Title: Corporate Governance Mechanisms and the Financial Performance of Nigerian Companies

Author(s): Obigbemi, I. F., Mukoro, D. O., Adetula, D. T., & Owolabi, F.

Outlet: 22nd International Business Information Management Association Conference (22nd IBIMA) 13-14 November, 2013 in Rome, Italy.

Date of Publication: 2013

Abstract: All business organizations have vision, mission and organisational objectives which are geared towards improved performance and survival thus forming the driving force behind the decisions made by its management team. The organizational objectives of the company are what determine the type of structure the company puts in place in an attempt to achieve the set objectives. Corporate governance has been acclaimed to be a major tool for enhancing corporate image, reduce misappropriation of fund, attract investors as well as improve the performance of the company. This study however examines the role of corporate governance mechanisms on the financial performance of listed companies in Nigeria. Using return on asset (ROA) as a proxy for financial performance, the weighted fixed effect regression method of analysis was used to determine the type of relationship that exists between the corporate governance variables and financial performance of Nigerian companies. The study found that there is a significant positive relationship between board composition and management ownership with financial performance of Nigerian companies. There is a significant negative relationship between audit committee size, block ownership and duality of chairman and C.E.O position with financial performance of Nigerian companies. This study therefore recommends that regulators of business entities in Nigeria should consider the corporate governance variables and their impact on the financial performance of listed companies in Nigeria as the businesses are major instruments for improving economic development and attracting foreign investment.

Keywords: Financial Performance, Corporate Governance Mechanisms, Nigerian Companies.