governance reported that the work of Fosberg (1989) was in support of this positive role. Other works have reported no evidence of a significant relationship between firm performance and the proportion of outside directors on the board (see Bhagat and Black, 1999, 2000; Hermalin and Weisbach, 1991; Yermack, 1996; and Metrick and Ishii, 2002). In fact, Weir and Laing (2001) reported a negative relationship. John and Senbet (1998) stress the role of committee structure as a means of increasing the independence of the board. However, Laing and Weir (1999) play down the importance of board structure, stressing instead the importance of business experience and entrepreneurship. According to them, firms managed by dynamic CEOs tend to perform better than other categories of firms. On the assumption that foreign firms are managed by more experienced CEOs, Estrin et al. (2001) test whether foreign firms perform better than domestic ones in Bulgaria, Romania and Poland.

According to Anthony and Nicholas (2007), board composition has a negative relationship with firm performance. That is, when there are more external board members, performance of the firm tends to be worse. Whereas, Sanda, Mikailu and Garba's (2005) findings contradict this by supporting the idea that outside directors help promote firm performance. That is, a positive relationship exists between board composition and firm performance.

As it is the case in many family-based Asian banks (Malaysian banks), boards dominated by insiders are not expected to play their role as effective monitors and supervisors of management. This is particularly when the board chairperson is also the firm's CEO. In

addition, outside directors provide firms with windows or links to the outside world, thereby helping to secure critical resources and expand networking (Daily and Ellstrand, 1996).

In the case of a sample of 228 small, private firms in Shanghai in the People's Republic of China, Liang and Li (1999) cited in Sang-Woo and Lum (2004), reported that the presence of outside directors is positively associated with higher returns on investment, though they do not find such a relationship for board size or the separation of the positions of CEO and board chairperson. Furthermore, Bohren and Bernt (2003) showed that the amount of stock owned by individual outside directors is significantly correlated with various measures of firm performance as well as CEO turnovers in poorly performing companies.

Baysinger and Butler (1990) and Rosenstein and Wyatt (1997) showed that the market rewards firms for appointing outside directors. Brickley, Coles and Terry (1994) find a positive relationship between the proportion of outside directors and the stock market reaction to poison pill adoptions; and Anderson, Mansi and Reeb (2004) in their study showed that the cost of debt, as proxied by bond yield spreads, is inversely related to board independence.

However, Fosberg (1989) investigated the relationship between the proportion of outside directors and various performance measures and finds no relationship between the two variables. Hermalin and Weisbach (1999) also observed no association between the proportion of outside directors and Tobin's Q; and Bhagat and Black (2002) find no linkage between the proportion of outside directors and Tobin's Q, return on assets, asset turnover and stock returns.

Sanda, Mukaila and Garba (2005), used a pooled OLS regression analysis of quoted companies in Nigerian stock exchange firm to find no evidence to support the idea that boards with higher proportion of outside directors perform better than other firms. Attiya and Robina (2007) in Pakistan analysed the relationship between firm value (Tobin's Q) and governance sub-indices (board ownership and shareholdings). The result indicates that corporate governance does matter in Pakistan and that board composition has significant effects on firm performance.

Thus, the relationship between the proportions of outside directors, a proxy for board independence, and firm performance is mixed. Studies using financial statement data and Tobin's Q find no link between board independence and firm performance, while those using stock returns data or bond yield data find a positive link.

Insider Shareholding and Firm Performance

The first argument to address the problem of agency concerns the use of insider shareholding. Several researchers (DeAngelo and DeAngelo, 1985; McConnell and Servaes, 1990; Loderer and Martin, 1997; Nor et al., 1999; Yeboah-Duah, 1993) have undertaken research on this aspect, reporting very conflicting results. In particular, McConnell and Servaes (1990) find a significant curvilinear relationship between insider ownership and firm performance. While Loderer and Martin (1997) find no significant relationship, Nor et al. (1999) reported a non-linear relationship, drawing conclusions contrary to those of Yeboah-Duah (1993).

Tsegba and Herbert (2011) examine the relationship between insider ownership and firm performance from the perspective of listed Nigerian companies. The sample consisted of 73 companies listed on the Nigerian Stock Exchange, covering the period 2001 to 2007. The postulated hypotheses were tested using the ordinary least square (OLS) analysis. Their results evidence a significant inverse relationship between insider ownership and firm performance. This means that firm performance declines as insider ownership increases and vice versa.

Gompers, Ishii and Metrick (2003) used Investor Responsibility Research Center data, and concluded that firms with fewer shareholder rights have lower firm valuations and lower stock returns. They classified 24 governance factors into five groups: tactics for delaying hostile takeover, voting rights, director protection, other takeover defenses, and state laws. Most of these factors are anti-takeover measures so this index is effectively an index of anti-takeover protection rather than a broad index of governance.

CEO Status

Several studies have examined the separation of CEO and chairman of the board, positing that agency problems are higher when the same person occupies the two positions. Using a sample of 452 firms in the annual Forbes Magazine rankings of the 500 largest USA public firms between 1984 and 1991, Yermack (1996) shows that firms are more valuable when the CEO and the chairman of the board positions are occupied by different persons. However, Liang and Li (1999) do not find a positive relation on the separation of the position of CEO and board chair (Kajola, Sunday, 2008). Core, Holthausen and Larcker (1999) also find out that CEO compensation is lower when the CEO and board chair positions are separate.

Summary

Better corporate governance is supposed to lead to better corporate performance by preventing the expropriation of controlling shareholders and ensuring better decision-making. In expectation of such an improvement, the firm's value may respond instantaneously to news indicating better corporate governance. However, quantitative evidence supporting the existence of a link between the quality of corporate governance and firm performance is relatively scanty (Imam, 2006).

Good governance means little expropriation of corporate resources by managers or controlling shareholders, which contributes to better allocation of resources and better performance. As investors and lenders will be more willing to put their money in firms with good governance, they will face lower costs of capital, which is another source of better firm performance. Other stakeholders, including employees and suppliers, will also want to be associated with and enter into business relationships with such firms, as the relationships are likely to be more prosperous, fairer, and long lasting than those with firms with less effective governance.

Implications for the economy as a whole are also obvious. Economic growth will be more sustainable, because the economy is less vulnerable to a systemic risk. With better protection of investors at the firm level, the capital market will also be boosted and become more developed, which is essential for sustained economic growth. At the same time, good

corporate governance is critical for building a just and corruption-free society. Poor corporate governance in big businesses is fertile soil for corruption and corruptive symbiosis between business and political circles. Less expropriation of minority shareholders and fewer corruptive links between big businesses and political power may result in a more favorable business environment for smaller enterprises and more equitable income distribution (Iskander and Chamlou, 2000).

Research Methodology

Research Design

According to Baridam (2001), research design is a framework or plan that is used as a guide in collecting and analyzing the data for a study, but Nachmias (1976) view opined that a research design is a model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation. To Panneerselvan (2009), the research design provides complete guidelines for data collection. The researcher adopted the quasi- experimental design for the study since the various elements of the design are not under the control of the researcher. Quasi experimental design is widely used in administrative or social sciences research because of the complex relationship that exists between variables which is not subject to manipulations.

Sampling Procedure

According to Asika (1991), the population is a census of all the elements or subject of interest and may be finite or infinite. The full set of cases from which the sample is taken is called the population (Saunders et al., 1997). In this study, the researcher adopts the non- probability sampling method because the variables that are used in carrying out this study is based on judgment of the researcher rather than on randomness while the convenience sampling technique is applied. This implies that the sample is chosen purely on the basis of convenience. Our main target is to empirically examine the effects of corporate governance, policies and practice on performance of selected listed companies in Nigeria. The data covered a period of four years (4 years) i.e. 2010- 2013 which are made up of 10 companies selected on a judgmental basis, from the manufacturing companies listed on the NSE. The companies are selected based on their high capitalization. These companies include the following: Nigerian Breweries Plc, Dangote Sugar Refinery Plc, Longman Plc, Chevron Nigeria Plc, Lafarge Cement Wapco Nigeria, Cadbury Nigeria Plc, Guinness Nigeria Plc, Vita foam Plc, PZ Plc and Unilever Nigeria Plc.

Method of Data Collection

Data for the study were derived mainly from the secondary sources which includes; National Bureau of Statistics, Central Bank of Nigeria Bulletins, Bullions, statement of accounts, research and statistics publication and economic report of various issues; textbooks; articles, journals and the internet. This data will be estimated using Econometric Views (E-Views) version 7.1 statistical application package.

Operational Measures of the Variables

In conducting a good research work, it is imperative to indicate how the variables are to be measured in form of the operational use and have quantitative values of them. Thus, the dependent and independent variable shall be stated with their expected relationship. Thus,

the relationship between the dependent variable which is the performance of selected listed firms (proxy by Return on Assets) and the selected explanatory variables that proxy corporate governance are specified.

Dependent Variable

Return on Assets (ROA): Is an indicator of how profitable a company is relative to its total assets. Return on assets gives an idea as to how efficient management is at using its assets to generate earnings. Return on assets was developed by DuPont to show how effectively assets are being used. It also a measure of how much the company relies on asset to generate profit. Return on assets is calculated by dividing a company's annual earnings (Net income) by its total assets.

$$\text{Return on assets} = \frac{\text{Net income}}{\text{Total assets}}$$

The asset of a company is comprised of both equity and debt financing. Both of these types of financing are used to fund the operation of a company.

Independent Variables

The explanatory variables are the corporate governance under investigation. They include insider ownership and the size of the firm. The insider ownership is the number of shares held by the directors of the firm while the size of the firms is the total assets of the firms. One variable is going to be used to control for firm specific factors due to the possibility that a number of factors may jointly affect ownership structure or corporate performance and therefore induce spurious correlation between them (Welch, 2003). The control variable used in this study is firm size (i.e. the total assets of the firm). Size would be used as a control variable to account for variations in firm performance which are not explained by the main explanatory variables. The total book values of the firms' assets are used as proxies for their sizes.

Data Analysis Technique

Our model is estimated using the Ordinary Least Square (OLS) techniques. Regression analysis is a statistical tool which helps to predict one variable from the other variable on the basis of assumed nature of the relationship between the variables (Oyeka, 1996). The following statistic would be analyzed in solving the problem under study.

Model Specification

From the foregoing, the multiple equation models to be estimated can be stated as follows:

$$\text{ROA} = f(\text{INOWN, FSIZE}) \text{----- (1)}$$

Where:

- ROA = Return on Assets
- INOWN = Insider Ownership
- FSIZE = Firms size i.e total asset of the firm

In statistics, the above equation 1 is not sufficient in specification due to the absence of the Constant Parameter and error term. Therefore, we introduce the Constant Parameter and error terms as follows;

$$\text{ROA} = \beta_0 + \beta_1 \text{INOWN} + \beta_2 \beta_4 \text{FSIZE} + \mu_i \text{-----} \quad (2)$$

Onapriori $a_1 > 0$ $a_2 > 0$

Where:

ROA = Return on Assets
 INOWN = Insider Ownership
 FSIZE = Firms size i.e total asset of the firm

The above equation (3) is also tested in its logarithmic form, thus;

$$\text{Log(ROA)} = \beta_0 + \beta_1 \text{Log(INOWN)} + \beta_2 \text{Log(FSIZE)} + \mu_i \text{-----} \quad (3)$$

Onapriori $a_1 > 0$ $a_2 > 0$

Where:

ROA = Return on Assets
 INOWN = Insider Ownership
 FSIZE = Firms size i.e total asset of the firm
 Log = Logarithmic form
 b_0 = Constant Parameter
 $b_1, b_2,$ = Estimation parameters
 μ = rror terms

The following statistic would be analysed in solving the problem under study

- i **Coefficient of Determination (R^2):** the R- square measures the goodness of fit. It shows the percentage of the total variations in the dependent variable that is explained by the independent or explanatory variable.
- ii. **t-Test:** This is used to test the validity of the parameter estimate. In other words, it is used to decide whether the estimate (independent variable) is significant or not.
- iii **F-Test:** The F-test follows the F-distribution at 5% level of significance. It is therefore used to find out whether the overall parameter is significant or not.

Presentation and Analysis of Data

The data provides an empirical test and analysis of data sourced for this study using the econometric approach of Ordinary Least Squares (OLS) and co-integration/error correction methods. First, we undertook an in-depth description of data presented in table 4.1 in order to see how the variables under consideration have fared during the period of this study. This also helps us to draw possible inferences from them. In the second part, we subjected the data in table 4.2 to econometric tests and analysis using the OLS.

Table 4.1: Return on Assets (ROA), Insider Ownership (INOWN) and Size of the Firm (FSIZE): 1910-2013

YEAR	ROA	INOWN	FSIZE
2010	60.7992	62.9743	757796436
2011	47.1567	43.8033	742403620
2012	41.159	39.8439	76744433.5
2013	32.7307	33.4423	779582718

Source: Annual Reports of Companies

Presentation of Empirical Results

The table below presents the result obtained from our estimated linear model based on the Ordinary Least Squares (OLS) procedure as follows.

Dependent Variable: Return on Assets

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.645523	7.913885	0.587009	0.6621
INOWN	0.921813	0.171792	5.365859	0.0173
FSIZE	-1.15E-09	6.39E-09	-0.180853	0.8861
R-squared	0.968011			
Adjusted R-squared	0.904034			
F-statistic	15.13055			
Prob(F-statistic)	0.178854			
Durbin-Watson stat	2.146598			

Source: Author's computation using E-views 3.1 software

Analysis of Empirical Results

The regression result presented in the above equations 4.1 is analysed based on our stated method of analysis.

The Coefficient of Determination (R-Square): The R-square which is also known as coefficient of determination is a statistical tool used to measure goodness of fit of the model. It is used to show the extent at which variation in the dependent variable is explained by changes in the explanatory variables. Thus, it is measured in percentage. From the estimated linear multiple regression model shown in table 4.2, the E-Views computed R-square obtained is 0.968011, this implies that 97 percent variation in Return on Assets (proxy for firms performance) is explain by the selected explanatory variables within the period of study while the remaining 3 percent variation are explained by other variables that are not captured in the model.

The F- Test: This test for overall significance of the model. This is carried out using 5 percent level of significance, which is identified as a fair level. The null hypothesis of this test states that the estimated model is not statistically significant. The decision rule follows that we accept the null hypothesis of the tabulated F-value, if the tabulated F-value is greater than the computed F-value. Thus, the computed F-value for linear regression result is 15.13055, while the tabulated F-value is 6.94. Therefore, we reject the null hypothesis and conclude that the overall parameter estimated of the regression is significant.

Test of Hypothesis

The hypotheses stated in chapter one is stated in this section. The test of significance of each variable is carried out at 5 per cent critical level. The t- statistic is employed to perform the test; hence the acceptance or rejection of any of the hypotheses is based on t-value of each of the regression coefficient of the explanatory variables.

Hypothesis One

H_{o1} : There is no significant relationship between insider ownership on firms' performance.

H_{A1} : There is a significant relationship between insider ownership on firms' performance.

From the E-Views 3.1 regression analysis carried out, the computed t- value of the regression coefficient of insider ownership is 5.365859 which is greater than the 5 percent tabulated value of 3.18; we therefore reject the null hypothesis and accept the alternate, that there is a significant relationship between insider ownership on firms' performance.

Hypothesis Two

H_{o2} : There is no significant relationship between the size of the firm on firms' performance.

H_{A2} : There is a significant relationship between the size of the firm on firms' performance.

From the E-Views 3.1 regression analysis carried out, the computed t- value of the regression coefficient of insider ownership is 0.8861 which is greater than the 5 percent tabulated value of 3.18; we therefore reject the null hypothesis and accept the alternate, that there is a significant relationship between the sizes of the firm on firms' performance.

Based on the above result and findings, we therefore accept the alternate hypotheses that there is a significant relationship between insider ownership on firms' performance while we accept the null hypothesis that there is no significant relationship between the size of the firm and firm's performance in Nigeria during the period of this study.

Discussion, Conclusion and Recommendations

Discussion of Findings

The study sought to investigate the effect of corporate governance and firm's performance in Nigeria; it was shows that insider shareholding has a positive and significant effect on firm performance which is in accordance with my appriori expectation. Several researchers (DeAngelo and DeAngelo, 1985; McConnell and Servaes, 1990; Loderer and Martin, 1997; Nor et al., 1999; Yeboah-Duah, 1993 have undertaken research on this aspect, reporting very conflicting results. In particular, McConnell and Servaes (1990) and Gompers, Ishii and Metrick (2003) find a significant curvilinear relationship between insider ownership and firm performance.

Interestingly, the size of the firm i.e the total assets of the firm did not enhance to our apriori expectation by bearing a negative and insignificant relationship on firms performance in Nigeria. This implies that an increase in the size of firms does not have any influence on the performance of firms in Nigeria.

Conclusion

This research work has critically examined the effect of corporate governance on firms' performance on selected listed company, in view of statistics for the period 2010 to 2013. Over the period, shareholders of firms have made effort to improve the performance of firms by implementing policies that will aid managers to effectively achieve its set goals and objectives. However, this study has reached a conclusion that effect corporate governance has a positive and significant influence on the financial performance of manufacturing firms in Nigeria.

Recommendations

Based on our findings, it is therefore important to consider policies that would ensure effective corporate governance among firms in the economy.

1. Board of directors should ensure that funds are raise internally by already existing shareholders of the firms.
2. There should be effect implementation of policy that will aid improve the operations of the firms.
3. Good corporate governance ensures that the business environment is fair and transparent and that companies can be held accountable for their actions. Conversely, weak corporate governance leads to waste, mismanagement, and corruption.
4. A good system of corporate governance ensures that directors and managers of enterprises carry out their duties within a framework of accountability and transparency.
5. Adequate measures should be taken to enhance efficiency and effectiveness of governance frameworks in the manufacturing sector.

References

- Asika, N. (1991). *Research methods in behavioural sciences*. Longman Publishers Lagos.
- Ademola, O. & Adedoyin, S. (2001). Corporate governance in Nigeria. Retrieved on 17th June 2014 from <http://www.cipe.org/pdf/whatsnew/events/conferences/CopGovNigeria.pdf>
- Akinsulire, O. (2006). *Financial Management 4th Edition*. Lagos: El-Toda Ventures
- Alexander, J, Fennell, M., & Halpern, M (1993). *Leadership instability in hospitals: the influence of board- ceo relations and organization growth and decline*. Administrative Science Quarterly, Vol. 38, pp. 74-99.
- Alli F. (2009). *820 Manufacturing Companies Close Down in 9 Years- MAN*. Retrieved November 21, 2013, from <http://www.allafrica.com/>
- Anderson, C & Anthony, R (1986). *The new corporate directors*. New York: John Wiley and Sons

- Anthony, K., & Nicholas, B., (2007). The relationship between board size, board composition, ceo duality and firm performance: experience from Ghana. *Corporate ownership and control/volume 4, Issue 2*.
- Baridam, D.M. (2001): *Research methods in administrative sciences*. Port Harcourt: Sherbrook's Associates.
- Bhagat, S. & Black, B. (1999). *The uncertain relationship between board composition and firm performance the business lawyer*. Vol. 54, No. 3, Pp. 921-953.
- Bhagat, S & Black, B (1999). The uncertain relationship between board composition and performance. *Journal of Global Finance* 17 No1, Pp. 515-530
- Bhagat, S. & Jefferis, R (2002). *The econometrics of corporate governance studies*. Cambridge: MIT Press,
- Blair, M.M. (1995). *Ownership and control the brookings institution*. Washington, D.C.
- Boatright, J.R. (1999). *Ethics in finance*, Blackwell: Oxford.
- Brian, C (1997). *Company law: theory, structure and operation*. Oxford: Clarendon Press.
- Cadbury, A. (1992). *Report of the committee on the financial aspects of corporate governance*. London: Gee Publishing,
- Coles, J.W., Mc Williams, V.B. & Sen, N. (2001). An examination of the relationship of governance mechanisms to performance. *Journal of Management* 27, pp. 23-50
- Capozza, D.R. & Seguin, P.J. (2003). *Insider ownership, risk sharing and tobin's q-ratios: evidence from reits, real estate economics*. 31 (3). Pp. 367-392.
- Crozier, M. (1964). *The bureaucratic phenomenon*. Chicago: University of Chicago Press.
- Cuervo, A.C. (2002). *Corporate governance mechanisms: a plea for less code and more market control corporate governance*. 10. 84-93
- Cullen, M., Kirwan, C. & Brennan, N (2006). *Comparative analysis of corporate governance theory: the agency-stewardship continuum*. Paper presented at the 20th Annual Conference of the Irish Accounting & Finance Association, Institute of Technology Tralee, 10-11 May.
- Cyert, R.M. & March, J.G. (1963). *A behavioural theory of the firm*. Prentice Hall: Englewood Cliffs, NJ
- Daily, C.M., Dalton, D.R. & Canella, A.A. (2003). corporate governance: decades of dialogue and data. *Academy of Management Review*, Vol.28, No.3, 371-382.

- Davis, J.H., Schoorman, F.D. & Donaldson, L. (1997): toward a stewardship theory of management. *Academy of Management Review*, Vol.22, 20-37.
- DeAngelo, H. & L. DeAngelo. (1985). Managerial ownership of voting rights: a study of public corporations with dual classes of common stock. *Journal of Financial Economics*, 14: 33-69.
- Defond, M & Hung, M (2004). Investor protection and corporate governance: evidence from worldwide ceo turnover. *Journal of Accounting Research*, Vol. 42, No. 2. pp. 86- 94.
- Demirag, I. & Tylectote, A. (1992). The effects of organisational culture, structure and market expectations on technological innovation: A hypothesis. *British Journal of Management*, 3(1), 7-20.
- Donaldson, L. & Davis, J.H., (1991). Stewardship theory or agency theory: ceo governance and shareholder returns. *Australian Journal of Management*.16, Pp. 11- 19
- Eisenhardt, K.M. (1989). Agency theory: an assessment and review. *International Journal of Management*, Vol.5 Pp 341 – 353
- Estrin, S., J. Konings, Z. Zolkiewski & M. Angelucci. (2001). *The effect of ownership and competitive pressure on firm performance in transition countries: micro evidence from bulgaria, romania and poland*. Paper presented at LICOS, K.U. Leuven; a Phare Ace Worksjop on Competition Policy in Romania, 7 August.
- Fama, E.F. (1980). Agency problems and the theory of the firm. *Journal of Political Economy*, Vol. 88, Pp. 288-307
- Fama, E.F. & Jensen, M. (1983). Separation of ownership and control. *Journal of Law and Economics*, Vol.26, Pp. 301-325.
- Forsberg, R (1989). Outside directors and managerial monitoring: *Akron Business and Economic Review*, Vol. 20, Pp. 24-32
- Franks, J. & Mayer, C. (1994). *The ownership and control of german corporations (manuscript)*. London: Business School, London
- Freeman, E. (1984). *Strategic management: a stakeholder approach*. NJ: Prentice-Hall Englewood Cliffs.
- Hanrahan, P, Ramsay, I & Stapledon, G (2001). *Commercial applications of company law, 2nd ed*. Australia: Sydney, CCH.
- Heinrich, R. (2002). *Complementarities in corporate governance*. Berlin: Springer.
- Hermalin, B. & Wesibach, M. (2002). Boards of directors as endogenously determined institutions: A Survey of the Economy Literature, *Economy Policy Review*. March Pp.48- 62

- Hermalin, B. E. & Weisbach, M. S. (1988): The Determination of Board Composition. *RAND Journal of Economics*, Vol.19, pp.589-606.
- Hermalin, B. E., & Michael, S. W. (1999). *The effects of board composition and direct incentives on firm performance, financial management*, Vol. 20, pp. 101-112
- Hillman, A. J. & Keim, G. D. (2001). Shareholder value, stakeholder management, and social issues: What's the bottom line?' *Strategic Management Journal*, 22, 125-139.
- Holmstrom, B & Milgrom, P. (1994). *The firm as an incentive system*. *American Economic Review*, Vol. 84, No. 4, pp. 972-991.
- Hossain, M., Tan, L. & Adams, M. (1994). Voluntary disclosure in an emerging capital market: some empirical evidence from companies listed on the Kuala Lumpur. Stock exchange. *International Journal of Accounting*, 29(4), pp. 334-351.
- Hussey, J. & Hussey, R. (1997) *Business research: a practical guide for undergraduate and postgraduate students*. London: Macmillan
- Jensen, M. & Meckling, W. (1976). *Theory of the firm: managerial behavior, agency costs and ownership structure*: in Putterman, L. (1986), *The Economic Nature of the Firm*. Cambridge: University Press.
- John, K. & Senbet, L.W.. (1998). Corporate governance and board effectiveness. *Journal of Banking and Finance*. 22:371-403.
- Kajola, S.O. (2008). Corporate Governance and firm performance: The case of Nigerian listed firms. Retrieved on 17th June 2014 from <http://www.eurojournals.com/ejefas>
- Keasey, K. & Wright, M. (1993). *Issues in corporate accountability and governance. accounting and business research*, 23, 291-303.
- Klein, E. (1998). Firm performance and board committee structure. *Journal of Law and Economics* Vol. 41, No.2, pp. 275- 293
- Laing, D. & Weir, M (1999). *Governance. structures, size and corporate performance. organizational dynamics*, Vol.30 No.3, pp 310-324.
- Lawrence, J. (2001). *Introduction to Finance*. Longman: Addison Wesley, Inc.
- March, J.G. & Simon, H.A. (1958). *Organizations*. New York: John Wiley & Sons Inc,
- Mehran, H. (1995). Executive compensation structure, ownership, and firm performance. *Journal of Financial Economics*, Vol.38, pp. 163-84.

- Metrick, A. & Ishii, J. (2002). *Firm-level corporate governance*. Paper presented at Global Corporate Governance Forum Research Network Meeting, Washington, D.C. April.
- McConnell, J. & H. Serveas (1990). Additional evidence on equity ownership and corporate value. *Journal of Financial Economics* vol 27 no2 pp 595 – 612
- Millstein, I. M. & P. W. MacAvoy (1998). *The active board of directors and performance of the large publicly traded corporation*. Columbia: Law Review June, (1283)
- Monks, R & Minow, N (2001). *Corporate governance, 2nd ed*. Blackwell Publishers, Oxford.
- Morin, R & Jarrell, S. (2001). *Driving shareholders value: value-building techniques for creating shareholder wealth*. Sydney: McGraw-Hill Publishers,
- Muth, M.M & Donaldson, L (1998). *Stewardship and board structure: a contingency approach*. Scholarly Research and Theory Papers, Vol. 6. pp. 122-137
- Nikomborirak, D (2001). *An assessment of the role of board of directors in building good corporate governance: The Case of Thailand*. The Third Asian Round Table on Corporate Governance, Thailand Development Research Institute, Bangkok. April, 7.
- Nor, F.M., R.M. Said & H. Redzuan. (1999). Structure of ownership and corporate financial performance: a Malaysian Case. *Malaysian Management Review*, December: 44-8.
- O'Donovan, G. (2003). A board culture of corporate governance corporate governance. *International Journal*, Vol. 6 Issue 3.
- Ojo O. (2003). *Fundamentals of research methods*. Lagos: Standard Publications.
- Parkinson, J. E. (1994) *Corporate power and responsibility*. Oxford: Oxford University Press.
- Pearce, J.A. & Zahra, S.A. (1992). board composition from a strategic contingency perspective. *Journal of Management Studies*, Vol.29, No.4, 414-438.
- Pinteris, G. (2002). *Ownership structure, board characteristics and performance of Argentine Banks*. Mimeo: Department of Economics, University of Illinois.
- Prais, S. (1976) *The evolution of giant firms in Britain: a study of the growth of concentration in manufacturing in Britain 1909-1970*. Cambridge, UK
- Quinn, D. & Jones, T. (1995). An agent morality view of business policy. *Academy of Management Review*, 20(1), 22-42
- Ross, S. (1973). *The economic theory of agency: the principal problem*. American Economic Review, Vol. 63, No.2 pp. 134-139.

- Rezaee, Z. (2007). *Corporate Governance Post Sarbanes-Oxley – Regulations, Requirements, and Integrated Processes*. New Jersey: John Wiley & Sons Inc
- Sanda, A.U, A.S Mukaila & T. Garba (2005). *Corporate governance mechanisms and firm financial performance in Nigeria: Final Report Presented to the Biannual Research Workshop of the AERC*. Nairobi, Kenya, pp 24-29
- Shankman, N.A. (1999). Reframing the debate between agency and stakeholder theories of the firm. *Journal of Business Ethics*, 19, 319-334
- Shleifer A. & R. Vishny (1997). A survey of corporate governance, *Journal of Finance*, Vol. 52, pp 246- 253.
- Silverman, D (1970). *The theory of organisations*. Academy of Management Review, Vol. 29, No. 3, pp.370-376
- Simon, H. (1957). *Models of Man*. , New York: John Wiley & Sons Inc
- Solomon J. (2007). *Corporate governance and accountability*, London: John Wiley and Sons. Ltd
- Sundaramurthy, C. & Lewis, M., (2003). *Control and collaboration: paradoxes of governance*. Academy of Management Review, Vol.29, No.3, 397-415
- Tomasic, R, Pentony, B & Bottomley, S (2003). *Fiduciary duties of directors: interview schedule, .personal communication*. Melbourne.
- Tricker, R.I. (1994), *International corporate governance*. Singapore: Simon & Schuster.
- Tsegba, I. N. (2011). *A synthesis of corporate governance theories corporate governance and social responsibility*. Festschrift in honour of Professor Aminu Salihu Mikailu, edited by Dandago, I.K and Bashir, T., pp 16-39.
- Tsegba, I. N. & Achua, J. K. (2011). Does ownership structure affect firm performance? evidence from nigerian listed firms. *Corporate Ownership and Control*, Vol. 9, Issue 1, Continued- 5, pp 503-513.
- Vance, S (1983). *Corporate leadership: boards, directors and strategy*. New York, McGraw-Hill.
- Weir, C., Laing, D., & McKnight, P.J. (2001). *An empirical analysis of the impact of corporate governance mechanisms on the performance of uk firm*. Working Paper, Retrieved from <http://www.ssrn/awwfc.com> on 17th June, 2014
- Weisbach, M.S (1988). Outside directors and ceo turnover. *Journal of Financial Economics*, Vol. 20, pp. 431-450.

White, J & Ingrassia, P (1992). Board ousts managers at gm: takes control of crucial committee. *The Wall Street Journal*, April 7, pp. A1- A8.

Williamson O. (1970). *Corporate control and business behavior: an inquiry into the effects of organizational form on enterprise behavior*. Prentice-Hall: Englewood Cliffs, New Jersey

Yermack, D. (1996). Higher market valuation of companies with a small board of directors. *Journal of Financial Economics*, Vol.40, pp. 185-211.