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**TOPIC: CORPORATE GOVERNANCE AND THE GROWTH OF THE
NIGERIAN CAPITAL MARKET (A CASE STUDY OF SOME
LISTED FIRMS IN NIGERIA)**

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Corporate governance consists of various sets of legal and institutional mechanisms aimed of safeguarding the interests of corporate shareholders and of reducing agency costs attributable to the separation of ownership (shareholders) from control (managers and/or controlling shareholders). One of the most important elements in any corporate governance system is its ability to provide shareholders with information about the activities and the operations of the company, and legal rules that

establish management and board responsibilities as well as the penalties for irresponsible behaviour. (Organisation of Economic Co-operation and Development, 2010).

Corporate governance has been defined as the way by which an organization certifies a fair return on the investment of its owners or shareholders and also meets the expectations of other stakeholders (Johnson & Makus, 2001). It is the means of directing and controlling the affairs of a business so as to protect the rights of all stakeholders (Sullivan, 2009). Corporate governance is perceived by the narrow view as the matter relating to shareholders protection, suppliers of finance to corporation, management efficiency, agency problems relating to economic theory, roles of board of directors, independence of external meetings etc. (Oyejide & Soyibo, 2001 and Asekunowo, 2006).

From the foregoing, corporate governance can then be seen as the process of protecting shareholders' rights. The shareholders have zero tolerance for poor performance. It is posited that the product of good governance is good performance (Tandelilin, 2007; De Andres, 2008; Aebi, Sabato & Schmid, 2010; Cunliffe, 2011)

The worldwide financial crisis of 2008, which began in the United States, was attributable to United States banks' excessive risk-

taking. Consequently, for the people's attention to be drawn to the consequences of agency problem within banks and to control such risk, certain statements were made by bankers, related authorities and officials of Central Bank highlighting the importance of effective corporate governance in the banking industry since 2008 till now (Bharwani & Henry, 2010; and Hatch & Chung 2012). Emphasis is not just on how well the organization succeeds in its profitability goal, but how well it is managed, run and internally regulated, both formally and informally (Parker, 2006). In other words, any similar crisis occurred or may occur in the future might be explained to be the result of bank governance failure.

In Nigeria the collapsed banks in 2008, which were believed to be run efficiently or on sound policy, demonstrate that there will always be discrepancies or misalignments between the various organizational stakeholders' interests (Sanusi, 2010). Therefore, managing these conflicting interests to produce mutually satisfying outcomes for all stakeholders is at the hub of the good corporate governance.

Corporate governance issue has been given the front burner status by all sectors of the economy. The government set up the Peterside Committee on Corporate Governance in public companies through Securities and Exchange Commission (SEC) in

its effort to ensure good corporate governance. A sub-committee on corporate governance for banks and other financial institutions in Nigeria was also set up by the Bankers' Committee. This is in recognition of the vital role of corporate governance in the growth of financial sectors (Okeke, 2006).

The improvement of corporate governance practices is widely recognized as one of the essential elements in strengthening the foundation for the long-term performance of corporations (Ibrahim, Rehmen & Raoof, 2010).

According to Klein (1998) implementing a better corporate governance practice is anticipated to improve the monitoring of management and reduces information asymmetry problems. This invariably will increase the firm's value. Good corporate governance can serve as an instrument for enticing investors as well as influencing the share price. Investors are willing to pay premium prices for companies with good corporate governance. Base on the foregoing, this study was initiated to examine the impact of corporate governance on the growth of the Nigeria capitals market.

1.2 Statement of Problem

In developing economies especially in Nigeria, failure to implement standard corporate governance procedures has been the bane of the financial disposition of numerous corporations

today. Uwuigbe (2013) stated that lack of investor participation in the assets of a company, usually affects its share price history; which summarizes the quality of operations of the company.

Many listed companies in the Nigeria capital market are ignorant of the relationship that subsists between their corporate governance structures and their seemingly impressive or unattractive share prices. Most of these companies adopt corporate governance practices without really knowing the resultant effects on their share price. Furthermore, despite numerous research efforts on corporate governance and company performance in Nigeria, few studies has been done concerning finding out the effects of the corporate governance practices on share price of listed firms in Nigeria capital market.

1.3 Objectives of the Study

The general objective of this study is to examine corporate governance and the growth of the Nigeria capital market.

However, the specific objectives of the study are to:

- i. Determine if firm's age has effect on share price of quoted firms listed in Nigerian capital market.
- ii. Examine the impact of board size on share price of quoted firms listed in Nigerian capital market.
- iii. Ascertain the effect of earnings per share of firms on share price of quoted firms listed in Nigerian capital market.

1.4 Research Questions

- i. What is the effect of firm's age on share price of quoted firms listed in Nigerian capital market?
- ii. What is the impact of board size on share price of quoted firms listed in Nigerian capital market?
- iii. To what extent does the influence of earnings per share of firms affect the share price of quoted firms listed in Nigerian capital market?

1.5 Statement of the Hypotheses

The following hypotheses are formulated in the null form:

Hypothesis one

Ho: Firm's age has no significant effect on share price of quoted firms listed in Nigerian capital market.

Hypothesis two

Ho: Board size has no significant impact on share price of quoted firms listed in Nigerian capital market.

Hypothesis three

Ho: Earnings per share of firms has no significant influence on share price of quoted firms listed in Nigerian capital market.

1.6 Significance of the Study

This research study on corporate governance and share price of selected quoted firms in Nigeria will be beneficial to the

followings:

Top executives: This includes the CEO, Chairman and members of the board. The study would assist them in managing the agency problem which would help widen their perspective of effective corporate governance that results in improved firm performance.

Shareholders/Investors: This study would assist existing shareholders and potential investors to make meaningful investment decision as regards their investments and performance of the companies in which they are stakeholders.

Regulators: This study would assist the regulators in developing better corporate governance regulations that will be more encompassing and contribute effectively to enhancing firm performance and resolving agency conflict.

1.7 Scope of the Study

This research is restricted to corporate governance and the growth of the Nigeria capital market. The investigation covers a period of 10 years from 2005 to 2021.

1.8 Limitations of the Study

The harsh economic condition in Nigeria has its negative toll on the researcher's financial potency. The planned estimates of funds needed for this research were not met. This is as a result of the fact that the scope (in terms of volume, data sourcing,

sample size and literature materials) were limited to the extent which the available finance could effectively cover but this study was completed through borrowing from a corporative society. Also, the study is also limited in scope.

1.9 Definition of Operational Term

Corporate Governance:

Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled.

Capital market: Is the medium through which funds are mobilized and channeled efficiently from savers to users of funds. Apart from judicious mobilization of idle savings into productive use, the capital market creates an avenue for foreign investment and the influx of foreign capital for developing projects that will increase the welfare of citizens.

Market Capitalization: This is the market value of a company's outstanding shares. It can be derived by multiplying the share price by the number of shares outstanding.

Firm:

A firm is a for-profit business organization—such as a corporation, limited liability company (LLC), or partnership—that provides professional services. Most firms have just one location. However, a business firm consists of one or more physical establishments, in which all fall under the same ownership

and use the same employer identification number (EIN).When used in a title, "firm" is typically associated with businesses that practice law, but the term may be used for a wide variety of businesses, including accounting, consulting, and graphic design firms.

Financial Performance:

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period or a performance measurement is a numeric outcome of an analysis that indicates how well an organization is achieving its objectives.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.2.1 Concept of Corporate Governance

Corporate governance characterizes a set of relationships between an organization's management, its board, its shareholders and other stakeholders in addition to providing the structure through which the organization's objectives are set, and progress continually monitored to ensure optimal performance (Tarek, 2012). Sreeti (2012) defined corporate governance as the set of processes, customs, policies, laws, and institutions affecting the way an organization is directed or managed.

Effective corporate governance requires a clear understanding of the respective roles of the board of directors, board committees, top management and shareholders as well as their relationships with each other; and their relationships with other corporate stakeholders of the organization. The major actors in an organization's management between which the corporate governance structure of the organization is established and maintained are the board of directors, shareholders, and management. These key actors also comprise the major members of the different entities that constitute the corporate governance structure (except where otherwise specified by regulatory bodies) including the board of directors, audit committee, corporate governance committee and compensation committee among others.

The most important corporate governance mechanism is the board of directors which is the highest decision-making body within the organization. Among the responsibilities of the board of directors include determining the long objectives of the organization, determining and approving the required corporate strategy to achieve the objectives, selecting and appointing the chief executive, allocating the needed resources for the achievement of objectives, reviewing performance at the end of each financial year among others. The board of directors also

makes major inputs in the appointments of other key top management staff as well as oversight committees like the audit committee.

The audit committee is set up as part of the corporate governance monitoring and control mechanism in the company's finance and accounting activities. The audit committee periodically reviews the organization's financial reports which they make available to the board of directors and shareholders; as well as to regulatory bodies (Al-Baidhani, 2016). According to Fratini and Tettamanzi (2015) if formed by independent individuals, in particular, the audit committee could enhance the trustworthiness of an internal control system. This fact could exert a positive effect on market perceptions about the organization giving a signal of its abilities to run its operations in a transparent, correct and effective way.

Shareholders' interests are protected through the activities of audit committee because management may not always act in the interest of corporation's owners (Abdulazeez, Ndibe, Mercy, 2016).

The organization's ownership structure in terms of the types and composition of shareholders also affects the organization's corporate governance effectiveness. An organization may have its

ownership concentrated in the hands of a few individuals in which case these few individuals (for example family ownership) may have an unduly high influence on the decisions of the management and board. In other cases, an organization may have a highly diffused ownership structure where there are a considerable number of holders of shares of the firm with none of the owners holding too much control. Institutional shareholders like pension funds, hedge funds, insurance and finance companies, and investment banks can also constitute part of the ownership structure of firms. The ownership structure can have a huge effect on corporate governance depending on the investment outlook of the different investor groups.

2.1.2 Capital Market

Many African countries have invested in developing domestic capital markets as institutions for mobilizing external capital inflow and domestic savings. The development of domestic capital market provides opportunity for greater funds mobilization, improved efficiency in resources allocation and provision of relevant information for investment appraisal. The capital market has been identified as an institution that contributes to the socio-economic growth and development of emerging and developed countries (economies). This is made possible through its vital role

in intermediation process in those economies (Oke & Adeusi, 2011).

Capital market is a market that provides facilities for mobilizing and dealing in medium and long term funds. The players on the capital market are the operators who act as intermediaries between the providers of the funds and the fund users. They include; Securities and Exchanges Commission, Brokers/Dealers, issuing Houses, Registrars and Investment Advisors.

Osaze (2000), sees the capital market as the driver of any economy to growth and development because it is essential for the long term growth capital formation. Capital market is defined as the market where medium and long term finance can be raised (Akingbohunge, 2006).

Capital market offers a variety of financial instruments that enables economic agents to pool, price and exchange risk (Kolapo & Adaramola, 2012).

According to Ogbulu (2009), the capital market is a network of special institutions that in various ways bring together suppliers and users of capital. In another exposition, Ekezie (2002), notes that capital market is the market for dealings (that is lending and borrowing) in longer term loan-able funds.

The development of the capital market and apparently the stock market provides opportunities for greater funds mobilization,

improved efficiency in resources allocation and provision of relevant information for appraisal (Inanga & Emenuga, 2007).

Osamwonyi (2005) sees capital market as an exchange system set up to deal in long term credit instrument of high quality. The dealing in this high quality instrument facilitates the execution of some desirable and profitable project bearing direct relationship with economic development.

Nwankwo (2001) agrees that capital market offers a variety of financial instruments that enables economic agents to pool, price and exchange risk. Through assets with attractive yields, liquidity and risk characteristics, it encourages saving in financial form. This is very essential for government and other institutions in need of long term funds and for suppliers of long term funds. Based on the relevance of capital in accelerating economic growth and development, government of most nations tends to have keen interest in the performance of its capital market. The concern is for a sustained confidence in the market and for a strong investor's protection arrangement. In Nigeria, Securities and Exchange Commission (SEC) is the government agency responsible for developing and regulating the Nigeria Capital Market. It was created by Act No 71 of 1979 and renamed as Securities and Exchange Commission Decree No.29 1988. The

SEC pursues its objectives by registering all market operators based on capital adequacy, competence and solvency as criteria. The capital market has opened the floodgate to relatively inexpensive fund surpassing the possibility of self-financing available to indigenous enterprise. Such funds are usually used for expansion of existing businesses or to cushion the effect of inflation so that businesses may continue as going concerns. It also affords indigenous enterprise and entrepreneurs the opportunity to be introduced into the economy in general through entry into the securities market.

Generally, the capital market among other things provides a platform for the greater percentage of the populace to participate in the economy. Similarly, the market provides a platform for mergers and acquisitions for companies desiring to do so while venture capitalists also use it as an avenue for promoting venture capital development.

2.1.3 Framework for Regulating the Nigerian Capital Market

According to Esosa (2007), the Securities and Exchange Commission (SEC) is the apex regulatory/supervisory authority in the capital market. A detailed review of the Nigerian capital market was carried out in 1996. This led to the enactment of the Investment Securities Act (ISA) No. 45 of 1999 (and the regulation made there under). This Act replaced the Securities

and Exchange Commission Decree No. 29 of 1988. It aims at providing a more efficient and viable capital market positioned to meet the country's economic and developmental needs.

2.1.4 The Nigerian Securities and Exchange Commission

The origin of the Securities and Exchange Commission dates back to 1962, when an ad hoc consultative and advisory body, known as the Capital Issues Committee, was established under the aegis of the Central Bank of Nigeria (CBN). Its mandate was to examine applications from companies seeking to raise capital from the capital market and recommend the timing of such issues to prevent issues clustering which could overstretch the market's capacity. The Committee operated within the Central Bank of Nigeria unofficially as a capital market consultative and advisory body with no regulatory framework. An increase in the level of economic activities, coupled with the promulgation of the Nigerian Enterprises Promotion Decree in 1972, necessitated the establishment of a body backed by law to regulate capital market activities hence the creation of the Capital Issues Commission to take over the activities of the Capital Issues Committee. The Capital Issues Commission was established with the promulgation of the Capital Issues Commission Decree in March 1973. The new body had a board of nine (9) members, including a representative of the Central Bank of Nigeria who served as Chairman, while the

other eight (8) members were drawn from some Federal Ministries, the industrial and financial sectors of the economy. In order to cope with emergent challenges, the powers of the Capital Issues Commission had to be further enhanced. A Financial System Review Committee was set up by the federal government to review capital market activities and proffer ways of developing the market. The recommendations of the Financial System Review Committee in 1976, led to the establishment of the Securities and Exchange Commission following the promulgation of the Securities and Exchange Commission Decree No. 71 of 1979 to supersede the Capital Issues Commission in 1979. The Commission had more powers to regulate and develop the Nigerian capital market, in addition to determining the prices of issues and setting the basis for allotment of securities. The SEC currently derives its powers from the ISA 29 of 2007. Composition of the Commission According to Section 2(1), (2), (3) of Investment Securities Act (ISA) For the purpose of carrying out its responsibilities under the Act, the Commission consists of;

- i) a Chairman,
- ii) one person not below the rank of Director to represent the Central Bank of Nigeria,
- iii) one person not below the rank of Director to represent the Ministry of Finance,

- iv) two full time commissioners who must be persons with ability, experience and specialized knowledge in capital market matters,
- v) the Director-General of the Commission and
- vi) five other Commissioners who must be persons with proven ability and expertise in corporate matters generally.

2.1.5 Functions of the Commission

According to section (6) subsection (9) to (10) the commission is charged with the following duties and functions;

- i) determining the amount of price and time when securities of companies are to be sold to the public whether through offer for sale or subscription,
- ii) registering all securities proposed to be offered for sale to or for subscription by the public,
- iii) monitoring surveillance over the security market to ensure orderly, fair and equitable dealing in securities,
- iv) protecting the integrity of the security market against any abuses arising from the practice of insider trading,
- v) acting as regulatory apex organization for the Nigeria capital market including the Nigerian stock Exchange and its branches to which it would be at liberty to delegate power,
- vi) reviewing, approving and regulating merger and acquisition and all forms of business combination,

- vii) creating the necessary atmosphere for the orderly growth and development of capital market,
- viii) undertaking such other activities as are deemed necessary or expedient for giving full effect to the provision of this decree.

2.1.6 Historical Overview of Corporate Governance

The foundational argument of corporate governance, as seen by both academics as well as other independent researchers, can be traced back to the pioneering work of Berle and Means (2012). They observed that the modern corporations having acquired a very large size could create the possibility of separation of control over a firm from its direct ownership. Berle and Means' observation of the departure of the owners from the actual control of the corporations led to a renewed emphasis on the behavioral dimension of the theory of the firm.

Governance is a word with a pedigree that dates back to Chaucer. In his days, it carries with it the connotation "wise and responsible", which is appropriate. It means either the action or the method of governing and it is in the latter sense that it is used with reference to companies. Its Latin root, "gubernare" means to steer and a quotation which is worth keeping in mind in this context is: 'He that governs sits quietly at the stern and scarce is seen to stir'. Though corporate governance is viewed as a recent issue but nothing is new about the concept because, it

has been in existence as long as the corporation itself (Imam, 2006).

Over centuries, corporate governance systems have evolved, often in response to corporate failures or systemic crises. The first well-documented failure of governance was the South Sea Bubble in the 1700s, which revolutionized business laws and practices in England. Similarly, much of the security laws in the United States were put in place following the stock market crash of 1929. There has been no shortage of other crises, such as the secondary banking crisis of the 1970s in the United Kingdom, the U.S. savings and loan debacle of the 1980s, East-Asian economic and financial crisis in the second half of 1990s (Flannery, 2006). In addition to these crises, the history of corporate governance has also been punctuated by a series of well-known company failures: the Maxwell Group raid on the pension fund of the Mirror Group of newspapers, the collapse of the Bank of Credit and Commerce International, Baring Bank and in recent times global corporations like Enron, WorldCom, Parmalat, Global Crossing and the international accountants, Andersen (La Porta, Lopez and Shleifer 2009). These were blamed on a lack of business ethics, shady accountancy practices and weak regulations. They were a wake-up call for developing countries on corporate governance. Most of these crisis or major corporate failure, which was a result

of incompetence, fraud, and abuse, was met by new elements of an improved system of corporate governance (Iskander and Chamlou, 2000).

2.1.7 Corporate Governance Mechanisms

One consequence of the separation of ownership from management is that the day to today decision-making power (that is, the power to make decision over the use of the capital supplied by the shareholders) rests with persons other than the shareholders themselves. The separation of ownership and control has given rise to an agency problem whereby there is the tendency for management to operate the firm in their own interests, rather than those of shareholders'. This creates opportunities for managers to build illegitimate empires and, in the extreme, outright expropriation. Various suggestions have been made in the literature as to how the problem can be reduced (Shleifer and Vishny, 1997 and Hermalin and Weisbach, 1998). Some of the mechanisms (based on Shleifer and Vishny, 1997), and their impediments to monitor and shape banks' behaviour are discussed below:

2.1.8 Shareholders

Shareholders play a key role in the provision of corporate governance. Small or diffuse shareholders exert corporate governance by directly voting on critical issues, such as mergers,

liquidation, and fundamental changes in business strategy and indirectly by electing the boards of directors to represent their interests and oversee the myriad of managerial decisions. Incentive contracts are a common mechanism for aligning the interests of managers with those of shareholders. The Board of directors may negotiate managerial compensation with a view to achieving particular results. Thus small shareholders may exert corporate governance directly through their voting rights and indirectly through the board of directors elected by them.

However, a variety of factors could prevent small shareholders from effectively exerting corporate control. There are large information asymmetries between managers and small shareholders as managers have enormous discretion over the flow of information. Also, small shareholders often lack the expertise to monitor managers accompanied by each investor's small stake, which could induce a free-rider problem.

Large (concentrated) ownership is another corporate governance mechanism for preventing managers from deviating too far from the interests of the owners. Large investors have the incentives to acquire information and monitor managers. They can also elect their representatives to the board of directors and thwart managerial control of the board. Large and well-informed shareholders could be more effective at exercising their voting

rights than an ownership structure dominated by small, comparatively uninformed investors. Also, they could effectively negotiate managerial incentive contracts that align owner and manager interests than poorly informed small shareholders whose representatives, the board of directors, can be manipulated by the management. However, concentrated ownership raises some corporate governance problems. Large investors could exploit business relationships with other firms they own which could profit them at the expense of the bank. In general, large shareholders could maximize the private benefits of control at the expense of small investors.

2.1.9 Linkage between Corporate Governance and Firm

Performance

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).

According to a survey by McKinsey and Company (2002) cited in Adams and Mehran (2003), 78% of professional investors in Malaysia expressed that they were willing to pay a premium for a well-governed company. The average premium these investors were willing to pay generally ranged from 20% to 25%. Many scholars have attempted to investigate the relationship between good governance and firm performance in a more rigorous way.

2.1.10 The Role of Internal Corporate Governance Mechanisms in Organisational Performance

According to the Asian Development Bank (2007), Dallas (2004) and Nam and Nam (2004) cited in Kashif (2008), various instruments are used in financial markets to improve corporate governance and the value of a firm. Economic and financial theory suggests that the instruments mentioned below affect the value of a firm in developing and developed financial markets. These instruments and their role are as follows:

Role of Auditor

The role of auditor is important in implementing corporate governance principles and improving the value of a firm. The

principles of corporate governance suggest that auditors should work independently and perform their duties with professional care. In case of any financial manipulation, the auditors are held accountable for their actions as the availability of transparent financial information reduces the information asymmetry and improves the value of a firm (Bhagat and Jefferis, 2002).

However, in developing markets auditors do not improve the value of a firm. They manipulate the financial reports of the firms and serve the interests of the majority shareholders further disadvantaging the minority shareholders. The weak corporate law and different accounting standards also deteriorate the performance of the auditors and create financial instability in the developing market.

Role of Board of Directors' Composition

The board of directors can play an important role in improving corporate governance and the value of a firm (Hanrahan, Ramsay and Stapledon, 2001). The value of a firm is also improved when the board performs its fiduciary duties such as monitoring the activities of management and selecting the staff for a firm. The board can also appoint and monitor the performance of an independent auditor to improve the value of a firm. The board of directors can resolve internal conflicts and decrease the agency cost in a firm. The members of a board should also be

accountable to the shareholders for their decisions as argued by Vance (2003), Anderson and Anthony (2006), Nikomborirak (2001) and Tomasic, Pentony and Bottomley (2003).

The board consists of two types of directors; outsider (independent) and insider directors. The majority of directors in a board should be independent to make rational decisions and create value for the shareholders. The role of independent directors is important to improve the value of a firm as they can monitor the firm and can force the managers to take unbiased decisions. The independent directors can also play a role of a referee and implement the principles of corporate governance that protect the rights of shareholders (Bhagat and Jefferis, 2002; Tomasic, Pentony and Bottomley, 2003).

Similarly, internal directors are also important in safeguarding the interests of shareholders. They provide the shareholders with important financial information, which will decrease the information asymmetry between managers and shareholders as argued by Bhagat and Black (1999) and Bhagat and Jefferis (2002). The board size should be chosen with the optimal combination of inside and outside directors for the value creation of the investors. The boards of directors in the developing market are unlikely to improve the value of a firm, as the weak judiciary and regulatory authority in this market enables the directors to

be involved in biased decision-making that serves the interests of the majority shareholders and the politicians providing a disadvantage to the firm (Asian Development Bank, 1997).

Role of 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 (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 (2004). 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 (2006).

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).

The Role of Board Size

Board size plays an important role in affecting the value of a firm. The role of a board of directors is to discipline the CEO and the management of a firm so that the value of a firm can be improved. A larger board has a range of expertise to make better decisions for a firm as the CEO cannot dominate a bigger board because the collective strength of its members is higher and can resist the irrational decisions of a CEO as suggested by Pfeffer (2002) and Zahra and Pearce (2009).

On the other hand, large boards affect the value of a firm in a negative fashion as there is an agency cost among the members of a bigger board. Similarly, small boards are more efficient in decision-making because there is less agency cost among the board members as highlighted by Yermack (2006).

Role of 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, 2002).

Role of Managers

Managers can play an important role in improving the value of a firm. They can reduce the agency cost in a firm by decreasing the information asymmetry, which results in improving the value of a firm (Monks and Minow, 2001). Managers in the developed market create agency cost by under and over investment of the free cash flow. Shareholders are disadvantaged in this case as

they pay more residual, bonding and monitoring costs in these firms.

Managers in developing financial markets generally play a negative role in the value creation of investors. The rights of the minority shareholders are suppressed and the firms in these markets cannot produce real value for shareholders as actions of the managers mostly favour the majority shareholders. The management and the shareholders in a developing market do not use the tools of hostile takeover and incentives to control the actions of managers. In the case of a hostile takeover, the managers are forced to perform well to be able to hold their jobs. Similarly, appreciation and bonuses can motivate managers to produce value for shareholders (Bhagat and Jefferis, 2002).

The ownership of the management in a firm has an important bearing on its value (Morck, Shleifer & Vishny, 2008). Also, firms can improve their value in developing markets by streamlining the interests of managers with those of the shareholders. This results in the convergence of the goals of shareholders and managers ultimately improving the value of the shareholders as suggested by Mehran (2005).

2.1.11 Corporate governance Characteristics

Corporate performance is an important concept that relates to the way and manner in which financial resources available to an

organization are judiciously used to achieve the overall corporate objective of an organization. Corporate governance has recently assumed considerable significance as a veritable tool for ensuring corporate survival. In Nigeria, most of the business failures in the recent past are attributed to failure in corporate governance practices (Sanusi, 2010). Corporate governance provides the legal structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring. The presence of an effective corporate governance system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy. In other word, corporate governance is all about running an organization in a way that guarantees that its owners or stockholders receives legally a fair return on their investment, while the expectations of other stakeholders are also met (Magdi & Nedareh, 2002). It addresses the need for organizational stewards or managers to act in the best interest of the firm's core stakeholders, particularly, minority shareholders or investors, by ensuring that only actions that

facilitate delivery of optimum returns and other favorable outcomes are taken at all times.

2.2 Theoretical Framework

Agency theory

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 & 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.

In connection with the relationship between corporate governance and firm performance, the most studied governance practices include board composition, size and shareholders activities. According to Mallette and Fowler (1992), boards are the agents of the shareholders and exist to monitor management performance and to protect shareholders' interests. Yermack (1996) provides evidence that US firms with smaller boards achieve higher market values. Mak and Kusnadi (2002) single out board size as the most significant factor in explaining the valuation of Malaysian firms. Klapper and Love (2002) found evidence for the relationship between firm's performance and corporate governance. By employing a corporate governance

ranking, developed by Credit Lyonnais Securities Asia, and using a sample of 495 companies from 25 developing markets they found that a positive relationship existed between the corporate governance ranking and financial ratios.

With regard to the effect of corporate governance on the expected rate of return for shareholders, Lombardo and Pagano (2000) suggested that the expected rate of return should compensate investors for expected monitoring, auditing, and other private costs associated with different corporate governance systems. In their model, stronger corporate governance mechanisms in firms reduce the expected return on equity to the extent that it reduces the shareholders monitoring and auditing costs.

Gompers *et al.* (2003) found a significant association between a corporate governance index built from 24 provisions and stock returns. More specifically, they found that investors who are investing in firms, which are ranked high, based on this index, are on average earning 8.5 % abnormal returns. They more engaged in acquisitions and capital investments. Bauer and Guenster (2003) examines the effect of corporate governance on stock returns in Euro-zone companies included in FTSE Euro top 300 index for the period 1997 – 2002. Their results showed a positive relationship between good stock returns and corporate

governance. They also analysed the relationship between corporate governance and firm performance, for which surprisingly, and contrary to Gompers et al. (2003), they found a negative relationship between governance standards and the firm performance ratios, however overall their research suggests that if better-governed firms tended to have higher stock returns, this should in the long-run, translate into higher firm valuations.

Efficient Market Hypothesis Theory

The Efficient Market Hypothesis (EMH) is an investment theory that states that it is "Impossible to "beat the market" because stock market efficiency causes existing share prices to always incorporate and reflect all relevant information and that prices rapidly adjust to any new information. Information includes not only what is currently known about a stock, but also any future expectations, such as earnings or dividend payments. It seeks to explain the random walk hypothesis by positing that only new information will move stock prices significantly and since new information is presently unknown and occurs at random, future movements in stock prices are also unknown and, thus, move randomly. Hence, it is not possible to outperform the market by picking undervalued stocks, since the efficient market hypothesis posits that there are no undervalued or even overvalued stocks. The basis of the efficient market hypothesis is that the market

consists of many rational investors who are constantly reading the news and react quickly to any new significant information about a security. There are also many funds whose managers are constantly reading new reports and news, and with the aid of high-speed computers, is constantly sifting through financial data looking for mispriced securities. High-speed traders, likewise, use high-speed computer systems located near exchanges to execute trades based on price discrepancies between securities on different exchanges or between related securities that have interrelated prices, such as a stock and options based on the stock.

To summarize, the efficient market hypothesis rests on the following predicates:

- i. that information is widely available to all investors;
- ii. that investors use this information to analyze the economy, the markets, and individual securities to make trading decisions;
- iii. that most events that have a major impact on stock prices, such as labor strikes, major lawsuits, and accidents, are random, generally unpredictable events and when they do happen, they are quickly broadcast to investors;
- iv. and that investors will react quickly to any new information.

There are 3 forms or levels of the efficient market hypothesis which are stated below;

- i. the weak form efficient capital market
- ii. the semi-strong form efficient capital market
- iii. the strong form efficient capital market.

2.3 Empirical Review

Kömeçoğlu and Vuran (2018) found that corporate governance and share price of companies operating in various sectors and included in BIST corporate governance index have no effect on profitability.

Dincer and Dincer (2019) examine the relationship between corporate governance and firm value in an emerging market and assess the corporate governance practices of listed banks in Istanbul Stock Exchange (ISE). Using main measures used in other studies such as ownership, board structure and disclosure practices as corporate governance indicators and ROA and share price for performance, the regression showed that banks with lower governance ratings deliver higher share value due to their higher risk, while banks with higher governance ratings generate lower share value because of their lower risk. The result suggests that stock prices fairly reflect the higher risk of poorly governed firms and lower risk of well-governed firms.

Abdullah and Page (2019) examined the relationship between corporate governance and the performance of non-financial FTSE 350 companies in the United Kingdom. Their research reviewed

recent investigations into whether companies with particular corporate governance characteristics outperformed other companies and achieved lower levels of risk. The three “governance characteristics” investigated were board independence, board size, directors’ ownership of equity and the extent of ownership by large block shareholders, such as Institutional investors. Their research used financial information, corporate governance data and ownership data, derived from Thomson Financial Data stream and Pensions Industry Research Consultancy, for non-financial companies as at 31 December 1999 and/or 30 June 2004. Their research revealed no clear systematic relationship between governance factors and improved performance, and no strong evidence that governance reduces risk.

Maher and Anderson (2009) investigated the effects of corporate governance on company performance and overall economic performance in some OECD countries, and concluded that corporate governance developed the financial market and the country's economy was also affected by these developments.

Bauers et al. (2003) found a positive relationship between corporate governance and stock returns and firm value in Europe after the country differences were corrected.

Gompers, Ishii and Metrick (2003) concluded that a strategy in which the stocks of the companies in the lower segment of the corporate governance index are sold and that the stocks of the high-segment companies are purchased, yielding an abnormal return of 8.5% per year. Drobertz et al. (2004) concluded that investing in companies with a high corporate governance rating in Germany yields an above-normal return of 12% per annum.

Aksu and Köseadağ (2006) conclude that corporate governance decreases agency costs and provides resource efficiency, and that the performance of firms with high transparency levels is at a good level. Bauer et al. (2007) found that in Japan, companies managed well in terms of corporate governance perform 15% better per year than poorly managed firms.

Karamustafa (2016) examined the financial and operational performance of firms that are traded in the corporate governance index before and after entering the index. Significant differences have been observed in the performance indicators of asset turnover, return on assets and return on equity.

Javed and Iqbal (2007) investigated the relationship between corporate governance quality and stock performance on 50 firms traded on the Karachi stock exchange. According to the results, public disclosure and transparency are very important on stock

performances, while board composition and ownership are less important.

Huang (2010) found that the stock prices of firms with good corporate governance were more stable than the others in times of political crisis.

Owala (2010) analyzes the correlation between corporate governance and stock returns and concludes that there is no difference in yield between portfolios with weak or strong corporate governance and corporate governance notes are insufficient to explain stock returns.

Bistrova and Lace (2011) examined the impact of corporate governance quality on the performance of 116 companies listed in 10 selected European countries. According to the research findings, the companies with the highest corporate governance quality (highest 25%) performed a better performance of 0.98% on a monthly basis than the companies with the lowest corporate governance quality (the lowest 25%).

Saldanlı (2012) compared corporate governance index performance with BIST100, BIST50 and BIST30 index returns. As

a result of this study, corporate governance index performance falled behind other indices.

Kouwenberg (2012) found that companies that are not well-managed in terms of corporate governance in China, HonKong, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Thailand and Taiwan achieve better average return on average up to 9% per year from well-managed firms.

Azeem (2013) tested the relationship between stock performance and corporate governance on 50 companies listed on the Pakistan stock exchange, and concluded that quality corporate governance significantly influenced firm performance.

Ege (2013) found that in Turkey, ranking according to financial performance different from the ranking made by the corporate management ratings. In addition, it was stated that the corporate governance rating of the companies did not reflect their financial performance.

Yenice and Dölen (2013) compared the stock prices 30 days before the corporate governance notes announcement of the companies and 30 days after the announcement. It is concluded

that there is a significant relationship between corporate governance notes and stock price in Turkey.

Aksu and Aytekin (2015) found that no significant differences were found between the stock returns before disclosure of the corporate governance notes and the stock returns after disclosure.

Unlu, Yalçın and Yağlı (2017) evaluated the performance of firms with and without corporate governance index from 22 firms included in BIST 30 index. According to the findings, it is stated that it is not important whether firms are included in corporate governance index in terms of creating shareholder value.

2.4 Summary of the Review

The effectiveness of a corporate governance system depends, to a large extent, on the collective effort of the actors in corporate governance. However, experience has shown that in many quoted companies (especially in developing countries like Nigeria), corporate governance is left solely in the hands of the board of directors; other major actors in corporate governance such as audit committee, external auditor, internal auditors as well as shareholders tend to play passive roles in the governance of such

companies; this is the reason why a number of companies still experience corporate governance failures. It is common knowledge that many corporate failures around the world, in the recent past, were due to failure of the board of directors to act in the interest of the shareholders and other stakeholders of the company. This challenge will persist unless the major actors in corporate governance are actively involved in the governance of companies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The study adopts ex – post facto research design and employed Multi – variant ordinary least square (OLS) regression in analyzing the data collected from the annual Central Bank of Nigeria Statistical bulletin. The design was adopted because the study involves the use of a represented sample from the

population and drawing of conclusion based on the analysis of available data.

3.2 Population of the Study

The population of the study consists of all listed firms in the Nigeria capital market from 2005 – 2021.

3.3 Sample Techniques/Sample Size

The sampling size for this study was determined using a purposive sampling technique. For the purpose of this study, Firm age, earning per share, board size vis-à-vis share price list in the Nigeria capital market is chosen as the sample size for this study for the period of 2005- 2021.

3.4 Sources of Data Collection

The study made use of secondary data obtained from Central Bank of Nigeria (CBN) Statistical bulletin and audited financial reports of these firms for a period of seventeen years (2005 – 2021).

3.6 Method of Data Presentation

The researcher present the piece of information collected and acquired in a well structured and interpreted tables. This is to aid easy understanding of the computed results.

3.7 Method of Data Analysis

For the analysis of this study, the multivariate analysis comprises of ordinary least square (OLS) regression was used. The

Std. Dev.	54.02892	0.255837	1.000482	0.454274
Skewness	-1.939610	0.543088	0.399320	-0.925364
Kurtosis	22.86846	2.128824	2.365251	1.856298
Jarque-Bera	7888.728	37.32050	20.03409	91.11498
Probability	0.000000	0.000000	0.000045	0.000000
Sum	33.90000	144.3833	3356.990	328.0000
Sum Sq. Dev.	20.03133	30.17363	461.4447	95.13420
Observations	17	17	17	17

Source: Researchers Computation (E-views 8) 2022.

The result of the descriptive statistics shows that the mean value for the variables as SP (0.073377), Fage (0.312518), Bsize (7.266212), and EPS(0.709957). The Jarque-Bera statistic, test the normality of the regression variables reported large values and the associated probabilities are significant which implies that the variables follow the standard normal distribution. The mean Jarque-Bera statistic of SP is 7888.728 with a significant probability value of 0.000000. Earning per share (EPS) reported a Jarque-Bera value of 91.11498, and associated probability of 0.000000, Board size (BSIZE) reported a Jarque-Bera value of 20.03409, and associated probability of 0.000045 and Firm age (Fage) reported a Jarque-Bera value of 37.32050, and associated probability of 0.000000. Kurtosis which measures the degree of peak in distribution shows the validity of the Gaussian normality residuals of the estimation is further reinforced by the bell-shaped histogram. The regression data are positively skewed; this is evident in the histogram normality test in Fig. 1 which shows that the distribution is skewed to

the right. The standard deviation of the variables is relatively small except the dependent variable of SP with a standard deviation of 54.02892. The implication of this is that the variables are clustered around their mean values and hence very reliable. The maximum number of members on the board committee (Bsize) is 2 with a mean value of 0.312518 which shows low women representation on the board size. The Earning per shares with a mean value of 0.709957 shows that about 71% of the companies under focus.

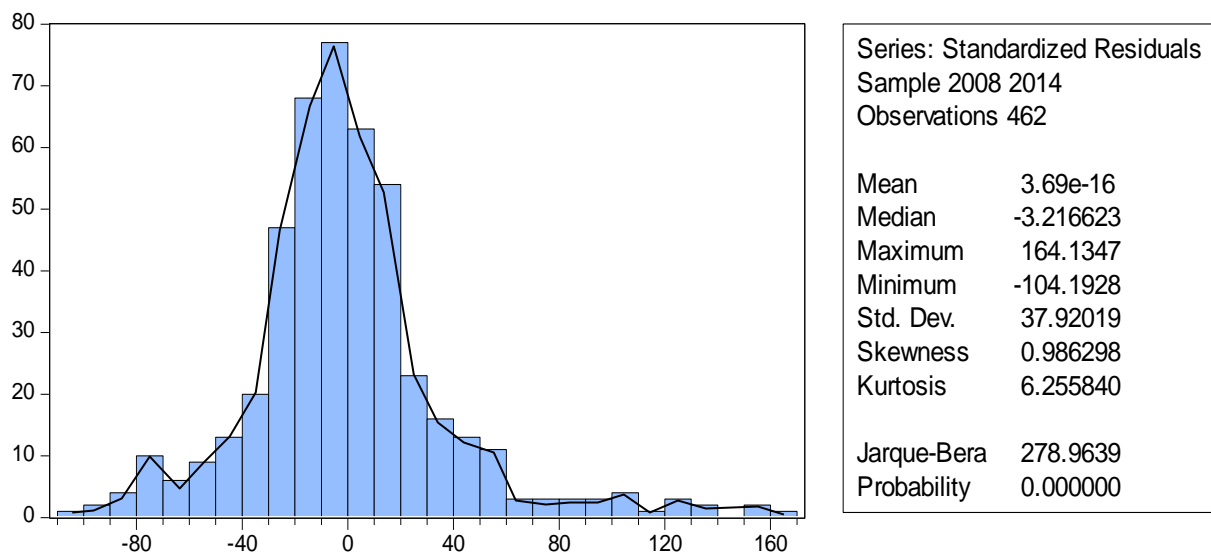


Fig. 1: Result of the Histogram Normality Test.

The mean Jarque-Bera value of 278.9639 and the associated probability value of 0.000000 is a reflection of the normality of the regression variables. The average Kurtosis of 6.255840 shows that the variables on the average are leptokurtic.

Table 2: Results of the Coefficient of Correlation Matrix

Covariance Analysis: Ordinary
Date: 09/09/22 Time: 13:07
Sample: 2005– 2021
observations: 17

Correlation Matrix				
t-Statistic				
Probability	SP	FAGE	BSIZE	EPS
	1.00000			
	0.051484	1.000000		
	0.331205	-0.134019	1.000000	
	0.054576	0.119591	0.434574	1.000000

Source: Researchers Computation (E-Views 8) 2022.

The correlation coefficient between the dependent and explanatory variables in the sample of MODEL is positive and significant except the variable of the number of Firm age (Fage), which is statistically significant, having reported a probability value of 0.051485. The highest probability value is between the variable of Board size and Earning per share, with a coefficient of 0.434574. Consistent with Bryman and Cramer (1997), the result of the coefficient of correlation matrix is not indicative of any problem of multicollinearity since none is above the threshold of 0.80. The result of the coefficient of correlation is further strengthened by the outcome of the variance inflation factor reported in Table 6.

Table 4.3: Results of the Cross-Section Fixed Effect Model

Dependent Variable: SP				
Method: Panel Least Squares				
Date: 09/09/22 Time: 13:14				
Sample: 2005 2021				
Periods included: 17				
Variable	Coefficient	Std. Error	t-Statistic	Prob.

C	315.3593	102.0382	3.090601	0.0021
EPS	18.99330	24.67393	-0.769772	0.4419
BSIZE	-31.93721	14.09443	-2.265946	0.0240
FSIZE	55.08547	11.41799	4.824446	0.0000
R-squared	0.507407	Mean dependent var		111.6688
Adjusted R-squared	0.419219	S.D. dependent var		54.02892
S.E. of regression	41.17490	Akaike info criterion		10.41404
Sum squared resid	662890.6	Schwarz criterion		11.04959
Log likelihood	-2334.642	Hannan-Quinn criter.		10.66426
F-statistic	5.753694	Durbin-Watson stat		1.827369
Prob(F-statistic)	0.000000			

Source: Researchers Computation (E-Views 8) 2022.

Table 4.3 presents the result of the fixed effect model. The adjusted R-squared value of 0.419219 shows that 42% of the systematic cross-sectional variation in the dependent variable of Share Price (SP) explained or predicted by the explanatory variables of Firm age (Fage), the board size, and the earning per share. The coefficient of determination is a goodness-of-fit measure of the extent to which the linear regression equation fits our data. The adjusted R-squared value of 42% is consistent with earlier studies by Ilaboya and Iyafekhe (2014) which reported adjusted R-squared value of 42.3%. The result is also not significantly different from that of Owusu-Ansah and

Leventis (2006) which reported adjusted R-squared value of 38%. Even though it differs significantly from the 29.3% reported by Iyoha (2012). On the basis of the overall statistical significance of the model, we observe that the F-statistic of 5.753694 with a probability value of $0.000000 < 0.005$ at the 95% confidence interval is indicative of a significant linear relationship between the regressand of share price and the regressors. The Durbin-Watson statistics of 1.827369 is relatively close to the 2.00 benchmark and indicative of the absence of first-order autocorrelation in the regression residuals.

The study found that board size is negative and statistically significant with a robust coefficient of -31.93721, t-value of -2.265946 and probability value of 0.0240. The implication of this finding is that the size of the firm not necessarily result in share price and quality of financial report. Therefore, firms, irrespective of size, are required to comply compulsorily with the relevant reporting standards. Therefore, the negative relationship between SP and Board size may not be unexpected.

The robust negative relationship between firm age, a proxy for firm performance is beyond the likelihood of chance. From extant literature, it has been established that profit making organisations are likely to publish their good news faster than loss-making organisations who may be wary of the likely reputation liability arising from the bad news of the loss position of the organisation.

The robust positive relationship between the variable of firm age and Share price (SP) is not unexpected. This is because about 71% of the sample under consideration firms. The implication of the result is that the use of corporate governance firms tends to increase the level of share price in the sample study. The client -base, of the firms in Nigeria, is too high, and the reputation for delivering quality board size and the fact that most of the companies have 31 December as their year end, put too much pressure on the Big 4 audit firms. The relationship between women representation in earning per share (EPS) and Share price (SP) is negative but statistically insignificant having reported a t-value of -0.739538. The implication of this is that board size tend to reduce the extent of share price thereby making corporate governance report timely. The justification for this finding is that earning per share (EPS) tend to work more carefully and neatly in completing their tasks and tend to do the task better than men (Aditya, 2012).

The relationship between Fage and SP is positive and statistically significant. The result shows that there is an significant relationship which is consistent with extant literature even though some others find a significant relationship between Earning per share (EPS) and Share Price (SP).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The findings reveal the followings,

- i. Firm's age has effect on share price of quoted firms in Nigeria.
- ii. Board size has significant impact on share price of quoted firms in Nigeria.
- iii. Earnings per share of firms have significant influence on share price of quoted firms in Nigeria.

5.2 Conclusion

Based on these empirical findings, we can conclude that corporate governance mechanisms have a significant influence on share prices of listed firm's on the Nigerian Stock Exchange.

5.3 Recommendations

Based on the conclusion, it is therefore recommended that;

- i. Regulating agencies of government should encouraged firms and all other stakeholders to create enabling environment for growth of firms in Nigeria to enhance their share prices.
- ii. Board committees should ensure that corporate executives behave in the best interest of the stakeholders..
- iii. It was recommended that in the future, that the research could use more financial ratios to measure performance such as Dividend Per Share (DPS) and Tobin-Q measure.

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Appendix I

Results of the Descriptive Statistics

	SP	FAGE	BSIZE	EPS
Mean	0.073377	0.312518	7.266212	0.709957
Median	0.070000	0.240000	7.085000	1.000000
Maximum	1.240000	1.050000	9.640000	1.000000
Minimum	-1.780000	0.000400	4.940000	0.000000
Std. Dev.	54.02892	0.255837	1.000482	0.454274
Skewness	-1.939610	0.543088	0.399320	-0.925364
Kurtosis	22.86846	2.128824	2.365251	1.856298
Jarque-Bera	7888.728	37.32050	20.03409	91.11498
Probability	0.000000	0.000000	0.000045	0.000000
Sum	33.90000	144.3833	3356.990	328.0000
Sum Sq. Dev.	20.03133	30.17363	461.4447	95.13420
Observations	17	17	17	17

Source: Researchers Computation (E-views 8) 2022.

Appendix II
Results of the Cross-Section Fixed Effect Model

Dependent Variable: SP				
Method: Panel Least Squares				
Date: 09/09/22 Time: 13:14				
Sample: 2005 2022				
Periods included: 17				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	315.3593	102.0382	3.090601	0.0021
EPS	18.99330	24.67393	-0.769772	0.4419
BSIZE	-31.93721	14.09443	-2.265946	0.0240
FSIZE	55.08547	11.41799	4.824446	0.0000
R-squared	0.507407	Mean dependent var		111.6688
Adjusted R-squared	0.419219	S.D. dependent var		54.02892
S.E. of regression	41.17490	Akaike info criterion		10.41404
Sum squared resid	662890.6	Schwarz criterion		11.04959
Log likelihood	-2334.642	Hannan-Quinn criter.		10.66426
F-statistic	5.753694	Durbin-Watson stat		1.827369
Prob(F-statistic)	0.000000			

Source: Researchers Computation (E-Views 8) 2022

**CORPORATE GOVERNANCE AND THE GROWTH OF THE NIGERIAN
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**PROJECT SUBMITTED TO THE DEPARTMENT OF
BANKING AND FINANCE
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE AWARD OF HIGHER NATIONAL DIPLOMA (HND)
IN BANKING AND FINANCE

SCHOOL OF BUSINESS STUDIES,

AUCHI POLYTECHNIC AUCHI, EDO STATE.**

CERTIFICATION

We, the undersigned certify that this research work titled **CORPORATE GOVERNANCE AND THE GROWTH OF THE NIGERIAN CAPITAL MARKET** was carried out by **BELLO SADAT** with **Mat No: SBS/2282070222** in the Department of Banking and Finance, School of Business Studies, Auchi Polytechnic, Auchi,

We also certify that the work is adequate in scope and content in partial fulfillment of the requirements for the award of Higher National Diploma (HND) in of Banking and Finance.

Mrs. Okhumaile, S.I
Project Supervisor

Date

**Mr. Musa Abdulai
(Ag. Head of Department)**

Date

DEDICATION

This project work is dedicated to Almighty God who created the universe for His mercies and protection for seeing me through in my academic pursuit in Auchi Polytechnic.

ACKNOWLEDGEMENTS

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ABSTRACT

This study examined corporate governance and growth of Nigerian Capital Market a case study of selected quoted firms in Nigeria. The objectives of the study are to determine if firm's age, board size and earnings per share of firms on share price of quoted firms in Nigeria. The secondary data for this study were sourced from published annual reports of firms and central bank of Nigeria statistical bulletin.. The Ordinary Least Square (OLS) regression techniques and descriptive statistics were used in analyzing the data. The results of the study reveals that firm's age, board size, firms earning per share of has effect on share price of quoted firms in Nigeria. It is therefore recommended among others that Regulating agencies of government should encouraged firms and all other stakeholders to create enabling environment for growth of firms in Nigeria to enhance their share prices.

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