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Corporate Governance Practices: A Comparative Study of Selected Public Corporations in Nigeria

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Abstract *This research investigates corporate governance practices in Nigerian public corporations. It further examined how various sectors in the public service fared in respect of compliance with stipulated codes of corporate governance using six selected public corporations from six sectors as representatives. The Central Bank of Nigeria (CBN), Nigerian Stored Products Research Institute (NSPRI), National Agency for Foods and Drugs Administration and Control (NAFDAC), Nigerian National Petroleum Corporation (NNPC), Federal Aviation Authority of Nigeria (FAAN) and Nigerian Maritime Administration and Safety Agency (NIMASA) were chosen for this study. Data was collected through a self-administered structured questionnaire distributed to 450 respondents drawn disproportionately from the Lagos offices of the selected public sector establishments using a multi-staged sampling technique. 310 representing 68.9% returned were found usable. The results of the rank-order analyses of corporate governance practices in the corporations and Duncan's Post-hoc tests showed that Nigerian Public corporations comply with the stipulated codes to a large extent though not completely and in varying proportions by each corporation. Factors like political influence, level of monitoring and evaluation and ethical issues were found to have effects on corporate governance practises in these corporations. It is therefore recommended that the level of political interference be minimal; units established within sectors to monitor and evaluate corporations and ethical issues tackled. Similar studies should be carried out in the other Nigerian public sectors untouched by this study.*

Key words Corporate governance practices, public corporations, Nigeria

JEL Codes: G30, G34

1. Introduction

1.1. Background to the study

The notion of corporate governance experienced renewed interest among governments, researchers and business practitioners in both developed and developing nations of the world, due to growing corporate failure. The evidence of growing corporate failure was indicated in the collapses of erstwhile large corporations across the globe which before then, had been considered too large and too strong to fail (Picard, 2005; Wilson, 2006). Their failure was attributed largely to unethical business conduct, corporate governance abuses and managerial inefficiencies. The importance of good corporate governance practices in any organization therefore, cannot be underestimated.

Corporate governance is a body of rules governing companies as to how they are managed and supervised by the board of directors (Lemo, 2010). It is a mechanism designed to ensure stability of the economy and successful achievement of corporate goals (Oluyemi, 2005). The collapses of many large corporations across the globe in the recent past and the inherent benefits associated with sound corporate governance practices further advanced the need for effective corporate governance, aimed at strengthening the success and growth of business entities, while at the same time safe-guarding the interests of all stakeholders (which includes shareholders, depositors, creditors, regulators and the public). In Nigeria, the need for corporate governance came to the fore in the wake of the financial crisis of the early 1990s. Poor corporate governance was identified as one of the major factors in almost all the known instances of distress in the financial sector in Nigeria (Ofo, 2013). The onus of corporate governance discussion is based on the premise that by adopting sound corporate governance practices, business entities will record superior performance and competiveness (Denis and McConnell, 2003). Furthermore, there has been renewed interest in the corporate governance practices of public corporations as it is suspected that countries with strong corporate governance practices attract capital inflow. In addition, domestic and international investors are more likely to shy away from countries that neither guarantee investor rights, nor provide adequate corporate disclosures to ensure sound board practices (Osaze, 2007; Klynveld, Peat, Marwick and Goerdeler (KPMG) Report, 2010; Ilori, 2012).

A significant theme of corporate governance relates to the nature and extent of accountability of particular individuals in the organization and the mechanisms put in place to reduce or eliminate the principal–agent problem, identified as a conflict of interests (Rwegasira, 2000). In Nigeria, the mechanism of corporate governance is stipulated in the Companies and Allied Matters Act (1990) and guidelines as enshrined in the Constitution of the Federal Republic of Nigeria. Corporate governance essentially focuses on the structures within which any corporate organization or enterprise receives its basic orientation and direction towards the management and running of a corporate entity (Rwegasira, 2000). The recent interest in corporate governance shows that it is one of the most critical issues in the business world today. The growing interest rate also serves to show that the quality of corporate governance creates an important factor in ascertaining the wellness of business organizations. Thus, effective corporate governance practice incorporates transparency, openness, accurate reporting and compliance with statutory regulations among others (Sanusi, 2003). The increasing interest and attention paid to corporate governance is due to the fact that there is now a progressively clear separation of ownership from management, which has come to characterize modern corporations. Hence, disconnection of ownership from management and the isolation of the owners from the day-to-day operations of the business have raised the need to create a suitable framework, for ensuring transparency and accountability in the management of corporate entities. Similarly, globalization and the advancement in information technology have enhanced business transactions across the globe. Subsequently, these developments, which have broadened the geographical frontiers of the market, have compelled the development of international standards on best practices in the management of business for the benefit of all stakeholders (Oso and Semiu, 2012; Kwakwa and Nzekwu, 2003).

1.2. Statement of the problem

There is growing awareness and interest in corporate governance practices in contemporary corporations especially public corporations due to the surprising collapses of a number of corporations like Enron Corporation, WorldCom, Parmalat, Barings Bank and other global brands. The failures of these corporations among all others in developed and developing countries were attributed to accounting fraud and lack of good corporate governance practices and became lesson points for corporate organizations the world over, including Nigeria (Bryant, 2017). In Nigeria, the systemic threat posed to the financial sector as a result of the operational malfunctioning of many banks in the 1990s brought the need for corporate governance to the fore. The reasons adduced for the operational malfunctioning were lack of sound risk management processes, predominant unethical business practices as well as the non-existence of corporate governance practices (Chiejine, 2010).

Although the modern public corporation is characterized by a separation of ownership and control, the fact remains that public organizations in Nigeria are still bedeviled with agency problems. The agency problems reflect in the way public servants seek to satisfy their personal interests at the expense of the government and other stakeholders. On the other hand, the "owners' of public corporations in Nigeria find it difficult to divest from control of such organizations. The "owners" refer to the political ruling class (the government in power). They tend to wield a lot of influence on who gets appointed into office or board and what post that appointee holds irrespective of qualification or job requirements (Sahara Reporters, 2016). The likely resultant effect is that the corporations get run directly or indirectly by the "godfather" who is behind the appointment or there is mismanagement due to inefficiency and incompetence of the managers thus appointed. The question therefore is, how well do company boards and the executive teams of Nigerian public corporations fare in the corporate governance practices in terms of accountability, transparency, disclosure and satisfying stakeholder expectations? This is summarized into creation and maintenance of company direction, as well as, boosting concern for shareholder and stakeholder interests required in good corporate governance (Kokemuller, 2015). Effective corporate governance systems make for optimum productivity and efficiency in public corporations (Adewale, 2013). Hence, the onus of corporate governance discussion is based on the premise that by adopting sound corporate governance practices, business entities will record superior performance and competiveness (Denis & McConnell, 2003).

1.3. Objectives of the study

The main objective of this study is to investigate whether public corporations in Nigeria comply with existing code of corporate governance practices. The focal point would be on ascertaining how committed public corporations in Nigeria are to ensuring compliance with code of corporate governance. The study will seek to answer the following questions:

- Do public corporations in Nigeria comply with codes of corporate governance?
- To what extent do Nigerian public corporations practice corporate governance?
- Does the level of compliance vary according to sectors?
- Which sector is regarded as most compliant?

- How does each of the corporations representing different sectors stand on each of the dimensions used in the measurement of corporate governance practices?

This research is imperative as the issue of the non-existence of corporate governance regimes and practices coupled with unethical corporate practices in contemporary corporations has been trending in the more recent past. This study is also significant as the results would help to answer the question as to whether public corporations in Nigeria comply with codes of corporate governance and to what extent they comply. In addition, the results of this study will enrich existing literature on this subject which would be useful to students and researchers in the academia. The results will assist in providing vital information to the government on the level of compliance by public corporations, with existing code of corporate governance practices in Nigeria. If negative or unimpressive the government will be able to take decisions on what control measures to put in place to ensure compliance. This research will be of importance to the different public sector establishments, as it will help them know how they are faring in their sectors and where they are slack so as to know where and how to make positive adjustments in the affected areas.

2. Literature review

2.1. Concept of Corporate Governance

The concept of corporate governance has been defined in various ways by various people. It is however important that it is properly defined so that a thorough understanding is provided to ensure proper practice and compliance with its dictates within and outside Nigeria. According to Wilson (2011), corporate governance is "the manner in which corporations are directed, controlled and held to account with special concern for effective leadership of the corporations to ensure that they deliver on their promise as the wealth creating organ of the society in a sustainable manner'. This presupposes that the decision makers in the corporations should direct the affairs of such corporations in a way that they see themselves as not only accountable to stakeholders, but also satisfying their expectations. In the opinion of Jayashree (2012), corporate governance in business organizations "is a system of making directors accountable to shareholders for effective management of the companies in the best interest of the company and the shareholders along with concern for ethics and values" and is based on "complete transparency, integrity and accountability of management". Isele and Ugoji (2009) view corporate governance as a way by which business managers provide leadership, direction and an enabling environment for organizational goals and objectives to be met.

In a nutshell, corporate governance has to do with the responsibilities or duties of managers and directors of business organizations to conduct the affairs of such entities in an ethical, transparent and accountable manner, to ensure that the interests of the stakeholders who have trusted in them are enhanced and protected. There should be a clear separation between personal and corporate interests and funds. A dedicated commitment to ensuring sound corporate governance practices therefore by inference is important and necessary for the survival and growth of any business entity.

2.2. Elements of Corporate Governance

2.2.1. An overview of the elements of Corporate Governance

Board appointment and composition: Board composition refers to the distinction between inside and outside directors, and this is usually shown as the percentage of outside directors on the board (Goergen and Renneboog, 2000). They could be categorized into inside directors, affiliate directors and outside directors (Baysinger and Butler 1985). Many authors favour outside dominated boards as they are seen to provide superior performance benefits to the firm because of their independence from firm's management (Baysinger and Butler, 1985). Also, they can increase the element of independence and objectivity in board's strategic decision-making, and help in providing independent supervision of the company's management (Fama and Jensen, 1983), therefore making the board's oversight function more effective.

Board Independence: Berghe and Baelden (2005) see this as an essential factor in ensuring board effectiveness through the monitoring and strategic roles of the directors. The crucial element for board independence is getting enough number of independent directors on board. The independent attitude of each director is determined by the director's ability, willingness and board environment.

Ethical Compliance: Ethical compliance by business organizations is not an option or a luxury but a necessity for the smooth functioning of any organization. For every organization in any industry, there are laid down principles or operational requirements and prohibitions. This comprises organizational values, legal compliance, guidelines and codes, risk management and individual and group behaviour within the workplace (Anyim *et al*., 2014). The understanding, internalization and application of this in and by any organization represent compliance.

Related Risk Attributes: Risk serves as an essential feature of business activity. Effective risk management not only helps organizations avoid costly financial distress and withstand investment programmes, it also helps in improving organization-wide decision making. As a result of increasing financial crisis, importance has been given to the key role boards have in managing risk. There are many elements of existence of risk management committees in Nigerian organizations. According to Nasuha and Mohamad (2013), the formation of risk management committees are determined by separation of CEO duality (as CEO and as Chairman of Board of Directors), board expertise and diligence, firm size, firm listing status and complexity of the firms' activities.

Transparency and Disclosure: Transparency is one of the key indicators of a good corporate governance (Khiari, 2013), as it guarantees the disclosures of important and accurate financial and operational information (Bhasin, 2009). The information is given regularly (Mugaloglu and Erdag, 2013) and in a timely manner to aid the company in taking optimal decisions (Al Sawalqa, 2014).

Rules: Lemo (2010) believes that corporate governance is a body of rules governing companies as to how they are managed and supervised by the board of directors.

Audit Committee and Reporting: Ayinde (2002) posits that audit committees are established to improve corporate accountability, strengthen a company's financial reporting practices and ensure corporate conduct in compliance with acceptable ethical and legal standards. It also effectively checks the powers of executive directors (Atu *et al.*, 2013).

2.2.2. Other Factors which may influence Corporate Governance Practices

Ethical Issues: These deals with the way an individual responds to issues in the workplace and these are determined by two major cognitive processes -categorization and particularization, based on the individual's values (Fisher and Lovell, 2003). Babayanju *et al*. (2017), classify these responses into eight namely -ethical neutrality, ethical awareness, ethical convention, ethical puzzle, ethical problems, ethical dilemma, ethical cynicism and caprice, and ethical negotiation.

Political Influence: The nature and extent of influence differs from country to country but it is acknowledged that strong relationships exist between politically-influenced firms and specific political figures (Desai and Olofsgård, 2011). Bell (2002) posits that, institutions and politics constantly matter and will continue to influence or affect corporate governance practices.

Monitoring and Evaluation: Mackay (2007) is of the opinion that monitoring and evaluation are used to evaluate the quantity, quality and targeting of the service delivery of organizations and measure the outcomes and impacts of these outputs**.** World Bank Group (2014) acknowledge that monitoring embodies the regular tracking of inputs, activities and outputs, while evaluation determines the importance of objectives, the efficiency of resource use and the sustainability of results.

2.3. Public Corporations

Public Corporations which are sometimes also called Public Enterprises are corporate entities established by federal, state or local governments through special statutory instruments, to offer important services to the general public at reasonable prices. These corporations are controlled and have members appointed to their boards by the government which established them. Public corporations play significant roles in both developed and developing countries, as they are the principal suppliers of essential goods and services and the main source of employment in many countries such as Nigeria (Abubakar, 2011).

Historically, the need for such enterprises arose at independence when most of the nationals were adjudged either too poor or not knowledgeable enough to engage in or finance businesses which were capital and labour intensive. Examples of such industries were the telecommunications, power, oil and gas, water and agro-allied industries (Ojeifo and Alegbeleye, 2015). Over the years, government involvement in public sector activities and establishments has extended to cover the maritime, aviation, financial, health and other sectors. In recent years however, the activities of these public corporations have come under severe criticisms and have become topics of public debate. These revolve around general public perception of public corporations expressed in several ways in literature and other media as mere "conduit pipes" for draining the nation's wealth as they are seen to take more from the government than they "produce". These negative perceptions in other words mean, they are inefficient and the quality of their service delivery of public goods, adjudged poor. Ogohi (2014) argues that they neither contribute strongly to national development nor render effective and efficient services to the public they serve. Okoli (2004) attributes these lapses to managerial inefficiencies, inadequate technological exposure, and unethical business practices, for example, patronage distribution. All these negative opinions could be summed up to reflect poor adherence to corporate governance dictates or practices. This has necessitated the need for this research to ascertain whether public corporations in Nigeria comply with existing code of corporate governance practices and how committed they are to ensuring compliance.

3. Methodology of research

3.1. Research Design

The population for this research is made up of all the employees belonging to the management cadre in all government establishments in the public sector in Nigeria. A multi-staged sampling technique was employed. The first stage was the selection of respondents through purposive sampling of employees on salary grade levels eight (8) to 17 (seventeen). The justification for this is that they are considered to possess the requisite information regarding the phenomena under investigation and have certain qualities that will make their responses significant. The second was convenience sampling technique. This is due to the ease of accessibility to the organisations under study, occasioned by their presence in Lagos State and therefore proximity to the researcher. Stratified sampling was also used to group the respondents into three (top level, middle level and lower level management staff). A sample size of 450 were drawn from disproportionately from the Lagos offices of six public sector establishments (one from each sector) based on the size of the offices, the number of employees who fit into the population of study and their willingness to participate in the study. Data was collected through the use of self-administered questionnaire as the study population is literate. A total of 450 copies of the questionnaire were distributed. 315 were retrieved out of which 310 were usable, representing 68.89%.

Public corporations were chosen for this study based on opinions of the general public expressed in various ways over the quality of services rendered by public sector in Nigeria. One of the reasons identified for this was unethical corporate governance practises such as patronage distribution (Okoli, 2004). The six public corporations and government agencies selected are – Nigerian National Petroleum Corporation (NNPC); Nigerian Stored Products Research Institute (NSPRI); National Agency for Food and Drug Administration and Control (NAFDAC); Nigerian Maritime Administration and Safety Agency (NIMASA); Central Bank of Nigeria (CBN) and Federal Airports Authority of Nigeria (FAAN).These selected corporations are from the Oil and gas, agricultural, health, maritime, financial and aviation sectors of the Nigerian economy, respectively. A rank order matrix and mean responses on corporate governance practices according to corporations were used to analyse the results and to show how each of the corporations stands on each of the dimensions used in the measurement of the practices. Also, the Duncan's Post Hoc tests were carried out to show how the public corporations could be differentiated into groups.

4. Results and discussions

4.1. Socio-demographic profile of the respondents

Table 1. Socio-Demographic characteristics of the respondents

Variables	Response Label	Number	Percentage
Gender			
	Male	181	58.3
	Female	129	41.7
Age Group			
	Below 30 years	70	22.5
	30 - 39 years	111	35.8
	40 - 49 years	89	28.8
	50 - 59 years	40	12.9
Marital Status			
	Single	77	24.8
	Married	220	71
	Divorced	10	3.3
	Separated	3	1
Highest Educational Qualification			
	HND/NCE	52	16.7
	B.Sc.	109	35.3
	M.Sc./MBA	117	37.6
	Ph.D.	10	3.3
	Others	22	7.2
Management Cadre			

Variables	Response Label	Number	Percentage
	Top Level Management (Salary Grade Levels 13 to 17 or their equivalents)	60	19.4
	Middle Level Management (Salary Grade Levels 10 to 12 or their equivalents)	105	34
	Lower Level Management (Salary Grade Levels 08 to 09 or their equivalents)	144	46.6
Monthly Income Level			
	Below N200,000	184	59.4
	N200,000 - N400,000	76	24.6
	N401,000 - N600,000	21	6.8
	N601,000 - N800,000	12	3.8
	N801,000 - N1,000,000	8	2.7
	Above N1,000,000	8	2.7

Source: Field Survey, 2017

From the results in Table 1, there were more male respondents (58.3%) than females (41.7%). For ages of respondents, 35.8% are within the ages of 30 to 39 years, 28.8% within 40 to 49 years, 22.5% are below 30years, while the least are between 50 to 59 years (12.9%). Also, majority of them are within the age ranges of 30 to 39years and 40 to 49 years which are considered to be the productive years of an employee. 71% of the respondents are married as against only 29% in other marital categories (24.8% single, 3.2% divorced and 1% separated). In terms of level of education, 52 (16.8%) of the respondents have the higher national diploma or the national certificate of education (HND/NCE), 109 (35.2%) possess a bachelor's degree, 117 (37.7%) are holders of the masters" degree (M.Sc/MBA), 10 (3.2%) have doctorate degrees while 22 (7.1%) of the respondents possess professional qualifications from Institute of Chartered Accountants of Nigeria (ICAN) or the Institute of Chartered Secretaries and Administrators (ICSA) among others. This shows a high level of formal education and is indicative of an understanding of the subject of discussion as well as reliability of their responses to the survey questions.

As regards the management cadre, 144 representing 46.6% belonged to lower level followed by 105 (34%) in middle level and the least was 61 (19.4%) in top management position. In terms of level of income, 184 (59.4%) earn below N200,000 monthly; followed by 76 (24.5%) earning between N200,000 and N400,000; 22(7.1%), 12 (3.8%), earning between N401 to N600,000 and N601,000 to N800,000 respectively. The least number of 8 each representing 2.6% earn between N801, 000 to N1, 000,000 and above respectively.

4.2. Analyses of Questionnaire Distribution and Response Rate

Table 2. Questionnaire Distribution and retrievals according to Establishments

Name of Public Corporation	Copies Distributed	Copies Retrieved	Percentage
NIMASA	100	59	59
CBN	65	27	41.54
NNPC	85	61	71.76
NSPRI	40	38	95
NAFDAC	100	72	72
FAAN	60	58	96.67
TOTAL	450	315	70

Source: Field Survey, 2017

Table 2 presents the number of questionnaires distributed and retrieved per corporation and the percentage of each. It shows FAAN having the highest rate of retrievals with 96.67%, followed by NSPRI with 95%; NAFDAC, NNPC, NIMASA with 72%, 71.76% and 59% respectively. CBN trails last with only 41.54%.

4.3. Mean response and ranking of corporate governance practices according to corporations

Table 3 shows the mean responses and ranks of corporate governance practices according to corporations. It also shows how each of the corporations stands on each of the dimensions used in the measurement of the practices.

Table 3. Mean response and Rank of Corporate Governance Practices/other influencing factors according to Corporations

Dimensions	NIMASA		CBN		NNPC		NSPRI		NAFDAC		FAAN	
	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank
Board appointments and composition	4.36	6th	5.48	1st	4.47	4th	4.92	2nd	4.43	5th	4.8	3rd
Board independence	4.06	6th	5.37	1st	4.12	5th	5.12	2nd	4.22	4th	4.52	3rd
Ethical Compliance	4.4	5th	5.16	1st	4.49	4th	5.15	2nd	4.28	6th	4.81	3rd
Transparency and disclosure	3.79	6th	5.53	1st	4.47	5th	5.19	2nd	4.52	4sth	4.99	3rd
Rules	3.89	6th	5.28	2nd	4.44	4th	5.39	1st	4.42	5th	5.03	3rd
Audit committee and reporting	4.14	6th	5.81	1st	4.61	4th	5.22	2nd	4.54	5th	5.16	3rd
Related risk/attributes	3.78	6th	5.64	1st	4.62	4th	5.02	2nd	4.31	5th	4.9	3rd
Ethical Issues	3.83	6th	5.32	1st	4.31	4th	4.89	2nd	4.16	5th	4.69	3rd
Political Influence	4.59	1st	4.07	6th	4.57	2nd	4.29	5th	4.36	3rd	4.32	4th
Monitoring and Evaluation	3.51	6th	4.15	3rd	4.01	4th	4.43	1st	3.88	5th	4.2	2nd
Corporate Governance Practice	4.19	6th	5.58	1st	4.45	4th	4.99	2nd	4.4	5th	4.86	3rd

Source: Field Survey, 2017

Board appointment and composition

On Board appointments and composition, CBN ranks highest being in the 1st position with a mean of 5.48 representing about 78% on a 7-point Likert scale. This means the respondents agree to a large extent that appointments and composition of the board is in line with stipulations of the code of corporate governance for public corporations in Nigeria. NSPRI ranks 2nd with a mean of 4.92 and about 70% falling within the range of "agreement" by the respondents that the corporation complies with the stipulated code of corporate governance in the appointment into the board and the composition of the board. In ranking, FAAN comes 3rd in the above dimension of measure with a mean of 4.8 and 68.6%, still falling within the range of "agreement" too, signifying compliance. NNPC falls into the 4th position with a mean of 4.47 (63.9%), NAFDAC ranks 5th with 4.43 (63%) while NIMASA ranks 6th with a mean of 4.36 (62%).

It is pertinent to note that all the corporations recorded mean responses higher than *4* in relations to board appointments and composition with percentages ranging between 62% and 78% signifying a positive rate of compliance. However, the fact that none of the corporations recorded up to 100% implies partial compliance and agreement that the way board appointments are carried out and the composition of the boards are not as expected.

Board Independence

In ranking of board independence according to the respondents, CBN ranks 1st with a mean of 5.37 representing about 77% on a 7-point Likert scale; NSPRI comes 2nd with a mean of 5.12 (73%); FAAN ranks 3rd with a mean of 4.52 (64.6); NAFDAC ranks 4th with a mean of 4.22 (60%); NNPC comes 5th with a mean of 4.12 (59%), while NIMASA is in the 6th position with a mean of 4.06 (58%). Just as in board appointments and composition, each of the selected corporations returned with a mean greater than *4* **(**which is beyond average) and percentages ranging between 58% and 77% in relation to board independence. This by implications means that up to an extent, public corporations are free from external influences but not completely free.

Ethical Compliance

In relation to level of ethical compliance on a 7-point Likert scale, CBN ranks Ist with a mean value of 5.16 (73.7%) , very closely followed by NSPRI with a mean of 5.15 (73.6%); FAAN is 3rd with 4.81 (68.7%); NNPC 4th with 4.49 (64%); NIMASA 5th with 4.4 (62.8%)and NAFDAC 6th with 4.28 (61%). The summary of results above shows that all the corporations have mean values above the average mean of *4* and percentages between 61% and 73.7% which signify agreement that all the corporations comply with ethical standards as stipulated by the code of corporate governance. However as in the assessment of previous dimensions, they all fall below the desired level of ethical compliance, which is 100%.

Ethical Issues

On the test of efficient handling and management of ethical issues in each of the corporations on a 7-point Likert scale, CBN ranked 1st with a mean of 5.32 (76%); NSPRI 2nd with 4.89 (69.9%); FAAN 3rd with 4.69 (67%); NNPC 4th with 4.31 (61.6%); and NAFDAC 5th with 4.16 (59%). These results imply that these five (5) corporations up to an extent are able to manage ethical issues though they all fall below 100% success. Only NIMASA fell short of the average mean of 4 with a mean value of 3.83 representing 54.7% indicating that the corporation has challenges in handling and managing ethical issues within the corporation. Examples of some of these issues could be related to having no ethics officer in place to put a check on breaches of the ethics code, or poor ethics management or appointment of relatives of board members into positions in spite of their unsuitability. It could also be lack of protection for the “whistleblower” who reports breaches of the ethics code.

Transparency and Disclosure

As regards the level of transparency and disclosure of each of the corporations on a 7-point Likert scale, CBN ranked 1st with a mean of 5.53 (79%); NSPRI 2nd with 5.19 (74%); FAAN 3rd with 4.99 (71%); NAFDAC 4th with 4.52 (65%); and NNPC 5th with 4.47 (63%). By implication, up to a reasonable extent, these five corporations exhibit transparency and disclosure in their operations, though not completely as reflected in all falling below 100%. NIMASA falls below even an average expectation with a mean of 3.79 representing 48%.

Rules

In terms of adherence to existing internal rules of procedure in its operations not only in the management of conflicts of interests but also in addressing third party redress among other things, NSPRI ranks 1st with an average mean of 5.39 (77%). CBN came in 2nd with 5.28 (75%). FAAN with 5.03 (71%); NNPC with 4.44 (63.4%), NAFDAC with 4.42 (63.1%) came in 3rd, 4th and 5th positions respectively. Only NIMASA fell below the average mean of 4 signifying agreement with a mean of 3.89 (55.6%) indicating poor adherence to set internal rules of procedure. In summary, all the public corporations in the various sectors up to a reasonable extent adhere to internal rules of procedure in their operations except NIMASA.

Audit committee and reporting

As regards the stipulated corporate governance practice of audit committee and reporting, CBN as in most of the other dimensions, ranks 1st with a mean of 5.81 on a 7-point Likert scale representing 83%. NSPRI came in 2nd with a mean of 5.22 (74.6%); FAAN 3rd with 5.16 (73.7%); NNPC 4th with 4.61(65.9%); NAFDAC 5th with 4.54 (64.9%) and NIMASA trails behind with a mean of 4.14 representing 59%. From these results, one can safely infer that all the selected public corporations have units for internal auditing and reporting to ensure corporate compliance with laid down policies. All the corporations are in agreement that they have competent personnel to efficiently discharge the responsibilities associated with this committee though obviously in varying degrees. There is a wide disparity in the level of agreement however, especially between the 1st and the last corporation, 83% and 59%.

Related risk attributes

In the tests of how each of the selected corporations fare as regards clarity of its risk appetite as well as its risk-management responsibilities among other measures, CBN came in 1st with a mean of 5.64 which equals 80.6% on a 7-point Likert scale. NSPRI turned in 2nd with a mean of 5.02 (71.7%); FAAN is 3rd with 4.9 (70%); NNPC is 4th with 4.62 (66%); NAFDAC 5th with 4.31 (61.6%) and NIMASA 6th with 3.78 (54%).As can be seen from the results, despite the above average performance of majority of the selected public corporations, they all still fell short of the maximum level expected in their abilities to clarify the level of their risk appetite and appreciate their risk management responsibilities.

Political Influence

In measuring the level of political influence in each of the selected corporations under investigation, respondents were requested to rate the level by responding to statements like major consideration is given to political affiliations in the appointment of board members. Also, board and managerial appointments are not based on professional affiliations and abilities but influenced to a high degree by political patronage and god-fatherism. In addition the respondents rated the level of influence of the political class on decisions in the corporations. In the analyses of responses, NIMASA turned in 1st with a mean of 4.59 (65.6%); NNPC came in to the 2nd position with a mean of 4.57 (65%); NAFDAC is 3rd with 4.36 (4.36%); FAAN is in the 4th position with 4.32 (61.7%); NSPRI is 5th with 4.29 (61%) and CBN has a mean of 4.07 (58%). It is pertinent to note from the responses that none of the public corporations is free from political influence. The level of influence only varied slightly from one to the other as the difference between the most and least politically influenced is minimal (58% and 65%).

Monitoring and Evaluation

In ascertaining if public corporations in Nigeria have efficient and effective monitoring and evaluation systems in place, the respondents were asked some questions. Some of these are, if the corporations had designated officers for ensuring compliance with existing code of corporate governance practices and if such officers are efficient; if the boards of the corporations made provisions for performance evaluation systems for the corporations as whole units or for individual members. The results show the extent to which each of these corporations fared in the level of the adequacy of their monitoring and evaluation systems. Surprisingly, the CBN did not come out tops as in most of the dimensions and factors tested. NSPRI was tops with a mean of 4.43 representing 63%, FAAN 2nd with 4.2 (60%); CBN 3rd with4.15 (59%); NNPC 4th with a mean of 4.01 (57%); NAFDAC 5th with 3.88 (55%) and NIMASA 6th with 3.51 (50%). By implication, these results show that monitoring and evaluation systems to ensure compliance with stipulated codes of corporate governance in Nigerian public corporations is relatively low as the values reported are between 50% and 63% only.

On the aggregate, it shows CBN ranking highest and 1st in almost all the dimensions of measures of compliance with stipulated codes of corporate governance as well as other factors which could affect effective corporate governance practices with an aggregate mean of 5.58 representing approximately 80%. This is closely followed by NSPRI with an aggregate mean of 4.99 representing 71%. FAAN ranks 3rd with 4.86 and 69% compliance rate; followed by NNPC 4th with 4.45 (63.6%); and NAFDAC 5th with 4.4 (62.9%). NIMASA ranked least in most of the dimensions and on the aggregate of 4.19 representing 59.9%.

Table 4. Analysis of variance tests and Duncan's Post hoc Test for companies based on Corporate Governance Practice

Analysis of variance tests

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11.705	5	2.341	23.998	.000
Within Groups	5.853	60	.098		
Total	17.558	65			

Duncan's Post hoc Test

Companies	N	Subset for alpha = 0.05			
		1	2	3	4
NIMASA	11	4.0245			
NAFDAC	11		4.3200		
NNPC	11		4.3691		
FAAN	11			4.7773	
NSPRI	11			4.9645	
CBN	11				5.2627
Sig.		1.000	.714	.165	1.000

Means for groups in homogeneous subsets are displayed.
a. Uses Harmonic Mean Sample Size = 11.000.

Source: Field Survey, 2017

Table 4 shows the output of the ANOVA analysis and whether there is a statistically significant difference between our group means. We can see that the significance value is 0.000 (i.e., $p = .000$), which is below 0.05 and, therefore, there is a statistically significant difference in the corporate governance among the different companies. The Duncan's post hoc tests show how the public corporations can be differentiated into groups. The results of this study show that public corporations in Nigeria comply with codes of corporate governance although in varying proportions with CBN clearly in a class of its own. FAAN and NSPRI fall into the same group. NAFDAC and NNPC are in another group while NIMASA stands alone in its own group in terms of extent of compliance with stipulated codes of corporate governance and the other factors which could influence compliance.

5. Conclusions and recommendations

In ascertaining whether public corporations in Nigeria comply with codes of corporate governance, which is the first objective of this study, the results show that they all do. This is reflected in the aggregate mean results of each of the corporations on the level of compliance being above the average mean of 4 (4.19 – 5.58) and all above 50% (59.9% - 80%). This is in dissonance with the general belief that public corporations in Nigeria have challenges in the practice of sound corporate governance (Okpara, 2011).

The second objective was to determine the extent to which Nigerian public corporations practice corporate governance. From the analyses of the results obtained from the respondents in the selected public corporations, it can be safely concluded that public corporations in Nigeria to a large extent comply with stipulated codes of corporate governance, recording as high as 80% level of compliance in one of the corporations and none below 50%.

In answering the question raised in the third objective as to whether the corporations vary according to sectors in their levels of compliance, the results show that they do as they differ in their individual levels of compliance and they clearly are not equal in terms of compliance. The fourth objective was to ascertain which sector is regarded as most compliant. The CBN representing the financial sector was reflected as most compliant with a recorded 80% level of compliance from the results of this study. This is understandably so as the financial sector is a very sensitive sector requiring a high level of integrity and transparency and the CBN is the regulatory corporation in charge of this sector. There is therefore a need for it to be extremely careful in its operations to reflect a high level of compliance with stipulated codes of corporate governance.

The fifth objective of this study was to investigate how each of the corporations representing different sectors stood on each of the dimensions used in the measurement of corporate governance practices. The results of the Duncan's post hoc tests show CBN representing the financial sector standing alone in its own class as the most compliant. NSPRI representing the agricultural sector and FAAN which is representing the aviation sector fall into a second category; NAFDAC representing the health sector and NNPC representing the oil and gas sector stand together while NIMASA representing the maritime sector stood alone in its class.

The results of this study show that none of the public corporations measure up to the desired level of 100% in terms of corporate governance practices. Also, there is evidence of political influence in the operations of these corporations which may be affecting their operations negatively, as well as low level of monitoring and evaluation of the rate of compliance with stipulated codes of corporate governance. It is therefore recommended that each corporation puts in place sound and efficient internal monitoring systems to regularly evaluate their levels of adherence to existing codes of corporate governance. In addition, the various regulatory bodies responsible for each of the sectors in public service ensure through monitoring and evaluation that public corporations adhere strictly to corporate governance practices. It is also expedient that still penalties be put in place to sanction corporations who fall below expected adherence standards to enhance compliance. Further studies could also be carried out in other sectors different from the ones used in this study to ascertain if the results of this study can be generalised.

It is important to establish that the conclusions reached in this study as to how each of these corporations stand on the level of adherence to corporate governance practices, are based on the analyses of the data generated for this study at a particular point in time (cross-sectional studies) and may not reflect the current state of these corporations.

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