

Corporate Governance And Profitability Of Selected Manufacturing Firms In Nigeria.

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Abstract

The objective of this study is to empirically investigate the relationship between corporate governance (measured by Board Size, Ownership Concentration and CEO Duality) and firm's performance (measured by Return on Asset and Return on Equity) of selected Nigerian manufacturing companies.

The study adopted survey research design. Random sampling was used to select 10 companies out of a total population of 45 manufacturing companies listed on the Nigerian Stock Exchange, for a time period of 2006 to 2015. Secondary data (financial and non-financial) were collected from the annual reports and accounts of the selected listed manufacturing companies. Pooled OLS regression, Fixed Effect and Random Effect analysis and descriptive statistics were used in analyzing the data. F-stat was used to test the hypothesis.

The results of the study show that Board size had a positive relationship but not significant with performance of the sampled manufacturing companies. Also, it was found that CEO duality had a negative but significant relationship with the performance of the sampled manufacturing companies, while Ownership concentration had a significant positive relationship with performance of the sampled manufacturing companies.

In conclusion, the study revealed that the performance indicator (ROA) and (ROE) related with each component of the Corporate Governance Index in a peculiar manner. It is therefore suggested that reform efforts should be directed towards improving the corporate governance of listed Nigerian manufacturing companies, especially emphasis should be devoted to ownership concentration.

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