SN Bus Econ (2021) 1:17
https://doi.org/10.1007/s43546-020-00015-8

ORIGINAL ARTICLE

Corporate governance research in Nigeria: a review

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Received: 24 April 2020 / Accepted: 16 October 2020 / Published online: 30 November 2020
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Abstract

This paper is a literature review of recent corporate governance research in Nigeria. It identifies the recent advances and challenges in the literature and suggest some directions for future research. A comprehensive review of the recent corporate governance literature is important because it provides a basis to compare the corporate governance experience in Nigeria with the corporate governance experience in other African countries and developing countries. The findings from the literature review reveal that the board of directors is the most explored corporate governance determinant in the Nigerian corporate governance literature. Most studies focus on some corporate governance determinants, and ignore other corporate governance determinants in firms. There is some consensus that corporate governance failure in Nigeria is caused by multiplicity of factors such as lack of political will by the government to enforce corporate governance laws, deliberate refusal to comply with existing corporate governance laws by politically connected firms, weak compliance by firms, weak enforcement by regulators, and conflicting codes in the country's corporate governance codes. Also, recent corporate governance studies do not systematically build on previous corporate governance studies. Regarding methodology, most Nigerian corporate governance studies are merely experimenting different methods of analyses without advancing the literature in a significant way. The study also finds that the 2018 Nigerian code of corporate governance solves some problems and create new problems for Nigerian firms.

Keywords Corporate governance · Nigeria · Board size · Firm performance · Board of directors · CEO duality · Africa · Regulation · Ownership structure · Audit committee · Earnings management · Financial reporting

JEL Classification G30 · L26 · M10

Electronic supplementary material The online version of this article (https://doi.org/10.1007/s43546-020-00015-8) contains supplementary material, which is available to authorized users.

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Introduction

This paper reviews the Nigerian corporate governance literature. It analyses the current state of corporate governance research in Nigeria, and provides some directions for future research on CG in Nigeria.[1] Corporate governance is defined as the system of rules, practices, and processes by which firms are directed and controlled (Raut 2003). This is the working definition of corporate governance used in this review article. Corporate scandals around the world and the East Asian crisis coupled with the poor performance of many corporations in Africa have led to increased focus on corporate governance in emerging economies. Notable examples are the corporate governance failures in Nigeria (e.g., Oceanic bank in 2010 and Cadbury), U.S. (e.g., Enron in 2001 and Arthur Andersen in 2002), and India (e.g., Satyam Computers in 2009).

The CG literature is extensive both in terms of number of studies and in terms of depth of research inquiry. The CG literature is currently dominated by studies examining corporate governance and firm performance in the US, Europe and cross-country contexts. These studies largely focus on the relationship between ownership structure, the composition of the board of directors and firm performance (see Johnson and Greening 1999; Xu and Wang 1999; Core et al. 1999; Bhagat and Bolton 2008). Many African CG studies are largely ignored or unnoticed in the mainstream CG literature mainly because of the outlets they are published in. For this reason, the findings from African studies have been exempted from mainstream academic corporate governance discourse. For instance, a quick search on Google Scholar using CG keywords such as 'corporate governance', 'Africa', 'Sub-Saharan Africa' will reveal that no African CG articles have been published in a four-star ranked journal such as the 'Academy of Management Journal', 'Academy of Management Review', 'Administrative Science Quarterly', 'Journal of Management', 'the Journal of Finance' and 'Management Science'. The observer relying on this metric would conclude that there are no African CG studies, but this is untrue because another quick search on Google Scholar using the previously suggested CG keywords (and disregarding where the articles are published in) will reveal that Nigeria has the highest number of CG studies in Africa, followed by Ghana, South Africa and then Kenya—in that order. A further search using Nigeria* and CG* as keywords also reveal that the Nigerian CG literature is not only much but is also saturated, indicating that there is sufficient content to conduct a systematic literature review on CG in Nigeria. This observation shows that the Nigerian CG literature has reached a level of saturation such that a systematic review can help to consolidate the achievements in this literature and craft a research agenda for years to come.

This paper brings together in one article the recent developments in corporate governance (CG) research in Nigeria, to identify the recent advances and challenges in the literature and to suggest some directions for future research. There is need for additional reviews of the African CG experience to identify uniform CG practices

[1] This paper is available as a working paper at: ttps://mpra.ub.uni-muenchen.de/98,217/1/MPRA_paper_98217.pdf.

and CG differences in African countries to enable comparison with the experience of emerging economies in other continents so that some lessons can be learnt to improve CG practices in Africa. This can only be achieved when there is a large number of studies examining CG in several African contexts. Although country-specific African studies have begun to emerge in the literature (e.g., Sanda et al. 2010; Adekoya 2011; Dembo and Rasaratnam 2014; Ehimare et al. 2013), it is easy to observe that a large number of CG research have been conducted for some African countries compared to other African countries, and there has never been an attempt to review the current state of CG research in any of these countries to identify areas for improvement for future research. A comprehensive review of the state of CG research in a single African country has never been attempted, and the point must be made that insufficient reviews of the state of CG research in emerging countries such as Nigeria, South African and Ghana may limit the basis for comparing the African corporate governance experience with the experience in other continents.

Studies examining CG in the African context have shown that there are unique structural peculiarities and challenges in each African country that affect the corporate governance structure and outcomes in African corporations (Ayogu 2001; Rossouw 2005; Rwegasira 2000). Rossouw (2005) show that various aspects of the CG code in African countries affect how business ethics is being perceived and practiced in African firms. Rwegasira (2000) points out that the CG model adopted by African countries should be adapted to the peculiarities of each African country, and that inputs from other CG models should be incorporated into the current CG model if necessary to make African capital markets become globally competitive. Kyereboah-Coleman (2008) argue that corporate governance in many African countries is influenced by each country's company codes, securities and exchange commission, stock exchange listing requirements, regulations and rules, among others. These few observations in the African CG literature require additional country-specific case studies to shed light on the CG practices in other African countries to identify the lessons learnt from these countries.

This paper focus on the case of Nigeria. The last two decades witnessed the failure of many financial and non-financial firms in Nigeria such as Oceanic Bank, Intercontinental Bank, Nitel and Vodafone due to poor corporate governance. These corporate failures in Nigeria led to increased interest in corporate governance research in Nigeria. What makes the case of Nigeria particularly compelling is the large number of CG studies focusing on Nigeria, and the multiplicity of codes of corporate governance within the weak institutional environment plagued with corruption. Specific codes conflict with one another in some areas, and this will have implications for regulatory compliance by public firms in Nigeria (Adegbite 2013). There is the belief that managers tend to comply with the CG code of a stricter regulator that impose heavy fines for non-compliance while managers are less likely to comply with the CG code of a lax regulator. More importantly, the CG problems in Nigeria, such as the multiplicity of CG codes, is somewhat related to the regulatory multiplicity issues in transnational systems of corporate governance which is discussed in the comparative corporate governance literature. The comparative corporate governance literature highlight the problems faced by multinational corporations in complying with multiple regulations and codes in many jurisdictions

(see Demaki 2018; Aguilera et al. 2008; Alonso-Pauli and Perez-Castrillo 2012, for detailed discussion). However, this literature has paid little attention to corporate governance regulatory multiplicity in developing economies such as Nigeria.

The discussions in this review article contributes to the CG literature in the following ways. One, it contributes to the literature that examine the effect of corporate governance on firm performance (e.g., Kor and Mahoney 2005; Kroll et al. 2007). Two, by relating CG to managerial behavior, this study contributes to the literature that examine how certain CG structures encourage managers to influence their profit levels for improved firm performance (see Leuz et al. 2003; Klein 2002). Three, this review contributes to the literature that examine the role of institutional monitoring and corporate governance in improving firm performance. Finally, this review offers multiple opportunities and benefits to researchers and practitioners by highlighting the importance of corporate governance research in Nigeria and by revealing areas that need to be explored further. The remarks on the challenges and prospects of CG research in Nigeria in this review article are limited to issues in the literature that I find to be particularly significant.

The rest of the paper is structured as follows. Section 2 presents the methodology for the review. Section 3 presents an overview of corporate governance in Nigeria and compares the Nigerian context with the Western context. Section 4 discuss the theoretical model. Section 5 presents the measurement and estimation issues. Section 6 reviews the CG determinants and consequences. Section 7 discuss the weakness of the recent Nigerian corporate governance code, the implication for African countries and also presents some future research directions. Section 8 concludes.

Methodology

The methodology for this review is as follows. The journal selection criteria were articles published in a journal. Only few of these studies were published in high quality journals while most of the articles were published in other journal outlets—both Scopus and non-Scopus journals.[2] The article search criteria were abstract search and a search on the body-of-articles. The two searches were done on the assumption that an article's abstract and body would contain the dominant corporate governance keywords. The article exclusion criteria for this study was to exclude articles that were published as thesis and dissertation. A 2010 cut-off year was applied during the article search to focus on the recent CG developments in Nigeria that have already overtaken past CG events in the country. For example, there have been many NCCG revisions in the past, and all the past CG revisions are not relevant in explaining the most recent 2018 NCCG. Only the last revision or the last two revisions can better explain the recent NCCG revision. For this reason, it makes sense to begin from the post-2010 period. Also, the 2010 cut-off year was applied because many Nigerian CG studies began to emerge from 2010.

[2] Scopus is a source-neutral abstract and citation database curated by independent subject matter experts.

The scope of this review covers only articles that (1) examine the state of CG in Nigeria, (2) articles that compare the CG characteristics of Nigeria with that of other countries, and (3) articles that explore the effect of CG on firm performance in Nigeria. To be included in the review, the selected articles would be one that explore the effect of Board characteristics, structure and composition on the performance of firms. Articles that examine how managers' characteristics affect firm performance, were also considered.

The articles used to conduct this review was selected electronically from the top 100 search results from Google scholar using the keywords "Corporate Governance Nigeria" which gives a total of 72 articles. Another search was conducted using the same keywords with a focus on post-2010 studies to capture the recent findings in the Nigerian CG literature. Out of the 72 articles, some papers were excluded either because they were anecdotal in nature or because the methods used to reach the conclusions in such articles were unscientific. The included articles were articles that examine the state of CG in Nigeria, articles that compare the CG characteristics of Nigeria with that of other countries, and articles that explore the effect of CG on firm performance in Nigeria.

Overview of corporate governance in Nigeria

Current reality

The current reality in Nigeria is that Nigeria has institutions that govern the behavior and activities of firms, but these institutions have little or no enforcement powers to discipline rule-breaking firms (Ahunwan 2002; Adekoya 2011). Firms do not comply with corporate governance codes especially firms that have a strong politician on the board of the firm (Nakpodia and Adegbite 2018). Also, the executives of rule-breaking firms are often politically connected to top government officials or may bribe their institutional supervisor or regulator to evade sanctions (Adegbite et al. 2012). Oyejide and Soyibo (2001) share a similar thought on this issue, they analyze the state of corporate governance in Nigeria and argue that Nigeria has institutions and the legal framework needed for effective corporate governance, but compliance and/or enforcement is weak or non-existent in Nigeria. Another issue is the different interpretation of the codes of corporate governance in Nigeria, and the multiplicity of regulations that hinder the workings of existing corporate governance codes (Adegbite et al. 2013; Osemeke and Adegbite 2016). Different agents especially managers, lawyers and the courts, have different interpretation which affects how corporate governance is practiced in Nigeria, and this has been a long standing issue.

Regarding the causes of corporate governance failures in Nigeria, Adekoya (2011) show that corporate governance failures in Nigeria is caused by the country's culture of institutionalized corruption, political patronage and the refusal of government agencies to enforce and monitor compliance. Another cause of corporate governance failure is corruption in the unfavourable business environment (Letza 2017). Focusing on corporate insiders, Nwidobie (2016) argue that the corporate

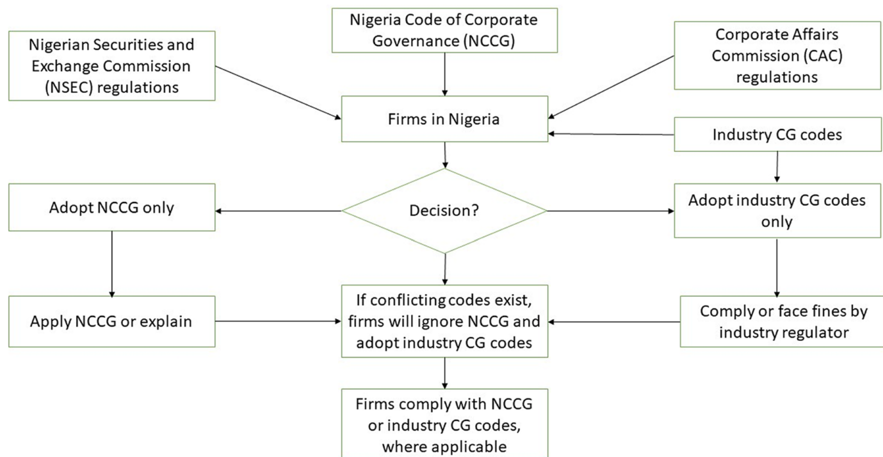

Fig. 1 Corporate Governance practices by Nigerian firms

governance problems in Nigeria are caused by self-interested controlling shareholders as well as controlling shareholders who are also directors. Abdulmalik and Ahmad (2016a) show that corporate governance failures in Nigeria are caused by conflicting regulatory laws, the ineffectiveness of the board of directors and lack of auditor independence arising from the nature of firm ownership structure in Nigeria. Osemeke and Adegbite (2016) show that conflict among the various codes of corporate governance and regulatory multiplicity are causes of corporate governance failures in Nigeria. Figure 1 below illustrates the current reality of the corporate governance practices of firms in Nigeria.

The recent Nigerian code of corporate governance (NCCG)

Good corporate governance is good for business. It can attract foreign investment to Nigerian firms. But for this to happen, investors need to trust the legal system in Nigeria and its ability to protect minority shareholders. Ahunwan (2002) show that Nigeria has been facing increasing pressure from the international community to adopt a good corporate governance system and a program of economic liberalization and deregulation to increase investors' confidence in doing business in Nigeria. Nigeria has an evolving national code of corporate governance that reflect the unique socio-political and economic situation in Nigeria while at the same time providing the right assurance to current and potential shareholders in firms (Okike 2007).

Nigeria's peculiar institutional arrangements may influence its model and style of corporate governance regulation (see Fig. 2), and these institutions can either promote good corporate governance or can constitute barriers to the implementation of good corporate governance principles in Nigeria (Adegbite 2012). It is expected that Nigeria's code of corporate governance will be somewhat different from the corporate governance laws in modern economies. This is because the peculiar nature of

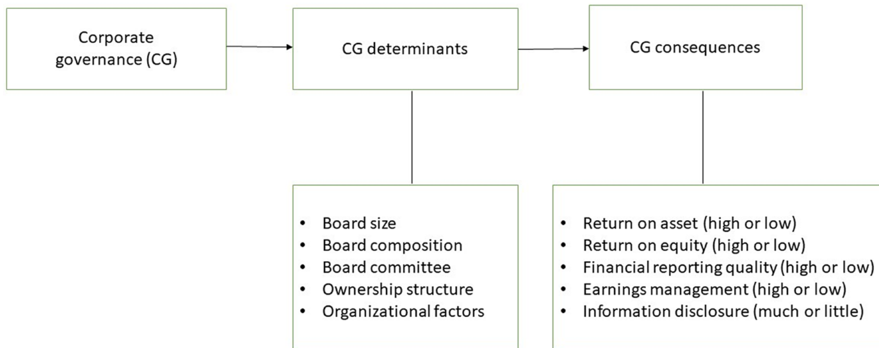

Fig. 2 Theoretical model for CG determinants and consequences

developing economies, like Nigeria, will make the running of many private companies different from the governance processes of private companies in modern economies (Yakasai 2001), due to the weak institutional environment plagued with corruption as well as conflicting codes (Adegbite 2013) and regulatory multiplicity (Osemeke and Adegbite 2016).

In 2018, the Nigerian Code of Corporate Governance (NCCG) was issued for private companies, public companies and not-for-profit Entities. The new Code[3] is made up of seven (7) parts and contains twenty-eight (28) principles. It covers the 'board of directors', 'audit', 'relationship with shareholders', 'business conduct with ethics', 'sustainability', 'transparency' and 'definitions'. The Code is principle-based and requires the 'apply or explain' approach. All companies are required to apply the Code or explain the reasons for not adopting them. The rationale for using the 'apply or explain' approach is to encourage better corporate governance practices in Nigerian companies. The issuer of the Code, the Financial Reporting Council of Nigeria, will monitor the implementation of the Code through sectoral or industry regulators. Each sectoral regulator has been empowered to impose appropriate sanctions for violations of the Code based on sectoral or industry laws and regulations. The 2018 NCCG improves on the previous code in three key areas namely (1) by specifying an effective whistle-blowing framework for reporting any illegal or unethical behavior, (2) by requiring companies to pay attention to sustainability issues including environmental, social, occupational and community health and safety issues, (3) and by promoting full and comprehensive disclosure and transparency to investors and stakeholders.

[3] The code is available at: https://pwcnigeria.typepad.com/files/nigerian-code-of-corporate-governance-2018-1.pdf.

Table 1 Corporate governance (CG) mechanisms

CG mechanism and related literature	Definition	Adoption or Practice in Nigeria	Adopted practice in Western countries
'Regime' or 'regulatory approach' (see Adegbite 2012; Okike 2007)	This describes the approach to regulating corporate governance	Nigeria adopts the 'apply or explain' approach to CG regulation	Most western countries such as the UK, US, Canada and France adopt the "comply or explain" approach. Australia adopts the "if not, why not" approach
Board structure and composition (see Uadiale 2010; Ujunwa 2012)	This refers to both the type of directors on the board and the balance of skills, diversity, and competence. Usually the board is composed of independent directors, executive directors, non-executive directors, the Chief Executive Officer, and the Chairman of the board	The 2018 Nigerian code of corporate governance (NCCG) requires that there should be a balance of skills, diversity and competence on the board However, it did not specify the exact skills, diversity, gender and competence that the board should be composed of	In France, there must be at least 40% of males and females on the boar
CEO tenure (see Sanda 2011)	The number of years an individual will serve as the Chief Executive Officer of the firm	The 2018 NCCG did not specify a tenure for the CEO rather it requires that the tenure of the MD/CEO should be determined by the board	The discretion for CEO tenure is determined by the independent directors of the board in most Western countries
Board size (see Sanda et al. 2010; Ujunwa 2012)	The total number of members or directors on the board	The 2018 NCCG did not specify a minimum or maximum size of the board	There is no universally agreed board size for firms in western countries. The discretion for board size lies with the shareholders at an annual general meeting for Western countries

Table 1 (continued)

CG mechanism and related literature	Definition	Adoption or Practice in Nigeria	Adopted practice in Western countries
Board independence (see Sanda 2011; Uwuigbe et al. 2018)	The board is considered to be independent if it has a large number of outside directors and fewer insiders on the board	The 2018 NCCG require the appointment of independent directors or non-executive director. They should not be shareholders, former employees, family relatives of shareholders, among others. An executive director can be a member of a board sub-committee except the remuneration, audit, or nomination and governance committees	In the UK, the members of the board sub-committees are mostly independent directors. In Canada, the CG law require independent directors to be members of the audit and compensation committees of the board
Audit committee (see Chijoke-Mgbame et al. 2020; Owolabi and Ogbechie 2010)	An audit committee is a sub-committee of the company's board responsible for overseeing financial reporting and disclosures, and to ensure that the information reported in financial statements are true, reliable and accurate.	The 2018 NCCG require that the members of the audit committee of firms should be (i) financially literate and should be able to read and understand financial statements; (ii) they should have at least one member of the committee who has expert knowledge in accounting and financial management and be able to interpret financial statements; (iii) for private companies, members of the audit committee should be non-executive directors (NEDs), and a majority of them should be independent NEDs where possible; (iv) a chairman should be elected from amongst its members, and should have financial literacy; (v) the audit committee should meet at least once every quarter	Having an audit and risk committee is mandatory in France. Both Canada and USA require public companies to have a Board audit committee. The UK requires companies to have an audit committee consisting of independent non-executive directors

Table 1 (continued)

CG mechanism and related literature	Definition	Adoption or Practice in Nigeria	Adopted practice in Western countries
CEO-Chair duality (see Ranti 2013; Ehikioya 2009)	This refers to the Chief Executive Officer (CEO) holding the position of the Chairman of the board	The 2018 Nigerian CG code does not permit the company CEO to be board Chairman	The UK CG code does not permit the same person to be the CEO and Chairman while the US permits CEO-Chair duality. In the US, CEO-Chair duality is permitted
Ownership concentration (see Ozili and Uadiale 2017; Usman and Yero 2012; Obembe et al. 2010)	This refers to the number of large equity holding by shareholders as a percentage of the firm's total shares.	The 2018 NCCG did not make any comment on the amount of shares a director or shareholder can own in a firm	In Canada, there is no restriction on the number of shares a director can hold

Corporate governance codes: comparing Nigeria and Western economies

The 2018 NCCG is somewhat similar to the CG codes of western countries in many areas. Table 1 below shows some comparison.

Theoretical model

It is useful to develop a framework to explain how corporate governance affects the survival and performance of firms in the economic sense. Corporate governance has traditionally been associated with the "agency" problem between the principal and the agent (Maher and Andersson 2000). A principal-agent relationship arises when the owner of the firm is not the same as the person who manages or control the firm (Berle and Means 1932; Jensen and Meckling 1976). Corporate governance itself describes the formal system of accountability of senior management to shareholders or stakeholders (Freeman and Reed 1983). Shareholders delegate the responsibility of managing the firm to managers, who are expected to use their specialized knowledge and the firms' resources to generate the highest possible return for shareholders, and to optimize value for shareholders and stakeholders in the long run (Jensen and Meckling 1976; Tosi and Gomez-Mejia 1994). However, due to differential interests, managers may pursue their own objectives, such as acquiring excessive compensation that is not coupled with firm performance at the expense of shareholders (Dyl 1988). To prevent this, shareholders develop monitoring systems to constrain managers' actions so that they act in the interest of shareholders (Fama 1980). This monitoring mechanism involves the use of compensation contracts to align the interests of managers and the principal (Jensen and Meckling 1976).

Some corporate governance structures are motivated by incentive-based economic models of managerial behavior which may be divided into two categories: the agency model and the adverse selection model (Bhagat and Bolton 2008). The agency model argues that because managers are self-interested and will take actions that hurt shareholders (Eisenhardt 1989; Core et al. 1999; Mehran 1995), compensation incentives and contracts should be offered to managers to induce them to act in the interest of shareholders while managing the firm (Jensen and Meckling 1976; Mehran 1995; Boyd 1994). Also, ownership of the firm by the manager may be used to induce managers to act in a manner that is consistent with the interest of shareholders (Grossman and Hart 1983). On the other hand, the adverse selection model is motivated by the fact that there are the differences in the ability of managers to manage the firm which cannot be observed by shareholders (Myerson 1987; Bhagat and Bolton 2008). In this case, ownership may be used to induce managers to reveal the private information they have about their ability to generate cash flow, which cannot be observed directly by shareholders (Myerson 1987). From the two models above, it is easy to see that some corporate governance structures reflect the type of contract that governs the relationship between shareholders and managers. Regarding firm performance, if managers misuse firm's resources, a low return on assets would be generated thereby adversely affecting firm performance, all others things being equal. Low profits

mean that there will be little or no dividend paid to shareholders, which may have consequences for the tenure of managers of the firm. One practical implication, or consequence, of the agency and adverse selection CG models for Nigeria is that Nigerian shareholders may unintentionally hire self-interested managers who may amass excessive pecuniary benefits to themselves at the expense of shareholders. To avert this, Nigerian shareholders may need to design effective compensation contracts to motivate managers to act in the interest of shareholders. Currently, the idea of monitoring managers through institutional ownership of the firm or by relinquishing part-ownership of the firm to managers in Nigeria is not a common practice in Nigeria, and it is yet to be seen whether such practice will yield better performance among the few Nigerian firms that practice it.

Another theoretical dimension is the conflict-signaling theory which is a combination of conflict theory and signaling theory. The conflict theory argues that the conflict within competing CG codes leaves managers with the opportunistic tendency to comply with a less stringent code or outright non-compliance (Osemeke and Adegbite 2016). The signaling theory, on the other hand, suggest that corporations with superior information transparency signal better corporate governance and better performance (Rotchschild and Stiglitz 1976), thus, companies that comply with CG codes signal good corporate governance particularly through good reporting while companies that do not comply may justify their non-compliance by citing ‘conflicting codes’ as the reason behind their non-compliance decision (Osemeke and Adegbite 2016). Given the current CG situation in Nigeria, one practical implication or consequence of the conflict-signaling theory for CG in Nigeria is that the board of directors in Nigerian firms may take advantage of the conflicting CG codes and the weak institutional enforcement to deliberately refuse to comply with the stringent CG codes while at the same time complying with the less-strict CG codes to signal that they are at least complying with some of the CG codes if not all the codes. Figure 2 below presents a model of corporate governance determinants and consequences.

Measurement and estimation issues

This section provides a methodological review of the Nigerian CG literature. The criteria for selecting the articles used to conduct the methodological review was the post-2010 research criteria. Only articles published from 2010 till date were used to capture the most recent methodological developments in the Nigerian CG literature. See Fig. 3 below for number of articles reviewed per year.

Multiple CG and firm performance variables

The most widely studied corporate governance mechanisms in the Nigerian corporate governance literature are board size, board independence, audit strength, CEO duality and ownership structure while the control variables are mostly bank size and age of the firm (see Abdulazeez et al. 2016; Uwuigbe et al. 2018; Demaki 2018;

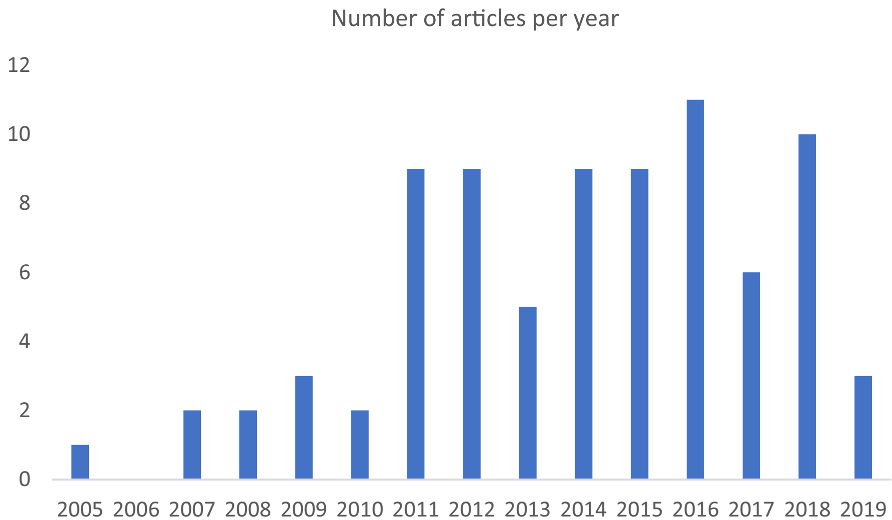

Fig. 3 Number of articles per year

Patrick et al. 2015). Board size is measured as the total number of directors on the board including executive directors and non-executive directors. Firm size is measured as the total assets of the company. Other studies measure firm size as the logarithm of total asset (Ozili and Thankom 2018; Ozili 2017). Board independence is measured by the number of independent non-executive directors divided by the total number of directors on the board. The higher the number of independent directors in the board, the better. Audit strength is measured as the ratio of total number of audit committee members divided by the total number of directors on the board. CEO-Chair duality refers to when the chief executive officer (CEO) also holds the position of the Chairman of the board. Ownership structure is measured in terms of the ratio of direct equity shareholding of a shareholder compared to the total shareholdings (Ozili and Uadiale 2017).

Also, the most widely used measures of firm performance in the Nigerian corporate governance literature are return on assets (see Ozili and Uadiale 2017; Adenikinju 2012; Demaki 2018; Onakoya et al. 2014; Abdulazeez et al. 2016), return on equity (see Onakoya et al. 2014; Ozili and Uadiale 2017), net interest margin (Adekunle and Aghedo 2014; Ozili and Uadiale 2017), Tobin's Q (see Gugong et al. 2014; Adenikinju 2012; Ujunwa 2012), recurring earnings power (Ozili and Uadiale 2017) and earnings per share (see Adefemi et al. 2018; Shittu et al. 2018). Return on asset (ROA) is measured as profit after tax divided by average assets. It measures the ability of firms to generate profit from operating assets. Return on equity (ROE) is measured as profit after tax divided by owners' equity. It measures the profits that shareholders would receive on their invested capital. Net interest margin (NIM) measures the return to banks from interest-generating activities. The Tobin's Q is measured as the market value of equity plus the market value of debt divided by the replacement cost of all assets. Recurring earnings power (REP) measures the ability

of a firm or bank to generate income or profits overtime assuming all current operational conditions remain constant, and is measured as pre-provision profit excluding net income from financial instruments and sale of securities and tax to average asset ratio. Earnings per share (EPS) represents how much money shareholders would receive for each share of stock they own if the company distributed all of its net income for the period. It is measured as the difference between a company's net income and dividends paid for preferred stock divided by the average number of shares outstanding. Table 2 summarises the CG variables.

Mixed methods and estimation issues

In the empirical literature, some studies use correlation analysis to test the association between corporate governance and firm performance (see Okpara and Iheanacho 2014; Isaac and Nkemdilim 2016; Obembe and Soetan 2015, etc.). These studies draw conclusions based on mere correlations. One weakness of correlation-based corporate governance studies is that they associate correlation with causation when interpreting results, and this is a fundamental issue in such studies. Correlation does not imply causation because correlation only describes the directional association between variables. Other studies use the Ordinary Least Square (OLS) regression methodology to estimate the relationship between corporate governance and firm performance (see Usman and Amran 2015; Patrick et al. 2015; Adigwe et al. 2016). Some studies use the *t* test statistic and draw inference (Aburime 2008). Many studies use a combination of descriptive statistics, correlation analysis and ordinary least square regression (see Paul et al. 2015; Amahalu et al. 2017; Adeneye and Ahmed 2015; Demaki 2018; Abdulazeez et al. 2016; Ozili and Uadiale 2017; Uwuigbe et al. 2018). Only few studies use the generalized methods of moments (see Odeleye 2018; Abdulmalik and Ahmad 2016b; Obembe and Soetan 2015; Obembe et al. 2016). From the above, it is easy to see that there are multiple inconsistent estimation techniques and method of analyses in the Nigerian corporate governance literature. Some studies use a single estimation technique while other studies use a combination of different techniques which often produce conflicting results. These inconsistencies in CG modelling and estimations may be responsible for the mixed results in the Nigerian corporate governance literature.

Review of CG determinants and consequences

Corporate governance determinants

Board size and independence

In theory, there is wide support for having a large board size and independent board members (Xie et al. 2003). A small board size can increase the power of controlling shareholders to influence managers to act in their favour, compared to a large Board size (Eisenberg et al. 1998). For instance, Sanda et al. (2010) argue in favour

Table 2 Multiple CG and firm performance variables

Definition	Independent variable	Dependent variable	Related literature
Corporate governance determinants	Board size, board independence, audit strength, CEO duality and firm ownership structure		See Abdulazeez et al. (2016), Uwuigbe et al. (2018), Demaki (2018), Patrick et al. (2015)
Firm performance indicators		Return on assets; return on equity; net interest margin; Tobin's Q; recurring earnings power; and earnings per share.	Ozili and Uadiale (2017), Adenikinju 2012, Demaki (2018), Onakoya et al. (2014), Abdulazeez et al. 2016, Adekunle and Aghedo (2014), Gugong et al. (2014), Ujunwa (2012), Adefemi et al. (2018), Shittu et al. (2018)
Control variables	Firm size, age of the firm		Ozili and Thankom (2018), Ozili (2017)

of having a board size of ten members, and supports concentrated ownership as opposed to diffused equity ownership, but they did not find evidence to support the idea that boards with a higher proportion of outside directors perform better than other firms. Uadiale (2010) finds a positive association between independent boards (outside directors sitting on the board) and corporate financial performance. Ehikioya (2009) observes that board composition did not have a significant effect on firm performance while having more than one family member on the board negatively affects firm performance. Uwuigbe et al. (2014) find that firms with larger boards and diverse knowledge are more effective in discouraging earnings management than smaller boards since they are likely to have more independent directors with more financial expertise. Babatunde and Olaniran (2009) find that a large board size is detrimental to firm performance. They also observe that having outside directors did not help to improve firm performance. Kajola (2008) finds a positive and significant relationship between profitability and board size. Some studies advocate for the participation of women in the board of directors (Burke and Mattis 2013; Burgess and Tharenou 2002; Williams 2003). Proponents of gender diversity want greater women participation in the board of firms, and there is evidence that boards perform better when there is greater gender diversity (Williams 2003). In Nigeria, Damagum et al. (2014) examine the impact of women in the board on financial reporting quality. They use a sample of 20 listed firms from 2006 to 2011. They find that the presence of a female director does not improve the quality of financial reporting, however, financial reporting quality improves as the number of women in the board increases. Taken together, the above studies show that the composition and structure of the board have a significant impact for firm performance, and the effect of board composition (or structure) for firm performance in Nigeria depends on the independence of the board, gender diversity on the board and board size, although there are mixed findings from empirical research.

CEO-Chair duality

In theory, there is a strong argument for separating the position of the Chief Executive from the position of the Chairman of the Board so that these two positions will be occupied by two different people. When there is CEO-Chair duality, the Chief Executive Officer will be accountable to himself or herself (who is also the Chairman). The individual will become too powerful in the board, making it difficult for the board to remove him or her as CEO when the firm is performing badly. Evidence from Nigerian studies investigating the effect of CEO-Chair duality on firm performance in Nigeria are mixed in the literature. For instance, Ehikioya (2009) examines the relationship between corporate governance structure and firm performance for 107 listed firms in Nigeria, and find that CEO duality has a negative impact on firm performance. Ogbechie and Koufopoulos (2007) show that listed Nigerian firms have medium-sized boards with separation of the positions of Chairman and CEO. Uwuigbe et al. (2014) examine the effect of corporate governance mechanism on earnings management in Nigeria from 2007 to 2011, and find that there is aggressive earnings management in firms where the same individual holds the position of CEO

and Chairman of the board. The findings from the above studies show that CEO-Chair duality has negative effects for firm performance in Nigeria.

Board audit committee

Audit committee is a committee that oversee the financial reporting process (DeZoort et al. 2002). An effective audit committee can enhance corporate governance in firms and can make financial reports become more reliable for investment decisions and policy formulation (Owolabi and Dada 2011). Miko and Kamardin (2015) suggest that the audit committee in firms can help to reduce the manipulation of financial reports and accounts. Shittu et al. (2018) investigate the effect of audit committee independence, abnormal directors' compensation and information disclosure on firm performance measured as price to earnings ratio. They analyze 100 listed firms and find that audit committee independence has a significant positive impact on firm performance, measured as price to earnings ratio. Odoemelam and Okafor (2018) investigate the influence of corporate governance on environmental disclosure for listed non-financial firms, and find that audit committee independence, having a Big-4 auditor, board size and industry membership have an insignificant effect on environmental disclosure. Fodio et al. (2013) investigate the effect of corporate governance mechanisms on reported earnings quality of listed insurance companies in Nigeria using 25 listed insurance firms from 2007 to 2010. They find that the size of the audit committee is negatively and significantly associated with earnings management while audit committee independence has a positive relationship with discretionary accruals. Joe Duke and Kankpang (2011) show that Nigerian firms that have an audit committee perform better while Uwuigbe (2013) find that firms that have an audit committee have higher share price. Taken together, the findings from the above studies show that having a large board audit committee helps to discourage earnings management and the manipulation of financial statements in Nigeria.

Ownership structure

Ownership structure in Nigerian firms is diverse, fragmented and complex, ranging from controlling ownership, family ownership, political ownership, foreign ownership and institutional ownership (Ozili and Uadiale 2017). Studies investigating the role of ownership structure on firm performance in Nigeria show conflicting evidence on the impact of ownership structure for firm performance. For example, Ehikioya (2009) show that ownership concentration has a positive impact on performance. Ojeka et al. (2016) examine the effect of institutional shareholder engagement on the financial performance of some listed firms from 2011 to 2013, and find that there is no significant relationship between institutional shareholder engagement and firm performance during their period of analysis. Obembe et al. (2016) find that managerial ownership did not have a significant impact on the performance of firms in both the linear and nonlinear estimations. Isaac and Nkemdilim (2016) examine the impact of corporate governance on the performance of Nigerian banks, and find a positive and significant relationship between directors' equity holding and

banks' performance. Aburime (2008) finds that dispersed ownership did not have a significant effect on bank profitability in Nigeria. Ozili and Uadiale (2017) find that banks with high ownership concentration have higher return on assets, higher net interest margin and higher recurring earning power while banks with dispersed ownership have lower return on assets but have higher return on equity. To sum, although these studies show conflicting effect of ownership structure on firm performance, it also shows that certain ownership structure can improve the performance of firms in Nigeria particularly higher ownership concentration and higher directors' equity holding.

Review of the theoretical literature

Several theories have been used in the CG literature to explain the relationship between CG and firm performance such as agency theory, stakeholder theory, resource dependency theory, institutional theory, grounded theory and stewardship theory (Hart 1995; Clarke 2004). In the Nigerian CG literature, few studies have used theories to explain the CG-performance relationship. Other studies did not explicitly state what theories informs their study while other studies mentioned a few theories but did not relate the theories to the purpose of the study. The most common CG theory used in the Nigerian CG literature is the agency theory and stakeholder theory (see Table 3 which presents a summary of Nigerian CG articles that use theories). The popularity of the agency theory and the stakeholder theory in the Nigerian CG literature is due to the dominance of these two theories in the mainstream CG literature, and due to the multiple stakeholder influence on the operations of firms in Nigeria.

Consequences of corporate governance

Effect on firm performance

Sanda et al. (2010) investigate the role of good corporate governance mechanisms on the performance of 93 listed firms during the 1996 to 1999 period, and find that listed firms run by expatriate CEOs perform better than listed firms run by indigenous CEOs. Mohammed (2012) examines the impact of corporate governance on the performance of nine (9) Nigerian banks from 2001 to 2010, and find that strong corporate governance leads to better performance among banks, however, poor asset quality and loan-to-deposit ratios negatively affect bank performance. Ehikioya (2009) examine the relationship between corporate governance structure and firm performance using 107 listed firms during the 1998 to 2002 period, and find that ownership concentration has a positive impact on performance while CEO-Chair duality and having more than one family member on the Board negatively affects firm performance.

Babatunde and Olaniran (2009) examine the effect of corporate governance on firm performance focusing on 62 listed firms during the 2002 and 2006 period, and find that a large board size negatively affects firm performance. Paul et al. (2015)

Table 3 Summary of theoretical review

	Theory	Articles	Theme examined
1.	Agency theory	Hassan and Ahmed (2012), Onakoya et al. (2014); Obiyo and Lenee (2011); Sanda et al. (2010); Peters and Bagshaw (2014); Ozili and Uadiale (2017); Oyejide and Soyibo (2001)	Explaining the principal-agent relationship in Nigerian firms, and how it affects performance
		Patrick et al. (2015)	Explaining how managerial behavior affects the financial reporting process of firms
		Fodio et al. (2013)	Explaining the relationship between corporate governance and earnings quality
		Rossouw (2008)	Used agency theory to assess whether corporate governance can balance both corporate and societal interests.
2.	Grounded Theory	Sorour and Howell (2013)	Explaining the nature of corporate governance practices in banks, the factors that influence such practices and the outcomes of this influence.
3	Stakeholder theory	Sanda et al. (2010)	Illustrates that only few Nigerian studies have explored stakeholder theory for the relationship between corporate governance and firm performance
		Rossouw (2008); Babatunde and Olaniran (2009)	Explaining the conflict between corporate and societal interests when firms are required to align both the interests of individuals, corporations and society
4	Institutional theory	Adegbite (2015); Adegbite and Nakajima (2011)	Explaining how external factors influence corporate governance and the ability of the board to control and manage the firm.
5.	Conflict-signaling theory	Osemeke and Adegbite (2016)	Explaining how CG code multiplicity can influence and affect how firms comply with CG codes in Nigeria
6.	Resource dependency theory	Ujunwa et al. (2012); Peters and Bagshaw (2014)	Explaining the link between firms' external resources, the board and firm performance
7.	Steward ship theory	Peters and Bagshaw (2014)	Explaining the impact of corporate governance mechanisms on financial performance

assess the impact of corporate governance (CG) on the performance of microfinance banks in Nigeria. They did not find a significant relationship between corporate governance and microfinance banks' financial performance. Uwalomwa et al. (2015) investigate the relationship between corporate governance mechanisms and the dividend payout policy of firms in Nigeria, and find that board size, ownership structure, CEO-Chair duality and board independence have a significant and positive effect on the dividend payout decisions of the selected firms while Nwidobie (2016) finds that corporate governance has no impact on the dividend policies among Nigerian firms. Odeleye (2018) investigate the relationship between corporate governance and dividend payout in Nigeria for 97 non-financial listed companies from 1995 to 2012, and find a positive and significant association between corporate governance and dividend payout. Amahalu et al. (2017) examine the effect of corporate governance on firms' borrowing cost from 2010 to 2015, and find that board size, ownership concentration and board independence have a positive and significant effect on borrowing cost by decreasing the firms' cost of capital. Oyewunmi et al. (2017) find that there is a significant relationship between corporate governance practices and human resource management outcomes in Nigeria's downstream petroleum sector.

Effect on earnings management

In theory, strong corporate governance will exert additional monitoring on managers to discourage the manipulation of accounting numbers for earnings management purposes (Leuz et al. 2003; Klein 2002). Uwuigbe et al. (2014) examine the effect of corporate governance mechanisms on earnings management in Nigeria from 2007 to 2011. Earnings management was measured using discretionary accruals, and they find that board size and board independence have a negative and significant impact on earnings management while CEO-Chair duality had a significant and positive impact on earnings management. They conclude that firms with larger boards and diverse knowledge are more likely to be effective in constraining earnings management than smaller boards because larger boards are more likely to have higher numbers of independent directors with more corporate or financial expertise.

Uadiale (2012) examine the role of the board of directors and audit committee in preventing earnings management in Nigeria. The findings reveal that boards dominated by outside directors bring a greater breadth of experience to the firm and are in a better position to monitor and control managers thereby discouraging earnings management. Abdulmalik and Ahmad (2016a) examine whether good corporate governance improves financial reporting quality and find that the presence of independent non-executive foreign directors on a board improves financial reporting quality and an increase in the percentage of share ownership of foreign institutional shareholders also improves financial reporting quality. Usman and Yero (2012) examine the impact of ownership concentration and earnings management practice in listed Nigerian firms. They find a negative and significant relationship between ownership concentration and earnings management. Dibia and Onwuchekwa (2014) examine the association between corporate governance mechanisms and earnings management in Nigeria, and find that corporate governance, particularly board size, is negatively associated with earnings management, implying that having a larger

board size reduces the level of earnings management in Nigerian firms. Ojeka et al. (2014) examine the impact of audit committee effectiveness on firm performance using four characteristics: independence, financial expertise, size and meetings of the audit committee. They find that firms that have an independent and knowledgeable audit committee experience higher profitability.

Effect on financial reporting quality

Damagum et al. (2014) show that the quality of financial reporting improves when there is a higher number of women in the board of firms. Moses et al. (2016) examine the influence of corporate governance on financial reporting quality in listed Nigerian banks. They focus on audit committee characteristics as the main corporate governance variable, and find that audit committee independence has no significant effect on earnings management in listed Nigerian banks. Kantudu and Samaila (2015) examine the impact of board characteristics and independent audit committee on financial reporting quality for twelve (12) oil companies during 2000 to 2011. They find that power separation, independent directors, managerial shareholdings and independent audit committee significantly improve the quality of financial reporting in Nigeria.

Effect on information disclosure

Strong corporate governance can exert additional monitoring on firms and can pressure managers to increase the quality and quantity of information disclosure to shareholders and outsiders to reduce the information asymmetry between owners and managers. Studies investigating the effect of corporate governance on information disclosure in Nigeria are few. For instance, Odoemelam and Okafor (2018) examine the influence of corporate governance on environmental disclosures among listed non-financial firms. They find that board independence, board meetings, firm size and the environmental committee had a significant effect on environmental disclosure while audit committee independence, having a Big 4 auditor, board size and industry membership had an insignificant effect on environmental disclosure. Adebimpe and Peace (2011) examine the effect of corporate governance on voluntary disclosures among listed firms. They find that board size has a significant and positive relationship with the extent of voluntary disclosures while other corporate governance attributes such as board composition, leverage, company size, profitability, and auditor type do not have a significant effect on voluntary disclosure. Foyeke et al. (2015) examine the effect of corporate governance disclosure on firm performance during the period when corporate governance disclosure was a voluntary requirement for companies in Nigeria. They analyze 137 financial and non-financial companies and find a significant and positive relationship between financial performance and corporate governance disclosure.

Effect on Nigerian banks

Banks are special financial institutions because they deal with depositors' money, and in practice, banks take risk when they issue loans to borrowers (Ozili and Outa 2017). Given their special nature, banks need a unique corporate governance structure to ensure that banks' risk-taking do not put depositors' money at risk. In Nigeria, banks have a unique corporate governance structure compared to non-financial firms. They have a larger board and a few number of insiders on the board compared to non-financial firms. The board of Nigerian banks are more independent than the board of non-financial firms. The unique corporate governance structure of Nigerian banks is due to compliance with the Central bank of Nigeria (CBN)'s mandatory corporate governance code for banks in Nigeria. The introduction of corporate governance code for Nigerian banks by the CBN in 2005 attracted the attention of academics. Some argue that good corporate governance is needed in banks to manage the resources of bank particularly where there is management-shareholders separation (Mohammed 2012). Also, one significant observation in the literature is the small sample size and the small number of banks which are commonly used to test the effect of corporate governance on bank performance. The narrow sample size and short sample period is due to the recent adoption of corporate governance codes in Nigeria. For example, Abdulazeez et al. (2016) examine the impact of corporate governance on the performance of all listed deposit money banks in Nigeria using the Pearson correlation and regression analyses. They find that larger board size contributes positively and significantly to the performance of deposit money banks in Nigeria. Okpara and Iheanacho (2014) investigate the impact of corporate governance on banking sector performance using discriminant analysis, correlation coefficient and the spearman rank correlation as an alternate method. They find that foreign ownership positively improves bank performance. Ozili and Uadiale (2017) investigate the role of corporate governance in Nigerian banks focusing on the effect of ownership structure on bank profitability. They find that banks with high ownership concentration perform better because they have higher return on assets, higher net interest margin and higher recurring earning power while banks with dispersed ownership have lower return on assets but have higher return on equity. Other studies include: Olayiwola (2010), Okwuchukwu et al. (2015) and Okpara and Iheanacho (2014).

Weaknesses, implication and future research direction

Weaknesses of the 2018 Nigerian codes of corporate governance

One, the Code did not make a distinction between public and private companies. There should be separate Codes or sub-codes for private companies, public companies and for non-profit companies because of the structural differences in the way the three entities operate, and because of differences in capacity to implement the Codes by the three separate entities. Two, the Code did not specify any date for implementation although there are expectations that the Code will be effective

from January 1, 2020. Ideally, Codes of corporate governance should have a date for implementation. Three, the Code is silent on whether the Board Chairman may sit as a chairman or member of a Board committee. Four, the Code did not prohibit external auditors from performing non-audit services to the companies they audit. Five, the Code omits the requirement that directors should attend at least two-third of all Board meetings. Six, the Code did not make any provision or guidance on how to address conflicts that may arise from conflicting national and sectoral codes. It did not clarify whether sectoral codes should be adopted when there is conflict between national and sectoral codes or whether the national Code should be adopted when there is conflict between national and sectoral codes. Seven, the Code provides that the remuneration for non-executive directors (who are also Board members) should be determined by the Board and approved by the shareholders in a general meeting. This means that the 2018 Code allows the Board to determine the compensation of the Board (that is, the non-executive directors), in other words, the Board determines its own compensation.

Implication for African countries

The Nigerian CG experience offers some lessons and implications for other African countries.

One, African countries that are in the process of revising their CG codes should adopt the positive ethics from modern CG practices in developed countries taking into account the peculiarities of each African country. Secondly, new corporate governance codes in African countries should reflect the recent developments in corporate governance that have a significant impact on business ethics. Thirdly, the lessons from the Nigerian experience suggest that African countries should pay attention to the conflict between the national CG code and sectoral CG code, if any, and should develop means to resolve such conflict when it arises. Four, African countries should be aware of the limitations of the current CG code approach in Nigeria that allows multiple influences on corporate governance codes. It allows industry regulators to enforce compliance with the national corporate governance codes while neglecting how CG codes work in practice. Finally, the lessons from Nigeria shows that the peculiar institutional arrangements in each African country can influence the existing model and style of corporate governance regulation, and these institutions can promote the implementation of good corporate governance or can constitute barriers to the implementation of good corporate governance principles in African countries.

Directions for future research

Additional research on financial firms is needed

Many studies investigate corporate governance in non-financial firms such as manufacturing companies, textile companies, oil companies, etc., but there are only few studies investigating CG outcomes in financial firms in Nigeria. There are different

types of financial institutions in Nigeria, and there is the need to explore the effect of CG on the performance of these financial institutions. More research on financial firms is needed, particularly research that examine the impact of CG on insurance firms, mutual funds companies and pension companies. Such studies can help us understand whether the adoption of the same CG codes by financial firms have the same or dissimilar effect on the performance of different types of financial firms such as pension companies, mutual funds, insurance companies, etc.

Explore other corporate governance mechanisms

The Nigerian CG literature focuses extensively on some governance mechanisms such as Board characteristics and shareholder ownership structure while ignoring others. The literature ignores other governance mechanisms in firms such as CEO characteristics and top management team characteristics. Future studies should extend CG research to these areas to provide additional insight into how different governance mechanisms might affect the performance of firms in Nigeria.

Interaction of corporate governance mechanisms

The board of directors (BOD) is the most explored corporate governance mechanism in the Nigerian corporate governance literature. Although the Board of directors play an important role in the management of financial and non-financial firms, it is important to stress that the activities of the Board do not occur in a vacuum. The role of the Board often interacts with other governance mechanisms such as CEO education, skill of top management teams, institutional ownership, capital markets and regulation. Future CG studies can examine the interaction between Board characteristics and other corporate governance determinants.

Additional research on CG in SMEs is needed

Another area of concern is corporate governance research on small and medium scale enterprises (SMEs). SMEs are catalysts for economic growth, and their survival and performance depends on how they are managed to reach their full potential. Many SMEs in Nigeria exist as one-man businesses or exist as partnerships, and a large number of SMEs fail while only a few succeed. CG in SMEs is a possible explanation for the high rate of failure of SMEs in Nigeria. Yet, there are little or no studies investigating the impact of CG on the survival and performance of SMEs in Nigeria. Future studies should examine the role of CG on the performance of SMEs.

Measures of non-financial performance

Most of the Nigerian CG literature extensively focus on the effect of CG on financial performance with little focus on non-financial performance. Financial performance has a major weakness. It does not capture the effort that companies put into improve customer experience, commitment to community development, improved employee welfare, corporate social responsibility, and many more. Some non-financial measures

of performance include employee satisfaction, customer satisfaction, good firm reputation, reduced litigation against the firm, etc. Non-financial measures of performance are important because, when there are two equally profitable firms, an investor is more likely to choose the firm that has a higher non-financial performance particularly ethical investors. Future studies should investigate whether good CG leads to higher non-financial performance in Nigerian firms.

CG and estimation non-linearity

There are non-linear relationships between each CG determinant, and between the CG variables and firm performance variables. Future studies should use non-linear models and estimation techniques to test the relationship between the CG determinants and the firm performance variables. Such models and estimation techniques should be well grounded in theory. Qualitative methods of inquiry can also be used to examine non-linear relationship between CG and firm performance.

Using organizational theory to explain Nigerian CG

Another area is the use of organizational theory to explain the Nigerian corporate governance experience. To date, there are no Nigerian studies that analyze CG in Nigeria using organizational theory. Organizations are social units consisting of people that are structured and managed to meet a need, or to pursue collective goals. It is interesting to understand how the behavioral attributes of Board members and top management affects firm performance. Future studies should examine the role of the behavioral attribute of Board members and top management on the performance of firms in Nigeria. Such studies are encouraged to explore how the neoclassical theory, contingency theory and systems theory may affect firm performance. Future studies should also examine the impact of organizational structure on the ability of the Board to govern Nigerian firms.

Influence of external factors

Future research should examine how external factors affect the corporate governance structure of Nigerian firms. Given that organizations are open systems that continuously adjust to the environment, it is important to understand how external events affect the ability of the Board and senior management to govern and manage the firm. Table 4 presents a summary of the future research directions.

Conclusion

This paper reviewed the Nigerian corporate governance literature. It discussed the current state of corporate governance research in Nigeria, and provided some directions for future research on CG in Nigeria.

The review of the literature revealed that: (1) research on the contribution of the board of directors to firm performance has dominated the Nigerian CG literature in

Table 4 Future research and directions

S/N	Future research	Possible direction
1	Additional CG research is needed for financial firms	Pension funds, mutual fund firms, investment firms, insurance firms
2	Other corporate governance mechanisms should be explored	Such as top management team characteristics
3	The interaction between two or more corporate governance mechanisms should be explored	Such as the interaction of Board composition/structure with CEO and top management teams characteristics
4	Additional research on CG in SMEs is needed	Such studies should focus on small businesses and medium-size businesses
5	Measures of non-financial performance	Such studies should use measures of employee satisfaction, customer satisfaction, firm reputation, etc
6	There is need for more studies that take into account the non-linearity in CG modelling	The use of General Methods of Moments (GMM) with instrumental variables can be useful
7	Organizational theory and perspectives can explain the Nigerian CG experience	Such studies can use contingency theory, system theory, or the neoclassical organizational theory
8	Future studies should consider the influence of external factors on Nigerian CG	Such as the effect of investor protection, economic crises, regulatory changes, and other external events

the last decade; (2) the recent advances in the Nigerian CG literature were attributed to the new challenges companies face in Nigeria and the theoretical advancements in the wider corporate governance literature; (3) effective corporate governance reduces the ownership and control problems in firms, and leads to improved firm performance in Nigeria; (4) corporate governance in Nigeria is faced with challenges related to institutional weaknesses, regulatory multiplicity and non-compliance issues; (5) the Nigerian CG literature draws a clear line between the shareholder and the manager using agency theory; and (6) many empirical CG studies in Nigeria continue to report mixed results in several areas.

One limitation of this review paper is the lack of robustness due to the absence of empirical data to conduct robust analyses.

Future research in this area can compare the Nigerian CG experience with the CG experience in other countries. Also, future research should explore the role of corporate boards in reducing financial risks in listed firms. Future studies can also explore the interaction between macro and micro factors, and how these forces jointly shape the relationship between board of directors and firm performance. Finally, future studies can explore the influence of culture, corruption, politics and religion on corporate governance practices, and its moderating effect on firm performance.

Author contributions All contributions are those of the author.

Funding There is no funding for this research.

Compliance with ethical standards

Conflict of interest There is no conflict of interests associated with this research. I, the author, declare that there is no conflict of interest.

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