Corporate Governance (CG) and Financial Performance (FP) of Listed Non-Financial Firms (NFFs) in Nigeria

RESEARCH ARTICLE

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ABSTRACT

The prevalence of corporate scandals in Nigeria, often attributed to Corporate Governance (CG) failures, continues to raise questions about the effectiveness of CG designs (see previous research for context). This study examined the impact of CG on the Financial Performance (FP) of selected Non-Financial Firms (NFFs) in Nigeria. A panel design was employed, utilising secondary data sourced from published annual reports and accounts of listed NFFs over a 10-year period. Thirty-seven (37) firms were selected as the sample size from a total population of 111 listed NFFs, using a purposive sampling technique. Panel least squares regression was used to analyse the data. The results showed that the Board Accountability Mechanism (BAM) ($\rho = 0.0011$) had a significant influence on Return on Equity (ROE), whilst the Disclosure Mechanism (DM) ($\rho = 0.7625$) had an insignificant relationship with Tobin's Q (TQ). The study concludes that factors other than strict compliance with the code of corporate governance affect the FP of listed NFFs in Nigeria.

Methodology

Panel least squares regression analysis using data from 37 NFFs over a 10-year period (2013-2023)

Key Variables

BAM, DM, ROE, TQ

Main Finding

BAM significantly influences ROE; DM has an insignificant relationship with TQ. Other governance factors show mixed results.

Keywords: Corporate Governance Mechanism (CGM); Financial Performance (FP); Board Accountability Mechanism (BAM); Disclosure Mechanism (DM).

INTRODUCTION

Many business endeavours around the globe have experienced a series of life-threatening challenges, with a few seemingly immune to such an ugly trend still finding themselves in an uncertain state of safety. Most such experiences have, however, been traced to managerial shortcomings and corporate governance deficiencies. Over the years, owners of business concerns have remained conscious of the effects such a misnomer could have on their investments, both in the short and long run, hence their continuous design and redesign of corporate governance codes (Mertzanis *et al*., 2018). With these relentless efforts, one would have expected that by now, incidences of business failure occasioned by corporate governance deficiencies and inadequacies would have been a thing of the past or, at worst, reduced to the barest minimum. Regrettably, however, these anomalies have persisted, with continuous negative effects on the performance of enterprises, thereby leading to their ultimate collapse and liquidation (Fukuda, 2020).

The subject of corporate governance has spurred research interest regarding the principal-agent relationship in recent times, especially with the existence of publicly quoted companies. This emphasis was highlighted by Abdul and Kehinde (2019), who opined that corporate governance has received significant attention. As asserted in previous literature (Oyewo, 2021), corporate governance reforms emerged as a critical business issue, propelled by a number of high-profile corporate failures and scandals around the globe. This has undoubtedly re-echoed the need to revisit the entire process of corporate governance design, implementation, and monitoring so as to serve its originally designed purpose of protecting stakeholders' interests.

The prominent corporate accounting scandals involving Enron Corporation, WorldCom, Tyco, and Parmalat have led to contemporary discussion on the best mechanisms for protecting stakeholders' interests and ensuring shareholder wealth maximisation, measured in terms of performance (Mertzanis *et al*., 2018). Going back in time - the financial crisis of 2008 was triggered by the implosion of big banks at the turn of the new millennium. The scandals at Enron, WorldCom, Tyco, and Qwest all also led to their demise. However, the scandals at Wells Fargo and Equifax are just the most recent in the long line of scandals involving large, well-known public U.S. corporations (Bhagat and Bolton, 2019).

After each set of these scandals, policymakers raised questions about the effectiveness of corporate governance designs, mechanisms, and implementations in these companies, as well as the monitoring by regulatory bodies. This led to the inevitable call for more regulation and laws to constrain and regulate corporate behaviour, as contained in the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Act of 2010. It is the opinion of this study that if these two rather extensive sets of laws had addressed the governance concerns of corporate entities, the recent Wells Fargo and Equifax episodes, both in the finance industries, would not have arisen. Hence, attention needs to be shifted to a more robust approach that will address corporate governance concerns and focus on possible common themes underpinning the Enron, WorldCom, Tyco, Qwest, and the big banks of the last decade, such as Wells Fargo and Equifax scandals.

Also, in Nigeria, the emphasis on the need for corporate governance reform sprang up as a result of incidences of fraudulent financial reporting in the case of Cadbury Nigeria Plc., and the major crisis in the Nigerian banking industry, for example, Ecobank Plc, Skye Bank Plc, Diamond Bank Plc, and so on, to mention but a few. It is generally agreed, according to the Securities and Exchange Commission (SEC, 2019), that weak corporate governance has been responsible for some recent corporate failures in Nigeria. In September 2008, the Securities and Exchange Commission inaugurated the National Committee for the Review of the 2003 Code of Corporate Governance of Public Companies in Nigeria to address its weaknesses and enhance its enforceability mechanisms. In particular, the Committee was given the mandate to identify weaknesses in, and constraints to, good corporate governance, as well as to examine and recommend ways of effecting greater compliance and advice on other issues that are relevant to promoting good corporate governance practices by public companies, especially those that align with international best practices.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Many authors have written on the subject of corporate governance (CG) and financial performance (FP) in both developed and developing countries (Al-ahdal et al., 2020; Helen et al., 2024; Kim et al., 2013; Lawal et al., 2024; Lu et al., 2012; Malikov et al., 2021; Pillai & Al-Malkawi, 2017; Zabri et al., 2016). Fewer such works focused on developing CG indices to establish a relationship between corporate governance mechanisms (CGM) and FP; most of these indices were developed for developed countries.

Board Accountability Mechanism (BAM) and Return on Equity (ROE)

Al-ahdal et al. (2020) investigated the impact of CG on the FP of Indian and GCC listed firms. Their study examined the associations between CGM (board accountability index (BAI)) and firm performance as measured by ROE. Results revealed that board accountability (BA) had an insignificant impact on firms' performance as measured by ROE. Iqbal et al. (2019) analysed the relationship between CG and FP of MFIs in Asia. A panel dataset involving 173 MFIs in 18 Asian countries for the period 2007-2011 was employed for the study. Results from the study confirmed the endogenous nature of the relationship between CG and FP. Findings revealed that BAM had an insignificant impact on ROE.

Shao (2018) investigated the relationship between CG structure and firm performance in Chinese listed firms from 2001 to 2015. The results showed that the Chinese CG structure was endogenously determined by the CGM investigated, and there was no relationship between board size and firm performance. Likewise, Saini & Singhania (2018) examined the relationship between CG and firm performance for a set of 255 Indian foreign-funded firms. Their empirical results indicate that CG has a positive and significant impact on performance.

Therefore, the study formulates the following hypothesis:

Ho1: There is a significant relationship between BAM and ROE.

Disclosure Mechanism (DM) and Tobin's Q (TQ)

Al-ahdal et al. (2020) investigated the impact of CG on the FP of Indian and GCC listed firms. Their study found that DM had an insignificantly negative impact on firms' performance as measured by TQ amongst Gulf countries. Abdallah & Ismail (2017) explored the relationship between CG and performance by different levels of concentrated ownership and also by different types of ownership. Their results showed a significant positive relationship between governance quality and firm performance.

Ammann et al. (2011) examined the relationship between CG and firm value. The CG index contains board accountability, financial disclosure, internal control, shareholder rights, remuneration, market for control, and corporate behaviour, whilst firm value was measured by TQ. It was revealed that there is a strong and positive relationship between CG and firm valuation.

Hence, the second hypothesis is:

Ho2: There is no significant relationship between DM and TQ.

THEORETICAL FRAMEWORK
Agency Theory Foundation

Agency theory provides the primary theoretical lens for understanding the corporate governance-financial performance relationship. According to Jensen and Meckling (1976), agency conflicts arise when ownership is separated from control, creating information asymmetries and potential conflicts of interest between managers (agents) and shareholders (principals). In the Nigerian context, where ownership concentration is high and institutional frameworks are still developing, these agency problems may be particularly pronounced.

Stakeholder Theory Integration

Whilst agency theory focuses on shareholder primacy, stakeholder theory (Freeman, 1984) suggests that firms must balance the interests of multiple stakeholders including employees, customers, suppliers, and communities. Stakeholder theory further suggests that emerging economies like Nigeria often require governance frameworks that consider broader stakeholder interests, particularly given the social and economic development imperatives in these markets.

Theoretical Predictions

1 Board accountability mechanisms should reduce agency costs by improving monitoring and oversight, leading to better financial performance.

2 Disclosure mechanisms should reduce information asymmetries, though their effectiveness may be limited in markets with weak institutional enforcement.

3 The relationship may be moderated by firm-specific factors such as ownership structure and industry characteristics.

Empirical Evidence from Emerging Markets

Studies in emerging markets often present mixed theoretical predictions regarding the corporate governance-financial performance relationship. Factors such as ownership concentration, board characteristics, and institutional environments play a significant role in shaping these outcomes. Traditional governance models may also face challenges in adequately addressing the unique contemporary issues prevalent in these economies.

METHODOLOGY

The study employed an ex-post facto research design, wherein secondary data, sourced from published annual reports and accounts of listed Non-Financial Firms (NFFs) over a 10-year period from 2013-2023, were utilised to relate Corporate Governance (CG) with the Financial Performance (FP) of listed NFFs. The population of the study comprised all 111 NFFs listed by the Nigerian Exchange Group (NGX) as of the end of 2023.

The NFFs were categorised by NGX as "Natural Resources Sector, Health Care Sector, ICT Sector, Consumer Goods Sector, Industrial Goods Sector, Oil and Gas Sector, Conglomerate Sector, Construction and Real Estate Sector, Agriculture Sector, and Service Sector." This study employed a purposive sampling technique. Thirty-seven (37) companies formed the sample size (Salawudeen & Shuaibu, 2025).

Sample Size

- 37 firms from 111 listed NFFs
- 10-year period (2013-2023)
- Purposive sampling technique
- Multiple sectors included

Data Collection

Secondary data from published annual reports, utilising the 28 principles of the FRCN 2018 code.

Analysis Method

Panel least squares regression at a 5% significance level.

Model Specification

Models for this study were adapted, with a few modifications, from previous studies on the impact of CG on the performance of firms (Helen et al., 2024; Lawal et al., 2024; Onmonya et al., 2024). Most of those studies emphasised relationships among certain performance indicators (i.e., Return on Equity (ROE), Tobin's Q (TQ), and Corporate Governance Mechanisms (CGM)) through indexing. Basically, this study adapted the models from the work of Al-ahdal et al. (2020), wherein the relationship between CG and FP was established.

Hence, to examine the relationship between Board Accountability Mechanism (BAM) and ROE of selected NFFs listed on NGX:

$$ROE_{it} = \alpha + \beta_1 BAM_{it} + \beta_2 DM_{it} + \beta_3 LEV_{it} + \beta_4 FS_{it} + \epsilon_{it} \text{ (Eq. 3.1)}$$

Table 1: Board Accountability Index (BAI)

S/N	Board Accountability	CW	NCW	References
1.	The board size of the directors is at least five but not more than sixteen members.	1	0	Al-Malkawi *et al.*, 2014;
2	1	0	Ararat *et al,.* 2017	
3	The firms have implemented a procedure for a regular assessment of the board.	1	0	Rashidah and Faisal, 2015
4	The firm reveals the offices held by independent directors in other companies.	1	0	OECD, 2015
5	Separation of chairman and CEO roles.	1	0	Ararat *et al.,* 2017
6	The firm has an annual board meeting only for non-executive directors.	1	0	Al-Malkawi *et al.,* 2014
7	Board performance is periodically evaluated.	1	0	OECD, 2015
8	Chairman of board independent director.	1	0	Khan and Banerji, 2016
9	The governance/nomination committee is composed of independent directors.	1	0	Al-Malkawi *et al.,* 2014
10	The time gap between two meetings does not exceed four months.	1	0	Khan and Banerji, 2016
11	The governance/nomination committee has a written charter or terms of reference.	1	0	Al-Malkawi *et al.,* 2014
12	The board is controlled by more than 50% of independent outside directors.	1	0	Abdallah and Ismail, 2017
13	Support committees for the board exist.	1	0	Abdallah and Ismail, 2017; Rashidah and Faisal, 2015

Source: Al-ahdal et al., 2020

Table 2. Disclosure Index (DI)

S/N	Audit Committee	CW	NCW	References
1.	Disclosure of the qualifications of the board members.	1	0	Srairi, 2015
2	The number of board meetings held during the year, and those attended physically or via electronic media, are disclosed for every board member.	1	0	OECD, 2015
3	Remuneration of the CEO and board members is disclosed.	1	0	Turrent and Ariza, 2016
4	Disclosure of related party transactions.	1	0	Abdallah and Ismail, 2017
5	The firm has disclosed penalties and sanctions imposed on or by the company.	1	0	Turrent and Ariza, 2016
6	Company discloses a code of ethics or conduct for the Board.	1	0	Al-Malkawi *et al.*, 2014
7	The firm's annual report discloses the details of corporate social responsibility.	1	0	Srairi, 2015

Source: Al-ahdal *et al.,* 2020.

RESULTS AND DISCUSSION
Descriptive Statistics

Table 3 presents the descriptive analysis, including mean, median, maximum, minimum, standard deviation, and skewness, pertinent to the relationship between Corporate Governance Mechanism (CGM) and Financial Performance (FP) for selected Non-Financial Firms (NFFs) in Nigeria. The Board Accountability Index (BAI) and Disclosure Mechanism (DM) are constructed based on criteria outlined by Al-ahdal et al. (2020).

Table 3: Descriptive Statistics on the relationship between Corporate Governance Mechanism and Financial Performance of selected Non-Financial Firms in Nigeria

	ROE	TQ	BAM	DM	LEV	FS
Mean	0.14801	3.705315	0.821477	0.896862	1.94E+08	4.84E+08
Median	0.10400	1.137650	0.846200	0.923100	13534957	24486904
Maximum	4.36760	**735.4102**	0.923100	1.000000	1.02E+10	2.46E+10
Minimum	-7.078700	-0.508000	0.538500	0.615400	49472.00	29250.00
Std. Dev.	0.60084	**38.18024**	0.103582	0.116215	9.95E+08	2.54E+09
Skewness	-3.947633	**19.10072**	-0.696454	-1.006567	7.813108	7.353643
Kurtosis	70.4738	**366.5543**	2.331809	2.928084	65.17206	57.83185
Jarque-Bera	71148.8	2060145.	36.79451	62.55903	63355.46	49685.38
Probability	0.00000	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	54.7641	1370.967	303.9465	331.8391	7.16E+10	1.79E+11
Sum Sq. Dev.	133.216	537902.6	3.959078	4.983669	3.65E+20	2.37E+21
Observations	370	370	370	370	370	370

Source: Researcher's Computation, 2023

From Table 3 above, Firm Size (FS) and Tobin's Q (TQ) reveal the highest mean, median, and maximum values, respectively, whilst TQ demonstrates the highest minimum and standard deviation values. For Return on Equity (ROE) of selected NFFs, the results show mean, median, maximum, and minimum values of 14.80%, 10.40%, 436.76%, and -7.08%, respectively. The standard deviation is 0.60, indicating some variability in ROE values.

Panel Unit Root Test

The panel unit root test is conducted to establish the stationarity or non-stationarity of the data used for the study. The study employed four different methods, including Levin, Lin and Chu (Levin et al., 2002); Im, Pesaran and Shin (Im et al., 2003); the Augmented Dickey-Fuller test (Dickey & Fuller, 1979); and the Phillips-Perron Fisher chi-square (Phillips & Perron, 1988). The unit root test results show that all variables became stationary after the first difference.

Table 4: Unit-Root Analysis at Level

Variables	LLC	IPS	ADF	PP
ROE	-8.4384 (0.0000)***	-3.35589 (0.0004) ***	127.09 (0.0001)***	188.125 (0.0000)***
TQ	-3.8041 (0.0001)***	-0.93666 (0.1745)	93.7213 (0.0606)*	119.712 (0.0006)***
BAM	-3.7959 (0.0001) ***	-0.97561 (0.1646)**	60.47(0.3178)	65.8899 (0.1719)
LEV	-8.0278 (0.0000)***	-2.67565 (0.0037)***	117.647 (0.0009)***	116.313 (0.0012)***
FS	-2.0820 (0.0187)**	-0.54371 (0.2933) ***	73.5456 (0.4930) **	85.6180 (0.1677) ***

Source: Researcher's Computation, 2023

Table 5: Unit-Root Analysis at First Difference

Variables	LLC	IPS	ADF	PP
TQ	-13.7609 (0.0001)***	-5.50163 (0.0000)***	182.519 (0.0000)***	289.609 (0.0000)***
BAM	-10.1564 (0.0000)***	-3.65410 (0.0001)***	119.663 (0.0000)***	192.806 (0.000)***
DM	-3.6187 (0.0001)***	-0.80121 (0.0115)**	38.5133 (0.0891)*	64.9176 (0.0000)***

Source: Researcher's Computation, 2023

Note: LLC = Levin, Lin and Chu, IPS = Im, Pesaran and Shin, ADF = Augmented Dickey-Fuller test and PP = Phillips-Perron Fisher chi-square.

NB: *** Indicates significant at 1% level

** Indicates significant at 5% level

* Indicates significant at 10% level

( ) Probability values

Hausman Test Results

Table 6 displays the results of the Hausman test for the study. These results provide insights into which model, between fixed-effect and random-effect estimation, should be adopted. According to the decision rule, if the Hausman test result is statistically significant, the null hypothesis (Random Effect Model) will be rejected. The study revealed that the Hausman test is not significant, as the p-value is > 0.05. Consequently, the Random Effect Model is chosen for the study, given that prob > chi2 > 0.05.

Table 6: Results of Hausman Test for the study

VARIABLES	Board Accountability Mechanism (BAM) & ROE	DM & TQ
Chi-Square	0.6043	0.6681
Decision	Random	Random

Source: Researcher's Computation, 2023

Pooled Regression Results: Corporate Governance Mechanism (CGM) and Return on Equity (ROE)

Table 7 presents the results of the pooled regression analysis examining the relationship between Corporate Governance Mechanisms (CGM) and Return on Equity (ROE).

Table 7: Pooled Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.336478	0.490829	-0.685531	0.4934
BAM	1.034545	0.314196	3.292671	0.0011
DM	0.013247	0.272843	0.048550	0.9613
LEV	-1.23E-11	8.22E-11	-0.150215	0.8807
FS	4.36E-12	3.23E-11	0.135135	0.8926

R-squared	0.812389	Mean dependent var
Adjusted R-squared	0.746396	S.D. dependent var
S.E. of regression	0.595902	Akaike info criterion
Sum squared resid	128.9012	Schwarz criterion
Log likelihood	-329.9328	Hannan-Quinn criter.
F-statistic	2.025152	Durbin-Watson stat
Prob(F-statistic)	0.00020	

Source: Researcher's Computation, 2023

81.24%

R-squared

Explaining ROE variability

0.0011

BAM Significance

Highly significant relationship with ROE

1.03

BAM Coefficient

Positive impact on financial performance

The results indicate that the Board Accountability Mechanism (BAM) shows a positive relationship with ROE, with a coefficient value of 1.035 and a p-value of 0.0011, making it statistically significant. In contrast, Disclosure Mechanism (DM) and Firm Size (FS) also showed positive coefficients (0.013 and 4.36E-12, respectively), whilst Leverage (LEV) exhibited a negative coefficient (-1.23E-11). However, the relationships of DM, FS, and LEV with ROE are statistically insignificant, as their p-values are greater than 0.05. The model's R-squared value is 0.812389, implying that approximately 81.24% of the variability in ROE is explained by the independent variables included in the model.

Random Effect Model Results

Findings based on the Random Effect Model indicate an R-squared value of 0.646316. This suggests that approximately 64.63% of the variation in the dependent variable (ROE) is accounted for by the explanatory variables in the model, leaving the remaining 35.37% to unobserved variables. The adjusted R-squared value further robustly confirms this finding at 51.10%.

Table 8: Analysis of the determination of the Random Effect Model on the relationship between CGM and ROE of selected NFFs in Nigeria

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.308955	0.568888	-0.543087	0.5874
BAM	1.037653	0.349979	2.964901	0.0032
DM	0.011163	0.325332	0.034311	0.9726
LEV	-7.90E-12	8.42E-11	-0.093894	0.9252
FS	2.53E-12	3.25E-11	0.077883	0.9380

R-squared	0.646316	Mean dependent var	0.119454
Adjusted R-squared	0.510222	S.D. dependent var	0.585882
S.E. of regression	0.582880	Sum squared resid	123.3288
F-statistic	1.635127	Durbin-Watson stat	1.857722
Prob(F-statistic)	0.136326		

Source: Researcher's Computation, 2023

The result from the Random Effect Model implies that only one of the four explanatory variables, the Board Accountability Mechanism (BAM), is statistically significant in explaining the variation in ROE. This is evident from its t-statistic of 2.964901 and a p-value of 0.0032 ($p < 0.05$). Specifically, a 1% increase in BAM is associated with approximately a 10% increase in ROE. This finding aligns with previous research by Al-ahdal et al. (2020) in India and Gulf Cooperation Council (GCC) Countries, and Conheady, McIlkenny, Opong, and Pignatel (2015) in Canada. It also supports the study's a priori expectation regarding the positive influence of board accountability on financial performance.

Analysis of Corporate Governance Mechanism and Tobin's Q

Findings from the analysis indicate that the coefficient of determination (R^2) is 0.913009. This suggests that the independent variables in the model explain over 91% of the total variation in the dependent variable, **Tobin's Q** (TQ), for the selected firms, with the remaining variation attributable to exogenous variables not included in the model. This indicates a good fit for the model. This finding aligns with recent studies on corporate governance in Nigeria (Onmonya, Ebire, & Lawal, 2024).

Table 9: Corporate Governance Mechanism and Tobin's Q

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.91559	28.48312	0.488555	0.6255
BAM	14.38692	18.23303	0.789058	0.4306
DM	-4.788058	15.83328	-0.302405	0.7625
LEV	3.36E-08	4.77E-09	7.035660	0.0000
FS	-7.84E-09	1.87E-09	-4.187293	0.0000

R-squared	0.913009	Mean dependent var	3.705315
Adjusted R-squared	0.719670	S.D. dependent var	38.18024
S.E. of regression	34.58064	Akaike info criterion	9.943202
Sum squared resid	434082.8	Schwarz criterion	10.01724
Log likelihood	-1832.492	Hannan-Quinn criter.	9.972611
F-statistic	14.46982	Durbin-Watson stat	1.855638
Prob(F-statistic)	0.000000		

Source: Researcher's Computation, 2023

The results imply that two (2) of the explanatory variables are significant in explaining variation in Tobin's Q (TQ): Leverage (LEV) and Firm Size (FS). LEV has a coefficient value of 3.36E-08 (t-statistic = 7.035660; ρ-value = 0.0000), whilst FS has a coefficient value of -7.84E-09 (t-statistic = -4.187293; ρ-value = 0.0000). Conversely, the variables Board Accountability Mechanism (BAM) and Disclosure Mechanism (DM) show no significant effect on TQ, with ρ-values of 0.4306 and 0.7625, respectively. This non-significant effect of DM on market valuation has been observed in other Nigerian contexts.

It can be inferred from the analysis that BAM and DM do not have a substantial influence on determining the TQ of the selected companies. However, combined statistics show a jointly significant relationship between Corporate Governance Mechanism (CGM) and TQ for selected Non-Financial Firms (NFFs) in Nigeria, with an F-statistic value of 14.46982. The study, therefore, accepts the null hypothesis and rejects the alternative hypothesis that there is no significant relationship between DM and TQ for selected NFFs listed on the Nigerian Exchange Group (NGX). This supports findings in the literature regarding the overarching impact of corporate governance on Financial Performance (FP) (Helen, Nwali, & Okoro, 2024; Lawal, Onmonya, & Oyetola, 2024).

BAM and Return on Equity (ROE) relationship

A significant positive relationship (ρ = 0.0011) indicates that better **Board Accountability Mechanisms** (BAM) improve **Return on Equity** (ROE) performance.

DM and TQ relationship

An insignificant relationship (ρ = 0.7625) suggests **Disclosure Mechanisms** (DM) alone may not drive market valuation improvements.

Control variables impact

LEV (Leverage) and **Firm Size** (FS) show significant effects on TQ, whilst their impact on ROE remains limited in the Nigerian context.

CONCLUSION

The study revealed that a significant relationship exists between Board Accountability Mechanisms (BAM) and Return on Equity (ROE) of selected Non-Financial Firms (NFFs) in Nigeria. On the other hand, Disclosure Mechanism (DM) does not exert any significant impact on Tobin's Q (TQ) of selected NFFs in Nigeria. It is, therefore, concluded that firms within the non-financial sector of the Nigerian economy that embrace and implement effective Corporate Governance Mechanisms (CGM) are likely to experience improved Financial Performance (FP). This is because factors beyond strict compliance with the contents of the CGM may be responsible for their performance.

01

Strengthen Board Accountability

Companies should focus on implementing robust BAM as these significantly improve FP, as measured by ROE.

02

Beyond Compliance Approach

Firms should go beyond mere compliance with CG codes and focus on substance over form in governance practices.

03

Holistic Governance Framework

Develop comprehensive governance systems that address multiple performance dimensions rather than focusing solely on DM.

04

Sector-Specific Adaptations

Tailor CG practices to the specific needs and characteristics of different non-financial sectors in Nigeria.

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CONFLICTS OF INTEREST

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