

Corporate Governance and Sustainable Development in Nigeria- Perspectives and Challenges

Okaro, Sunday C.

Department of Accountancy, Nnamdi Azikiwe University, Awka, Nigeria
Email: eziogidi@yahoo.com

Ofoegbu, Grace N.

Department of Accountancy, University of Nigeria, Nsukka, Enugu State, Nigeria
Email: grace.ofoegbu@unn.edu.ng

Okafor, Gloria O.

Department of Accountancy, Nnamdi Azikiwe University, Awka, Nigeria
Email: go.okafor@unizik.edu.ng

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v8-i9/4551>

DOI:10.6007/IJARBSS/v8-i9/4551

Published Date: 10 October 2018

Abstract

The objective of this study is to explore the link between corporate governance and sustainable development in Nigeria. The study adopted a mixed research design. A survey design was used to identify the perceptions of Accountants, Auditors, Accounting Academics and regulators on whether there is a nexus between good corporate governance and sustainable development in Nigeria. Once identified, a Likert-type research questionnaire was drawn to elicit information from the respondents.

Additionally, focused group discussions, comprising accounting academics at a premier Nigerian University was convoked to also throw light on the issues involved. Descriptive statistics of percentages, mean and standard deviation were used to analyse the data generated by the study. T-test statistic was used to determine the homogeneity of the opinion of the various classes of respondents. The findings of the study include the fact that there is a positive relationship between good corporate governance principles and sustainable development in Nigeria. The findings have implications for company management and regulation as Africa charts its course in attaining the United Nations sustainable development goals.

Keywords: Corporate Governance, Sustainability, Development, Perceptions, Transparency.

Introduction

Corporate governance has taken the front burner in public discourse following many accounting scandals worldwide and the integration of global financial markets (Srinivasan & Srinivasan 2011). As a result, much literature exists on corporate governance. People have different understanding of sustainable development. A popular notion of sustainable development is that outlined in the Brundtland report which describes sustainable development as the one that meets the needs of the present without compromising the ability of future generations to meet their own needs (Adejumo & Adejumo 2014). A better company means a better society. 189 member countries of the United Nations including Nigeria adopted the Millennium Development Goals (MDGs) in the year 2000. The idea was to fast-track vital developmental issues in Nigeria. These include the availability of basic life-sustaining goods, raising the standard of peoples' living and expanding the range of economic and social choices (Adejumo & Adejumo, 2014). However, the nexus between corporate governance and sustainable development is rarely explored especially in developing climes like Nigeria. Nigerian banks' corporate governance practices may not be sustainable development compliant (Babalola & Adedipe 2014). Good corporate governance in Nigeria's Niger Delta will enable companies to place priority on technological innovation that is environmentally friendly and sustainable (Micah & Umobong 2013).

Nigerian managers perceive that corporate governance is essential for sustainable business practices (Dembo & Rasaratnam 2015). The few Nigerian studies quoted above are industry specific (Banking industry and oil and Gas).

Our motivation for this study is the publication of the draft corporate governance code in 2018 by the Financial Reporting Council of Nigeria (FRCN) which introduced a principled based approach to corporate governance regulation in Nigeria. Our study empirically examines the link between good corporate governance principles and sustainable development. This study contributes to existing studies in the following ways

1. It adds and extends the few existing studies in this area in Nigeria
2. It uses mixed research methods to examine the link between good corporate governance and sustainable development
3. To the best of the researchers knowledge, this study is the first one in the Nigerian context to empirically examine the link between some corporate governance principles espoused in the draft code and sustainable development.

This study has implication for regulation. In particular, the FRCN will have empirical evidence of its corporate governance principles as espoused in the code and their links with sustainable development in practice. Company management is enlightened on sound corporate governance principles that will make for the sustainability of their enterprises as well. The international community will benefit from literature in Nigeria on good corporate governance and sustainable development

This study will elicit the perceptions of various stakeholder groups in Nigeria including accountants, Auditors, Accounting Academics and Regulators on the relationship between corporate governance and Sustainable development in Nigeria. The study will also explore the challenges to corporate governance and sustainable development in Nigeria. The rest of this study will proceed as follows: Conceptual and theoretical foundations of the study; followed by a review of related literature; the methodology of the study comes next; this is followed by stating and discussing the findings. The conclusion will then follow.

Conceptual and Theoretical Framework

Corporate governance refers to the quality, transparency and dependability of the relationships between the shareholders, board of directors, management, and employees. It defines the authority and responsibility of each in delivering sustainable value to all the stakeholders in order to attract financial and human capital to the corporation and to ensure sustainability of value creation; the governance mechanisms should ensure to gain the trust of all stakeholders (Arguden 2010). Corporate governance studies emphasise the fact that no single corporate governance model is valid for every country. However, the concepts of equality, transparency, accountability and responsibility appear to be the central concepts in all plausible international corporate governance approaches. Corporate governance affects sustainability development through access to external financing by firms, a lowering of the cost of capital and the associated higher firm valuation, better operational performance through better allocation of resources and better management, reduced risk of financial crises and better relationships with all stakeholders (Karayel, Sayli, & Gormus 2009).

The primary goal of development is to satisfy human needs and aspirations. It involves the actualisation of human potentials. It also involves proper understanding and management of the environment and its resources for sustainable human well-being. Sustainable development is in accord with continual enhancement of the quality of human life both for now and the future (Anyaehe & Areji 2015). Stewardship of a business under this model is expected to take cognisance financial capital as well as manufactured, human, intellectual, natural, and social capitals as well as their interdependencies (Kaya & Turegun 2014). According to the International Federation of Accountants (IFAC), sustainability is about promoting ethical responsibility and sound corporate governance practices. It also involves the provision of a safe working environment in which the health of employees is protected, and their opportunities for self-development are enhanced. Also included in the notion is promoting cultural diversity and equity in the work-place and minimising adverse environmental impacts and providing opportunities for social and economic developments within the communities they operate. Thus sustainability is a strategy of the process of sustainable development (Kocmanová, Hrebicek, & Docekalová 2011). Some authors consider it as part of sustainable development (Idowu, Tudor, & Farcas 2016)

In its primitive form, agency theory relates to a situation in which one individual (the agent) is engaged by another individual (the principal) to act on his/her behalf for a consideration. Since both individuals are assumed to be utility maximisers and motivated by pecuniary and non-pecuniary items, incentive problems may arise primarily in situations of information asymmetry and conditions of uncertainty (Namazi 2013). A simple agency model suggests that since principals lack reasons to trust their agents, they seek to resolve these concerns by putting in place mechanisms to align the interests of agents with that of the principals and to reduce the scope for information asymmetry and opportunistic behaviour (ICAEW 2005). In the case of corporate bodies, the principal is the shareholder, and the agent is the board of directors.

Increasingly, the modern corporation is viewed as owing a duty not only to shareholders but also to other stakeholder groups like employees, the host communities and even the government. This notion has given rise to the stakeholder theory. The theory emphasises the fact that there are several other interest groups aside shareholders that are interested in a firm's activities and decisions. Since firms have several stakeholders who compete for organisational resources, they need to identify strategies for managing them (Olajide 2014).

Review of Related Literature

Board effectiveness has been identified as being at the core of good corporate governance. Board independence connotes a willingness to bring a high degree of rigour and objectivity in the evaluation of a company's management and scrutiny of its plans and proposals. The organisation of Economic Cooperation Development (OECD) has put forward some principles of corporate governance which member countries are required to put into effect in a variety of ways. Such principles include:

- i. A clear division between the board of directors and executive management responsible for day to day running of the company's business
- ii. The presence of independent directors whose function is to monitor and advise the executive directors
- iii. A board that has an appropriate mix of skills, experience and independence
- iv. A board that is diligent in its duties
- v. A board that has a mechanism for regularly evaluating its performance
- vi. A board that continually presents a balanced and understandable assessment of the company's position and prospects
- vii. A board that establishes a formal and transparent arrangement for risk management
- viii. Executive directors' remuneration linked with corporate and individual performance
- ix. A board that encourages diversity in employment
- x. Board size that is optimal
- xi. An ethical board
- xii. The presence of a management succession plan

The Nigerian Security and Exchange Commission (SEC) code of 2011 provided, among others, for a minimum board size of 5 and a maximum size that will not be unwieldy. Non-executive directors were to be more than 50% of each board composition and frequency of board meetings of at least once in a quarter. There should be at least an "independent" director in the board of a company

Apart from board effectiveness, other factors that contribute to good corporate governance which makes for sustainable development include the presence of an active audit committee; the presence of an active shareholder group; the existence of an independent external audit function; the presence of an effective internal audit. Others are a policy of fair treatment of all employees; the existence of a reporting format that discloses the economic, social, and environmental performance of the organisation; the presence of a whistleblowing policy and the presence of a mechanism for the management of conflict of interest.

Empirical studies on the corporate governance factors often produce mixed results. Empirical researches in Nigeria generally agree that board independence has a positive effect on board performance (Enofe, Mgbame, Aderin, & Ehi-oshio 2013); (Dabor & Adeyem 2009).

Board size which is merely the number of directors on the board of a company is likely to be related to firm performance because adding more people to the board enhances the knowledge base (Azim 2012). Some researchers have found a positive association between board sizes, audit committee sizes and firm sizes (Al-matari & Al-Swidi 2012). It should be pointed out; however, that large boards are less flexible due to potential free riding, communications breakdown and inefficiencies (Boo & Sharma 2008). A large board creates limited participation, is less organised and is less able to reach an agreement (Ibadin 2012). The issue is, therefore, that of finding an optimal board size. The SEC 2011 code on corporate governance provisions on board size indicate that the Board should be of sufficient size relative to the scale and complexity of the company's operations. Membership of the board

should not be less than 5. There are few Nigerian studies on what should be an optimal board size. Sanda, Mikailu, & Garba (2005) recommended a board size of 10 for Nigerian companies. In Pakistan, board sizes range from 7 to 15 while eight members seat on the average board. Large boards in Pakistan is reputed to have a positive and significant effect on disclosure requirements in that country (Zaheer 2013).

Board diligence is also regarded as very important in appraising board effectiveness. Board diligence is usually proxied by the frequency of meetings (Kent & Stewart 2008). SEC Code of 2011 recommends meeting frequency of at least once every quarter.

The Company and Allied Matters Act (CAMA) of 1990 established a different audit committee by providing for an audit committee with equal representation of shareholders and directors subject to a maximum of 6 members. The Sec 2011 code mandates compliance with the CAMA provisions. Additionally, the code urges free hand for board committees to perform their duties including the freedom to consult an outsider in the course of their duties. Empirical studies in Nigeria emphasise the importance of audit committee independence for effectiveness (Okoye & Akenbor, 2010); (Owolabi & Dada 2011).

Audit committee diligence is usually proxied by the frequency of audit committee meetings (Lifschutz & Jacobi, 2010). Increasingly, however, researchers have begun to question this (Wu 2012). Compensation of audit committee members, for example, has been suggested as a better proxy for audit committee diligence (Wan-Hussin & Haji-Abdullah 2009). The SEC code requires audit committees to report regularly to their mainboards. The code also requires boards of listed companies to meet at least three times in a year. It can be assumed that board committees are also included in this requirement by the code. Empirical research in Nigeria about audit committee give mixed results. , Madawaki & Amran (2013) report no significant relationship between audit committee meeting frequency and financial reporting quality in Nigerian companies; while Samuel (2012) reports a positive association between audit committee meeting frequency in Nigerian banks. Audit committee size is determined by CAMA 1990 which mandates an equal number of representations between shareholders on the one hand and directors on the other hand. Good corporate governance practice has also been associated with an effective internal audit (Asaolu, Adedokun, & Monday 2016).

Empirical studies on Corporate Governance and Sustainable development are few. A study of the Niger Delta Region of Nigeria found a positive association between good corporate governance and sustainable development (Micah & Umobong 2013). The study surveyed five major oil companies in the Niger Delta region of Nigeria. A drawback of this work lies in its small sample size. Another study on Corporate Governance and sustainable banking in Nigeria bemoaned the weak corporate governance culture currently pervading the sector but acknowledged a possible positive link between corporate governance and sustainable development (Babalola & Adedipe 2014). Again this study is restricted to a specific industry, this time the banking industry. In a related study on corporate governance and sustainability practices in the Nigerian oil and gas sector, a positive relationship was established between corporate governance and business sustainability practices. This study suffers from the fact that only in-depth interview was used in the study aside that it is also industry specific (Dembo & Rasaratnam 2015).

All in all, studies on corporate governance in Nigeria and sustainable development and the accompanying challenges are only beginning to evolve. This study explores the perceptions

of Nigerian strategic stakeholders on the link between corporate governance and sustainable development in Nigeria in the light of the 2018 draft code of corporate governance. A mixed research methodology is used to achieve this objective.

Methodology

The results reported in this study was based on a purpose sample of 200 individuals representing Accounting and auditing professionals in Nigeria, Accounting academics in Nigerian Universities and regulators drawn from the various websites of the organisations. The list of accountants and auditors were gotten from the websites of the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN). The list of accounting academics was sourced from the websites of the various Nigerian universities while the list of regulators was provided by the websites of the Central bank of Nigeria (CBN) the Nigerian deposit insurance corporation (NDIC), the Security and Exchange Commission (SEC) and the Financial Reporting Council (FRCN). The sample was purposively chosen to ensure representation from all parts of the country. Once identified a questionnaire was developed and pilot tested with three accounting professionals who also double as accounting academics and amendments were made as a result of their feedback.

Questionnaire

The researchers developed the questionnaire with the intention of identifying the corporate governance practices that impact positively on sustainable development. The questionnaire developed consisted of two sections. Section A consisted of 2 questions on the years of experience of the respondents and the nature of employment or work of the respondent (see appendix). Section B consists of 20 questions. The first 19 required individuals to rate their extent of disagreement or agreement with each of the statement based on a 5-point Likert scale ranging from (1) strongly disagree to (5) Strongly agree. Question 20 was open-ended and was meant to elicit other corporate governance practices that will make for sustainable development not captured in the questionnaire. 150 valid responses were received representing a 75% response rate. The high response rate is explained by the fact that the bulk of the questionnaires were distributed and collected by hand using research assistants.

Characteristics of Respondents

The background information section of the questionnaire was aimed at obtaining data relating to the characteristics of the respondents. Question 1 asked respondents to indicate their years of experience in the organisation. The break-down of the responses suggests that 46 of the respondents had work experience of above five years while 104 of the respondents had work experience of 5 years or below. The second question was on the nature of employment of the respondents, the analysis shows that 46 of the accountants were auditors, 16 were academics, 62 of them work as regulators, and 26 others work as accountants.

Focused Group Discussion

A focused group discussion was convoked to collaborate or otherwise the corporate governance practices that impact positively on sustainable development. The group also explored the challenges of the influence of corporate governance on sustainable development. Nine academics at the University of Nigeria, Nsukka participated in the tightly knit discussion group.

Results and Discussion

Respondents were asked to indicate on a 5-point Likert scale the extent of their disagreement or agreement with 19 corporate governance practices that impact on sustainable development to ascertain the corporate governance practices that may make for sustainable development. The results are presented in table 1

Table 1

Demographic Statistics of Corporate Governance Principles that Impact Positively on Sustainable Development

Statement No	SD	D	U	A	SA	Mean	SD	Rank by the extent of agreement
1)A clear division between the board of directors and executive management responsible for the day to day running of the company	6	11	10	58	65	4.10	1.07	10 th
2) The presence of independent directors whose function is to monitor and advise the executive directors	3	15	16	60	56	4.01	1.03	12 th
3) A board that has an appropriate mix of skills, experience and independence	1	2	5	64	78	4.44	0.69	1 st
4)A board that is diligent in its duties	1	1	11	56	81	4.43	0.72	3 rd
5)A board that has a mechanism for regularly evaluating its performance	5	0	4	57	84	4.43	0.84	2 nd
6)A board that constantly presents a balanced and understandable assessment of the company's position and prospects	3	2	3	56	86	4.47	0.83	1 st
7)A board that establishes a formal and transparent arrangement for risk management	2	5	10	61	72	4.31	0.84	5 th
8) An effective audit committee	1	2	12	53	82	4.42	0.73	4 th
9)Executive director's remuneration linked with corporate and individual performance	3	10	31	50	56	3.97	1.02	16 th
10) An active shareholder group	7	8	23	66	46	3.91	1.05	14 th
11)An independent external audit function	3	5	11	48	83	4.35	0.91	7 th
12)The presence of an effective internal audit	1	3	13	56	77	4.37	0.78	5 th
13)Presence of a reporting format that discloses the economic, social and environmental performance of the organisation	2	6	10	61	71	4.29	0.86	6 th
14)A board that encourages diversity in employment	7	6	26	58	53	3.96	1.06	15 th
15)Board size that is optimal	4	9	24	64	49	3.97	0.99	13 th
16)An ethical board	3	7	16	58	66	4.18	0.94	9 th

17)The presence of a management succession plan	0	4	17	53	76	4.34	0.78	8 th
18)Presence of a whistleblowing policy	5	6	22	53	64	4.10	1.02	11 th
19)Presence of mechanism for the management of conflict of interest	6	4	11	73	56	4.13	0.95	8 th

Source: Fieldwork, 2018. The extent of Agreement = Aggregate of Strongly agreed and Agreed

From the table, respondents agree in various degree of importance that all the 19 corporate governance practices are essential for sustainable development at the firm level in Nigeria. Of particular importance were; a board that has an appropriate mix of skills, experience and independence (1st); a board that constantly presents a balanced and understandable assessment of the company's position and prospects (1st); a board that has a mechanism for regularly evaluating its performance (2nd); and a board that is diligent in its duties (3rd).

T-statistics were carried out to determine whether experience and job types influenced the responses. In respect of job types, we compare auditors and non- auditors on one hand and regulators and non- regulators on another. In respect of experience, we compare respondents with 5years or less number of years of working experience and those with more than five years of working experience.

In respect of experience, respondents with not more than 5 years 'experience were coded 0, while those with more than five years were coded 1. For job type, auditors were coded 1; 0 for non-auditors. Also, regulators were coded 1; otherwise 0 for non-regulators. Independent t-tests were run to find out if the mean responses to the questions were significantly different based on the three groups. The results are shown in Table 2.

Table 2

Difference in mean ratings of the statements - (t-values with sig. two-tailed in bracket)

		Experience	Auditors /Non-Auditors	Regulators /Non Regulators
	Corporate Governance Practices that have positive influences on sustainable development			
1	A clear division between the board of directors and Executive management responsible for day to day running of the company's business.	-2.30 (.818)	-1.223 (.223)	1.584 (.115)
2	The presence of independent directors whose function is to monitor and advise the executive directors.	0.052 (.958)	.052 (.958)	-1.546 (.124)
3	A board that has an appropriate mix of skills, experience and independence.	-.450 (.653)	-.194 (.846)	-.652 (.515)
4	A board that is diligent in its duties.	-.016 (.987)	-.755 (.451)	1.125 (.263)
5	A board that has a mechanism for regularly evaluating its performance.	.196 (.845)	1.042 (.299)	-.223 (.824)

6	A board that constantly presents a balanced and understandable assessment of the company's position and prospects.	-.120 (.904)	1.699 (.091)	-.436 (.663)
7	A board that establishes a formal and transparent arrangement for risk management.	-1.240 (.217)	.441 (.660)	.003 (.998)
8	An effective audit committee	-.159 (.894)	-.629 (.530)	-.871 (.385)
9	Executive directors' remuneration linked with corporate and individual performance.	-.039 (.969)	-.561 (.576)	-1.583 (.116)
10	An active shareholder group.	.288 (.774)	.119 (.905)	-1.399 (.164)
11	An independent External audit function	.244 (.807)	-1.521 (.130)	-.932 (.353)
12	The presence of an effective internal audit	-.030 (.976)	-.030 (.976)	-.906 (.367)
13	Presence of a reporting format that discloses the economic, social and environmental performance of the organisation	.448 (.655)	-.577 (.565)	-.619 (.537)
14	A board that encourages diversity in employment	-.643 (.521)	.362 (.718)	-1.177 (.241)
15	Board size that is optimal	.801 (.424)	.084 (.934)	-.514 (.608)
16	An ethical board	.052 (.958)	.052 (.958)	1.442 (.151)
17	The presence of a management succession plan	-.984 (.327)	.595 (.553)	-1.685 (.094)
18	Presence of a whistleblowing policy	1.329 (.186)	-2.374 (.019)	1.013 (.313)
19	Presence of mechanism for the management of conflict of interest	-1.151 (.251)	.712 (.478)	.322 (.748)

Source: Authors' Analysis

The results show that no significant differences exist on any item under both experiences and between regulators and non-regulators. Significant differences exist between auditors and non-auditors on one out of 19 questions that bother on influences of corporate governance practices on sustainable development, that is question 18 on the presence of a whistleblowing policy. The negative t-statistics suggest that non-auditors mean scores were less than that of the auditors. It could be that auditors appreciate better the likely positive influence presence of whistleblowers will have on their jobs than non-auditors.

Question 20 allowed respondents free rein to suggest other corporate governance factors that can influence sustainable development at the firm level in Nigeria. A respondent fingered provision of adequate knowledge of the principles and concepts of corporate governance and sustainable development at all levels of education as the tonic for corporate governance and sustainable development. Another averred that the only sure way for sustainable development is good corporate governance. A third respondent was convinced that if companies are well directed and controlled in any economy, developing or developed

sustainable development will be the result. Another respondent called for a proper legal system to punish erring board members and staff in order to enhance corporate governance with its attendant salutary effect on development in Nigeria. Finally, another respondent argued that personality traits of board members and staff do more than any other thing to produce good corporate governance that positively impacts on sustainable development. As stated in the methodology, a focused group discussion was undertaken to brainstorm on the challenges of corporate governance that makes for sustainable development in Nigeria. Following focused group discussion protocol, discussants were allowed free rein to express their opinion on the issues raised, and decisions were reached only on a consensus basis. The discussants agreed that all but two corporate governance factors outlined in the questionnaire were linked to sustainable development. The exceptions were linking executive directors pay to performance. Their view was that such a policy would spark off quarrels with other non- executive directors. They were also not comfortable with an active shareholder group. On the challenges, the group confirmed all the 11 challenges suggested to them and added four more. The suggested challenges were:

- i. An ineffective audit committee
- ii. A board that is not transparent
- iii. A board that is not accountable
- iv. A weak internal audit function
- v. A spate of external audit failures
- vi. Weak regulatory oversight
- vii. Low shareholder activism
- viii. Weak protection of minority shareholders rights
- ix. Lack of Unified code of corporate for all sectors of the Nigerian economy
- x. Political considerations in board appointments and
- xi. An ethical culture that encourages unquestioning obedience to authority even if corrupt

Additionally, the four new challenges added by the group were:

- a. Weak internal corporate governance committees
- b. The inclusion of non -experts in the committees
- c. Non- chalant attitude of shareholders
- d. Conflict in joint audit work

The focused group discussion guidelines and the summary results are shown in appendix 2. The findings from the questionnaire respondents show a high degree of unanimity from the various stakeholder groups. The upbeat mood of auditors compared to non-auditors on the issue of a whistleblowing policy is understandable given that their work will be better enhanced if such a policy is in place.

Interestingly, a whistleblowing policy has now been put in place in Nigeria. Audit committee performance in Nigeria has been a subject of discourse in accountancy circles in recent times prompting the Institute of Chartered Accountants of Nigeria (ICAN) to query the efficacy of such committees in Nigeria (Editor 2015). The findings of this study also agree with a similar study which found low shareholder activism and ineffective audit committee as the bane of corporate governance in the Nigerian banking sector (Jafaru & Iyoha 2012). Nigeria is however in good company with Bangladesh which also suffers from audit committee ineffectiveness (Mohiuddin, 2012). The need to galvanise Nigerians for shareholder activism as the bedrock for effective corporate governance has been stressed (Amao & Amaeshi 2007). This study's findings on the need to hold directors and even external auditors accountable

and transparent, compliance weak structures to enforce compliance with existing codes and the proliferation of codes of corporate governance receive an endorsement from a related study (Obodo, 2014). A unified code of corporate governance was launched in 2016 by the former management of the Financial Reporting Council, but it was later suspended on the ground of lack of due process (Editor 2016). A new draft 2018 code has now replaced the suspended 2016 code.

Conclusion

The objective of this study was to find out if there is a nexus between corporate governance and sustainable development in the particular context of Nigeria and the light of the 2016 draft code of corporate governance. The study used a questionnaire survey and focused group discussion on eliciting the opinion of 150 respondents and nine discussants respectively. The study identified a positive relationship between good corporate governance practices and sustainable development at the firm level. Stakeholders ranked a board with an appropriate mix of skills, experience and independence first jointly with a board that continually presents a balanced and understandable assessment of the company's position and prospects. In the second position is a board that has a mechanism for regularly evaluating its performance. In the third position is a board that has an appropriate mix of skills. Also, the study identified numerous challenges facing corporate governance for sustainable development which includes ineffective audit committees and low shareholder activism.

In the light of the above major findings, we recommend company supervision by FRCN that emphasises the key cardinal good corporate governance principles as identified by stakeholders. Regulators can also organise seminars and workshop on a regular basis for company management. Such seminars and workshops will improve the quality of corporate governance practices in Nigeria. Deriving from this study, we recommend that the FRCN should revisit its recommendation in the draft 2018 code which empowered audit committees of the companies to decide on the non-auditing services that external auditors of their companies are allowed to undertake. This recommendation is made because audit committees in Nigeria were found to be mostly ineffective.

The study should be interpreted in the light of its limitations. First, the emphasis was on the private sector of the economy. Also, the study is subject to the limitations associated with survey studies; for example, although we offered the respondents opportunity to add any further thoughts, there is no way of knowing what influenced their judgments when they were ranking the importance of the corporate governance practices.

Despite these limitations, we believe that the study has established a link between corporate governance and sustainable development in Nigeria. It has also identified the challenges facing the attainment of sustainable development via corporate governance practices

The results should inform regulators in reviewing the corporate governance codes and ensuring compliance. The study should also inform company management who are saddled with driving good corporate governance practices in their respective organisations even as it adds to the little international literature on corporate governance and sustainable development in emerging economies.

References

Adejumo, A. V. & Adejumo, O. O. (2014). Prospects for achieving sustainable development through the millennium development goals in Nigeria. *European Journal of Sustainable*

- Development*, 3(1), 33–46. <http://doi.org/10.14207/ejsd.2014.v3n1p33>
- Al-material, E. M. & Al-Swidi, A. K. (2012). The Impact of board characteristics on Firm Performance : Evidence from Nonfinancial Listed Companies in Kuwaiti Stock Exchange. *International Journal of Accounting and Financial Reporting*, 2(2), 310–332. <http://doi.org/10.5296/ijafr.v2i2.2384>
- Amao, O. O. & Amaeshi, K. M. (2007). *Olufemi O. Amao and Kenneth Galvanising shareholder activism : A prerequisite for effective corporate governance and accountability in Nigeria* (CSGR No. 228/07). London.
- Anyaehe, M. C., & Areji, A. C. (2015). Economic diversification for sustainable development in Nigeria. *Open Journal of Political Science*, 5(March), 87–94.
- Arguden, Y. (2010). *A corporate governance model: building responsible boards and sustainable businesses* (17 No. 53891). Washington.
- Asaolu, T. O., Adedokun, S. A., & Monday, J. U. (2016). Promoting good governance through internal audit function (IAF): The Nigerian experience. *International Business Research*, 9(5), 196–204. <http://doi.org/10.5539/ibr.v9n5p196>
- Azim, M. I. (2012). Corporate governance mechanisms and their impact on company performance: A structural equation model analysis. *Australian Journal of Management*, 37(3), 481–505. <http://doi.org/10.1177/0312896212451032>
- Babalola, A., & Adedipe, O. A. (2014). Corporate governance and sustainable banking sector : Evidence from Nigeria. *Research Journal of Finance and Accounting*, 5(12), 32–44.
- Boo, E., & Sharma, D. (2008). Effect of Regulatory Oversight on the Association between Internal Governance characteristics Audit Fees. *Accounting and Finance*, 48, 51–71.
- Dabor, E. L., & Adeyemi, S. B. (2009). Corporate Governance and the Credibility of Financial Statements in Nigeria. *Journal of Business Systems, Governance and Ethics*, 4(1), 13–24.
- Dembo, A. M., & Rasaratnam, S. (2015). Corporate governance and sustainability practices : Evidence from Nigeria. In *International Conference on Accounting Studies* (pp. 1–13). Johor Bahru, MALAYSIA: ISSAD.
- Editor. (2015, September). ICAN queries efficacy of audit committees in Nigeria. *Vanguard*, p. 1. Lagos.
- Editor. (2016, November). Investors laud suspension of FRCN corporate governance code. *The Guardian*. Lagos.
- Enofe, A. O., Mgbame, C., Aderin, A., & Ehi-oshio, O. U. (2013). Determinants of Audit Quality in the Nigerian Business Environment. *Research Journal of Finance and Accounting*, 4(4), 36–44.
- Ibadin, I. M. (2012). The association between selected corporate governance attributes, company attributes and timeliness of financial reporting in Nigeria. *Research Journal of Finance and Accounting*, 3(9), 137–145.
- ICAEW. (2005). *Agency theory and the role of audit. Audit Quality*. London.
- Idowu, S., Tudor, A. T., & Farcas, T. (2016). From CSR and sustainability to integrated reporting. *International Journal of Entrepreneurship and Innovation*, (March), 1–16. <http://doi.org/10.1504/IJSEI.2016.076687>
- Jafaru, J., & Iyoha, F. O. (2012). Directors and corporate governance in the banking sector. *ICAN Journal of Accounting and Finance*, 1(4), 157–167.
- Karayel, M., Sayli, H., & Gormus, A. S. (2009). Corporate governance and sustainable development, A comparative analysis on Turkey and Bosnia Herzegovina. In *International Symposium on Sustainable Development*, (pp. 74–80). Sarajevo: Afyon Kocatepe University.

- Kaya, C. T., & Turegun, N. (2014). Integrated reporting for Turkish small and medium-sized enterprises. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 4(1), 358–364. <http://doi.org/10.6007/IJARAFMS/v4-i1/659>
- Kent, P., & Stewart, J. (2008). Corporate Governance and Disclosures on the Transition to International Financial Reporting Standards. *Accounting and Finance*, 48, 649–671.
- Kocmanová, A., Hrebicek, J., & Docekalová, M. (2011). Corporate governance and sustainability. *Economics and Management*, 16, 543–549. <http://doi.org/10.4324/9780203390122>
- Lifschutz, S., & Jacobi, A. (2010). Corporate Governance Characteristics and External Audit Fees : A Study of Large Public Companies in Israel. *International Journal of Business and Management*, 5(3), 109–116.
- Madawaki, A., & Amran, N. A. (2013). Audit Committees: How They Affect Financial Reporting in Nigerian Companies. *Journal of Modern Accounting and Auditing*, 9(8), 1070–1080.
- Micah, L. C., & Umobong, A. A. (2013). Corporate governance and sustainable development in Nigeria: A Study of oil companies in the Niger Delta Region. *International Journal of Business and Management*, 8(7), 127–132. <http://doi.org/10.5539/ijbm.v8n7p127>
- Mohiuddin, M. (2012). *An empirical investigate*. Cardiff.
- Namazi, M. (2013). Role of the agency theory in implementing management â€™s control. *Journal of Accounting and Taxation*, 5(2), 38–47. <http://doi.org/10.5897/JAT11.032>
- Obodo, C. (2014). Globalisation and corporate governance challenges in Nigeria: A regulatory and institutional perspective. *African Journal of Social Sciences*, 4(2), 50–64.
- Okoye, E., & Akenbor, C. (2010). Enhancing the Effectiveness of Audit Committee in Nigerian Manufacturing Companies. *Journal of Policy and Development Studies*, 4(2), 117–127.
- Olajide, S. (2014). Corporate social responsibility (CSR) practices and stakeholders expectations : The Nigerian perspectives. *Research in Business and Management*, 1(2), 13–31. <http://doi.org/10.5296/rbm.v1i2.5500>
- Owolabi, S. A., & Dada, S. (2011). Audit Committee : An instrument of effective corporate governance. *European Journal of Economics, Finance and Administrative Sciences*, 35(35), 174–183.
- Samuel, G. (2012). *Attributes of Audit Committee Members and Quality of Financial Reporting in Banks in Nigeria*. Ahmadu Bello.
- Sanda, A., Mikailu, A. S., & Garba, T. (2005). Corporate governance mechanisms and firm financial performance in Nigeria. Kenya.
- Srinivasan, P., & Srinivasan, V. (2011). *Status of corporate governance research on India : An exploratory study* (No. 334). *IIMB Working Paper No.334*. Bangalore. <http://doi.org/10.2139/ssrn.2121141>
- Wan-Hussin, W. N., & Haji-Abdullah, N. M. (2009). Audit Committee Attributes, Financial Distress and the quality of Financial Reporting in Malaysia.
- Wu, J. Y. (2012). *Audit Committee Effectiveness - from the Perspective of Audit Committee Members in New Zealand Listed Companies*. Lincoln, NewZealand.
- Zaheer, N. (2013). Effects of duality, board size and board composition on corporate governance disclosure in Pakistan. *International SANAM Journal of Finance and Accounting*, 1(3), 1–16.

Correspondence: Ofoegbu, Grace N., Department of Accountancy, University of Nigeria, Nsukka, Enugu State, Nigeria, Email grace.ofoegbu@unn.edu.ng