



## Influence of Corporate Governance on Financial Performance of Firms in Nigeria

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### Abstract

**Research Objective:** This study investigates the impact of corporate governance on the financial performance of listed oil and gas firms in Nigeria, focusing on two key factors: CEO Duality and Board Independence.

**Methodology:** The study used quantitative research methods, analysing data from publicly listed oil and gas companies in Nigeria. It examined corporate governance structures, financial performance metrics, and related variables. CEO duality refers to situations where the CEO also serves as the Board Chairman, while Board Independence relates to the inclusion of independent directors on the board.

**Findings:** The results show that both CEO Duality and Board Independence have a significant and positive influence on return on assets. This suggests that the presence of independent directors and the combined roles of CEO and Board Chairman positively affect the financial performance of oil and gas firms in Nigeria.

**Conclusion:** The study offers valuable insights for policymakers, investors, and stakeholders, emphasising the importance of strengthening corporate governance practices to enhance financial performance. It recommends promoting CEO duality and increasing board independence to achieve better outcomes in the sector.

**Key words:** Corporate Governance, Financial Performance, CEO Duality, Board Independence.

## 1.0 INTRODUCTION

Corporate governance concept has attracted a good deal of public awareness in recent times as a result of its obvious significance to the economic performance of corporate organisations and the society in general. Corporate governance requires careful utilisation, management and preservation of resources (assets) of the corporate firm (Inyama, Ugwuanyi & Chukwuamago,



2016). This ensures effective pursuit of corporate objectives, professional and ethical standards, customer satisfaction, high employee morale, and the maintenance of market discipline (Eyenubo, 2013). Corporate governance is represented by the processes and structures laid down by a corporate body to reduce the extent of agency problems as a result of the separation between control and ownership. Simply put, in an organisational context, corporate governance is the totality of the control, monitoring, and directing mechanisms utilised by strategic management in the best interest of stakeholders (Inyama, et al., 2016). The backbone of the Nigerian economy has been the oil and gas sector. The first oil exploration was carried out by Shell International in the late 1950s in Nigeria (Ibekwe & Harry, 2018), and by the 1970s, the sector became and remains the country's largest export earner. Nigeria's economy heavily depends on crude oil export to the extent that its annual budgets are benchmarked by the international price of crude oil (Marcel, 2013).

The Nigeria oil & gas sector was largely dominated by multinational corporations until the early 1990's when Nigerian companies began to make a foray into the industry. Local participation was enhanced with the implementation of the Nigerian content of directives issued by the Nigerian National Petroleum Corporation (NNPC) aided by the promulgation of the Nigerian Oil & Gas Industry Content Development (NOGIC) Act (The Act), in 2010. The Act seeks to promote the use of Nigerian companies/resources in the award of oil licences, contracts, and projects. The industry is structured into upstream, midstream, and downstream sectors.

Corporate governance is of paramount importance to a company and is as vital as its primary business plan. When executed efficiently, it can avert corporate scandals/fraud alongside the criminal and civil liability on the company. It also dictates the shared philosophy, practices, and culture of an organisation and its employees. A firm without a system of corporate governance is often regarded as a conscienceless body. Corporate governance keeps a firm honest and out of trouble and if this shared philosophy breaks down, corners will be cut, products will be defective and management will grow complacent and corrupt (Vafeas, 2005).

The objectives of this study are to:

1. Determine the influence of Board Independence on return on asset (ROA) of oil & gas firms in Nigeria.
2. Examine the influence of Chief Executive Officer (CEO) duality on return on assets (ROA) of oil & gas firms in Nigeria.

The following research questions will, therefore, guide the study.



1. How far does Board Independence influence the return on assets (ROA) of oil & gas firms in Nigeria?
2. To what extent does CEO duality influence the return on assets (ROA) of oil & gas firms in Nigeria?

#### Hypotheses Formulation:

Ho 1. Board Independence does not have a positive and significant influence on the return on assets (ROA) of oil and gas firms in Nigeria.

Ho 2. CEO duality does not have positive and significant influence on return on assets (ROA) of oil & gas firms in Nigeria.

The study assessed the influence of corporate governance on firm financial performance of listed oil and gas firms on the Nigerian Stock Exchange for 11 years (2012-2022). The researcher's choice of 2012 as the base year arose as a result of Nigeria's adoption of "International Financial Reporting Standard (IFRS)," in that year. In line with the objectives set out in the study, the indices used are CEO duality and board independence.

## **2.0 REVIEW OF RELATED LITERATURE**

OECD (2014) posits that "Corporate governance is a system of rules, policies, and practices that dictate how a company's board of directors manages and oversees the operations of a company." Corporate governance includes principles of transparency, accountability and security, and involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community (Adeusi, 2013).

A company's corporate governance is important to investors since it shows a company's direction and business integrity and helps companies build trust with investors and the community. "By this, corporate governance helps promote financial viability by creating a long term investment opportunity for market participants," (Sobel, 2007).

#### **Financial Performance:**

According to Imade (2019), the success of the firm is measured through its performance which is analysed through different tools and techniques, such as return on assets (ROA) and return on equity (ROE) in order to ascertain the financial performance of the company. Financial performance can also be seen as the image of a company's financial condition within a certain



period of time whether related to collection or distribution of funds, which usually is measured by capital adequacy, liquidity, and profitability indicators (Hykaj, 2016). It therefore stands to reason that financial performance is the accomplishment that is achieved by a company within a certain period which represents the level of the company's health.

### **Corporate Governance Practices in Oil & Gas Industry**

The concept of corporate governance gained momentum after the sudden crash of some leading companies in the United States of America and Europe such as Enron, Lehman Brothers, Xerox and so on. Lack of transparency and poor disclosures in the annual reports were blocking the stakeholders from ascertaining the wellbeing of the firms (Ilemobayo, Adebimpe & Yusuf, 2020.). As a result, the investor community urged for improvements in governance practices which led to the implementation of corporate governance codes.

In today's world of globalisation, the concept of corporate governance has taken an important place as companies are now operating in the international arena. For attracting foreign investors and global fund raising, firms have to demonstrate high quality governance (Aduda, Chogu & Magutu, 2013).

The meaning of the term corporate governance is a subject of considerable debate and has been defined in several ways. According to Organisation for Economic Co-operation and Development (OECD), corporate governance is defined as, procedures and processes according to which an organisation is directed and controlled.

Corporate governance in the Nigerian oil and gas industry is hinged on Nigerian oil & gas industry content 'Development Act 2010'. The industry can be divided into three segments: the upstream, midstream, and downstream. 'The industry consists of the exploration and production of oil and natural gas which contains an estimated proven oil reserve of 22.5 billion barrels and produces 90 million tons per year (2 million, bpd) of crude oil. Most of this is produced from the Niger Delta Area. The upstream segment is made up of concessions, reserves, field exploration, field development rig, and production activities. The midstream involves the transportation and storage of products made up of crude/condensate export, refinery activities, domestic gas supply, gas supply infrastructures, petrochemicals, and lubricant blending plants. The downstream segment which is dominated by publicly owned companies consists of a summary of refined products, retail outlets, petroleum product average pricing and. Liquefied petroleum gas (LPG) penetration.

It is becoming increasingly evident that the energy sector and the national energy policy must complement each other for either side to benefit in the long run. Corporate governance practices must balance the nation's interest as seen to be guarded by Nigerian National Petroleum



Corporation (NNPC) with commercial interests. To achieve these balances, value maximisation can no longer be the primary corporate objective for the major oil firms (such as Shell, Chevron-Mobil, etc) controlling such a vast amount of wealth and resources.

From the external viewpoint, sourcing funds and attracting investment would be very difficult if those sources of funding and investment are not persuaded and sure that there are adequate controls, checks, and balances that a governance framework can provide in place (Coles, Daniel & Naveen, 2008). “A governance framework is therefore needed in the oil and gas industry as it embodies various dimensions of an organisation starting with defining the core purpose for the companies and going down to the details such as defining standards for policies and procedures,” (Ibekwe & Harry, 2018).

There is no single model of corporate governance, however, principles are evolutionary and should be reviewed in light of changes in circumstances. Secondly, to remain competitive, “oil and gas companies must adapt their governance arrangements to meet new demands and grasp new opportunities in the local content arena. The government on the other hand has a responsibility to shape the regulatory framework to the flexibility required for Nigerian oil and gas companies to function effectively, as good corporate governance practices enhance transparency and improve a firm’s financial performance,” (Kavita, 2017).

### **Board Independence**

When structuring a board, the composition of directors and whether the directors are external to the organisation and therefore considered to be “independent” is very important. “A board that is composed mostly of non-executive independent directors is a commonly recognized practice that promotes effective corporate governance for a public company and can be determined by either hard or soft legislation,” (Stout, 2012).

“Standards for independence criteria facilitate the creation of competent boards that can exercise independent and objective judgement and oversight,” (OECD, 2017).

“The division and circumstances that constitute an independent director have been set out in corporate governance codes to ensure the nomination and election of independent directors aren’t influenced by present or past dealings of the company,” (New York Stock Exchange 2010).

“Along with providing additional oversight and access to the external environment, independent directors can also bring other benefits to firm performance,” (Fauver, Hung, Li & Taboada, 2017). Independent directors bring their expertise from finance, accounting, and law, as well as educational backgrounds and international cultural experiences.



Independent directors are an effective monitoring mechanism. “They may challenge executive decisions or actions and “monitor opportunistic behaviours of top executives,” (Huse, 2008). “If a board has a well-balanced mix of executives and non-executive independent directors, management and organisational performance will prosper from diverse perspectives and challenging board discussions,” (Srinidhi, Gul & Tsui 2011).

“External directors on the supervisory board can increase firm performance through innovation,” (Balsmeier, Buchnald & Stiebale, 2014). As such, independent directors may have a different corporate social responsibility orientation from their internal directors as they are more inclined to ‘broaden a firm’s hearing of stakeholders claims and thus increase their support (OECD, 2015). Some recent studies suggest that independent directors have stronger employee orientation and compliance with environmental standards because they have increased interactions with the external environment and key stakeholders (Tokyo Stock Exchange Inc. 2018).

A board that comprises a mix of executive and independent directors utilises this diversity of incentives to benefit investors by both the value-commitment of executive directors and the disciplining incentive of independent director

### **CEO Duality**

A heavily debated topic of recent is whether it is good practice to allow the same person to hold both roles of chief executive officer and chairman of the board. The duality of these roles has long been acknowledged as a potential threat to the independent judgement by the board of directors (Daltan & Kesner, 1987), as it increases the power that CEOs have over the board and the rest of the company, which may be problematic for shareholders and stakeholders of the company.

Some researchers argue that CEO duality can be a conflict of interest, as the CEO acts as his/her monitor and may be incentivized to pursue a strategy not aligned to the long-term success of the firm (Brickley, Coles & Tarrell, 1997). Some works suggest that separating the two roles reduces agency costs and reduces the likelihood of a conflict of interest (Merle, 2018).

A contrasting theory suggests that CEO duality enhances leadership potential and ‘facilitates organisational effectiveness in a potentially dynamic business environment’ (Duru, Iyengar, Zampelli). Additionally, some argue that the concentration of power to one individual facilitates faster decision-making ability. However, in many cases, the risks outweigh the perceived benefits and advantages, and combining the roles, oversight and management may facilitate abuse of power. For example, Tesla recently faced fines amounting to USD \$20million from the Securities and Exchange Commission in addition to sanctions demanding that the board elect two new



independent directors, establish a new independent committee to oversee communications, and that the CEO steps down as Chairman of the Board (Legal & General Investment Management, 2018).

### **3.0 METHODOLOGY**

The study employed the Ex-Post facto design. “The ex-post facto research design also known as causal-comparative research involves the ascertaining of past factor(s) on the present happening or event”. The study was carried out on the quoted companies listed on Nigerian Stock Exchange. However, all the studied firms are domiciled and operate within the geographical boundaries of Nigeria. The study concentrated on the oil and gas sector of The Nigerian Stock Exchange. This sector includes all companies engaged in operating and/or developing oil and gas field properties, and companies primarily engaged in recovering and producing liquid hydrocarbons from oil and gas field gases.

Secondary data were utilised in this study for the analysis. The data for this research work were sourced from annual reports of the sampled companies. The data collated were analysed using panel data analysis that provided the description analogies such as mean, median, standard deviation, etc. Data analysis was processed with the aid of E-views 10.0 statistical software. Presently, there are eleven (11) listed companies in the oil and gas sector of the Nigerian Stock Exchange thus:

1. 11 PLC (Mobil).
2. Ardova PLC
3. Capital Oil PLC
4. Conoil PLC
5. Eterna PLC
6. Japaul Gold & Ventures PLC
7. MRS Oil Nigeria PLC
8. Oando PLC
9. Rak Unity Pet. Co PLC
10. Seplant Pet. Dev. Co PLC
11. Total Nigeria PLC

The period of study covered is eight (11) years (2012 – 2022).



The sampling method used for this study is the purposive sampling method. This method is also known as judgmental, selective, or subjective sampling. The type of purposive sampling applied to this work is the total population sampling as it enables the researcher the choice to examine the entire population that has one or more shared characteristics and this is common to studies of particular groups within larger populations. The sample of this study is therefore drawn from the eleven (11) companies listed in the oil and gas sector of the Nigerian Stock Exchange. In the course of this study, a sectional sample of five (5) listed companies in the oil and gas sector was conducted. The decision to study five (5) out of the eleven (11) firms listed in the oil and gas sector of the Exchange was informed by the fact that some of the firms were on technical suspension and some moribund. Hence, six (6) firms were therefore dropped for the reason of inactivity in the capital market.

This selection of five (5) out of the eleven (11) listed companies was accomplished by picking the companies that were active in the capital market during the period of study.

The companies considered are listed below:

1. Conoil Plc
2. 11 Plc
3. MRS Nigeria Plc
4. Oando Plc
5. Total Nigeria Plc

### Model Specification

In this research, corporate governance characteristics served as the independent variables while firms' financial performance represented by returns on assets (ROA) served as the dependent variable. The model is expressed in implicit and explicit forms below:

$$P = \beta_1 (CG) + \varepsilon$$

Where:

P = Profitability

CG = Corporate Governance

$\varepsilon$  = Error Term

Econometrically, the model used to estimate the relationship between corporate governance (Measured as CEO duality and Board Independence) and profitability (measured as return on assets (ROA)) is:



$$ROA_{it} = \beta_0 + \beta_1 CO_{it} + \beta_2 BI_{it} + \varepsilon_{it}$$

Where:

ROA = Return on Assets, which is an indicator of how profitable a company is relative to its total assets.

$\beta_0$  = Intercept

$\beta_1, \beta_2$  = Regression coefficients of the independent and control variables.

CO = CEO duality, which represents the same person holding both the CEO and board chairperson positions in a corporation

BI = Board Independence, which represents the proportion of independent non-executive Director's to the total number of directors on the board.

$\varepsilon$  = Error Term

i = Number of companies

t = Time period (in years).

#### 4.0 DATA PRESENTATION AND ANALYSIS

**Table 1: Panel Data for the Focal and Explanatory Variables of the Sampled Oil and Gas**

OIL & GAS					
	YEAR	BI	CEO_D	ROA	FA
		(%)		₦	
CON OIL	2012	0	1	0.05	52
	2013	0	1	0.17	53
	2014	0	1	0.05	54
	2015	0	1	0.13	55
	2016	0	1	0.15	56
	2017	0	1	0.09	57
	2018	0.09	1	0.10	58
	2019	0.09	1	0.10	59
	2020	0.09	1	0.03	60



	2021	0.1	1	0.06	61
	2022	0.1	1	0.08	62
<b>MRS NIG. PLC</b>	2012	0	1	0.11	43
	2013	0	1	0.03	44
	2014	0	1	0.04	45
	2015	0	1	0.04	46
	2016	0	1	0.07	47
	2017	0	1	0.06	48
	2018	0.13	1	(0.06)	49
	2019	0.13	1	(0.09)	50
	2020	0.13	1	(0.13)	51
	2021	0.13	1	0.02	52
	2022	0.13	1	0.07	53
<b>TOTAL NIG. PLC</b>	2012	0	1	0.06	56
	2013	0	1	0.06	57
	2014	0	1	0.06	58
	2015	0	1	0.05	59
	2016	0	1	0.11	60
	2017	0	1	0.07	61
	2018	0	1	0.06	62
	2019	0	1	0.02	63
	2020	0	1	0.01	64
	2021	0	1	0.08	65
	2022	0	1	0.05	66
<b>OANDO NIG PLC</b>	2012	0.42	1	0.05	56
	2013	0.42	1	0.009	57



Table 4.1.1 Continued

	2014	0.42	1	-3.34	58
	2015	0.42	1	-0.98	59
	2016	0.42	1	0.02	60
	2017	0	1	0.08	61
	2018	0	1	0.10	62
	2019	0	1	0.009	63
	2020	0	1	(2.08)	64
	2021	0	1	(0.25)	65
	2022	0	1	(0.41)	66
<b>11 NIG. PLC.</b>	2012	0	1	0.55	62
<b>(MOBILE)</b>	2013	0	1	0.50	63
	2014	0	1	0.46	64
	2015	0	1	0.27	65
	2016	0	1	0.41	66
	2017	0	1	0.27	67
	2018	0	1	0.28	68
	2019	0	1	0.23	69
	2020	0	1	0.15	70
	2021	0	1	0.02	71
	2022	0	1	0.03	72

**Sources:** Annual Report and Accounts of Sampled Oil and Gas Companies in Nigeria (2012-2022)

**Where:**

CEO_D	-	CEO duality
BI	-	Board Independence
ROA	-	Return on Assets
FA	-	Firm Age



The table above displays data gathered from annual reports and accounts of selected oil and gas companies in Nigeria. This information was sourced from the corporate websites of the respective firms, the Nigeria Stock Exchange Library, and online sources. The variables listed exhibit varying degrees of linearity, as indicated by subsequent analyses.

### INDUSTRY PANEL DATA ANALYSIS

**Table 2: Descriptive Statistic of the Industry Level Panel Data**

	BI	CEO_D	ROA	FA
Mean	0.058545	1.000000	-0.033127	58.80000
Median	0.000000	1.000000	0.060000	60.00000
Maximum	0.420000	1.000000	0.550000	72.00000
Minimum	0.000000	1.000000	-3.340000	43.00000
Std. Dev.	0.123400	0.000000	0.578622	7.090421
Skewness	1.479097	0.000000	1.817053	-0.399600
Kurtosis	3.611860	0.000000	27.62053	2.534997
Jarque-Bera	84.55060	0.000000	1113.877	1.959255
Probability	0.300000	0.000000	0.500000	0.375451
Sum	3.220000	55.00000	-1.822000	3234.000
Sum Sq. Dev.	0.822284	0.000000	18.07940	2714.800
Observations	55	55	55	55

**Source:** Computed by Researcher Using Eviews 10.0 Statistical Software

Table 2 above presents the variable descriptions derived from 55 observations of time series panel data concerning the sampled oil and gas companies in Nigeria. Within the table, the industry's minimum values are as follows: Board Independence 0.00, CEO duality 1.00, Return on Assets -3.34, and firm age of 43. Conversely, the maximum values for the companies include Board Independence, CEO duality 1.00, Return on Assets 0.55, and firm age of 72. Meanwhile,



the industry means for the variables are as follows: Board Independence, CEO duality 1.00, Return on Assets -0.0331, and firm age at 58.

The normality of the data distribution is evident through the coefficients of Skewness, Kurtosis, and Jarque-Bera Probability. As per Table, the Jarque-Bera Statistics probabilities for all variables (both focal and explanatory) have insignificant p-values, specifically for Board Independence (0.30), and Return on Assets (0.50). The insignificance of these p-values suggests a normal distribution for all studied variables. This observation is corroborated by the skewness coefficients, which indicate that outliers are not significantly distant from one for all variables: CEO Duality (0), Board Independence (1.47), and Return on Assets (1.81). Additionally, the kurtosis coefficient provides further confirmation of normal distribution for all variables: Board Independence (3.61), and Return on Assets (27.62). These findings pertain to data extracted from annual reports and accounts of sampled oil and gas firms in Nigeria.

### Regression Analysis Result of the Industry Level Panel Data

**Table 3:**

Dependent Variable: ROA

Method: Panel Least Squares

Date: 05/16/24 Time: 14:17

Sample: 2012 2022

Periods included: 11

Cross-sections included: 5

Total panel (balanced) observations: 55

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BI	0.04388	0.200785	0.218540	0.02698
CEO_D	1.03438	0.12104	8.545738	0.00000
C	4.996847	3.422343	1.460066	0.14601



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R-squared	0.740828	Mean dependent var	10.66613
Adjusted R-squared	0.702797	S.D. dependent var	19.88069
S.E. of regression	10.14137	Akaike info criterion	7.344772
Sum squared resid	3572.596	Schwarz criterion	7.625548
Log likelihood	-140.245	Hannan-Quinn criter.	7.446292
F-statistic	18.50546	Durbin-Watson stat	1.497187
Prob(F-statistic)	0.000000		

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**Source:** *Computed by Researcher Using Eviews 11 Statistical Software*

Table 3 presents the impact of various independent variables on return on assets. Board independence is found to have a significant and positive effect on return on assets, with a probability value of 0.02698 and a t-Statistic of 0.218540. Similarly, CEO duality is found to have a positive and significant effect on return on assets, with a p-value of 0.0000. The adjusted R-squared (R<sup>2</sup>) value suggests that approximately 70% of the variations in return on assets are explained by the explanatory variables, namely board independence and CEO duality. The remaining 30% may be attributed to other factors influencing return on assets in the context of sampled oil and gas firms in Nigeria, as well as additional remote factors captured by the error term. Moreover, the probability of the F-statistic is significant, indicating the statistical adequacy of the multiple regression model and its results. Additionally, there is an absence of serial autocorrelation in the panel data extracted from the annual reports and accounts of the sampled oil and gas firms.

### **Test of Hypothesis One**

#### **Restatement of the Hypothesis in Null and Alternate forms:**

**Null Hypothesis:** Board Independence does not have a positive and significant influence on the return on assets (ROA) of oil and gas firms in Nigeria.

**Alternative Hypothesis:** Board Independence has a positive and significant influence on the return on assets (ROA) of oil and gas firms in Nigeria.

#### **Statement of Decision Rule:**



Reject the null hypothesis ( $H_0$ ), if the p-value of the t-statistics is less than 0.05. Otherwise accept the null hypothesis and reject the alternative hypothesis.

### **Decision**

In Table, the panel regression results reveal a significant and positive relationship between return on assets and board independence. This suggests that an increase in board independence is likely to enhance return on assets for the sampled oil and gas firms in Nigeria. With a p-value of 0.02698 for board independence, which is less than the significance level of 0.05, the null hypothesis is rejected, and the alternative hypothesis is accepted. Consequently, the study concludes that board independence does indeed affect the return on assets of the sampled oil and gas firms in Nigeria.

### **Test of Hypothesis Two**

#### **Restatement of the Hypothesis in Null and Alternate forms:**

**Null Hypothesis:** CEO duality does not have positive and significant influence on return on assets (ROA) of oil & gas firms in Nigeria.

**Alternative Hypothesis:** CEO duality has positive and significant influence on return on assets (ROA) of oil & gas firms in Nigeria.

#### **Statement of Decision Rule:**

Reject the null hypothesis ( $H_0$ ), if the p-value of the t-statistics is less than 0.05. Otherwise accept the null hypothesis and reject the alternative hypothesis.

### **Decision**

The panel regression results indicate a significant and positive relationship between return on assets and CEO duality. This suggests that an increase in CEO duality is likely to enhance return on assets for the sampled oil and gas firms in Nigeria. With a p-value of 0.0000 for CEO duality, which is lower than the significance level of 0.05, the null hypothesis is rejected, and the alternative hypothesis is accepted. Therefore, the study concludes that CEO duality indeed has positive effects on the return on assets of the sampled oil and gas firms in Nigeria.

## **5.0 SUMMARY OF FINDINGS**

The following findings were observed:

1. The presence of independent board members significantly and positively influences return on assets (ROA) in oil and gas firms in Nigeria. This effect is supported by a probability value of 0.02698 and a t-Statistic of 0.218540.



2. CEO duality, where the CEO also holds the position of the board chair, surprisingly shows a positive and significant effect on ROA. The p-value of 0.0000 indicates a strong association between CEO duality and improved financial performance.

In conclusion, the findings underscore the importance of robust corporate governance practices in enhancing the financial performance of oil and gas firms in Nigeria. Policymakers and industry stakeholders can leverage these insights to formulate and implement effective governance frameworks tailored to the unique challenges and opportunities within the Nigerian oil and gas sector.

### **Recommendations**

Based on the aforementioned findings:

1. There is a need to enhance board independence for improved ROA by encouraging oil and gas firms to appoint more independent directors to their boards. Conduct regular evaluations to ensure independence from management influence, fostering robust oversight and strategic decision-making processes that positively impact ROA.
2. There is a need to evaluate CEO Duality's impact on ROA. This can be achieved by conducting thorough assessments to understand the implications of CEO duality on ROA within oil and gas firms. Explore whether consolidating leadership roles enhances efficiency and strategic alignment or introduces risks that may negatively affect financial performance.

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