



## **Corporate Governance and Financial Performance of Listed Agricultural Companies in Nigeria**

**Ajibola Hussein Olamilekan\*, Fasina Oludare Olakunle & Oduwole Foluke Rachael**

Department of Accountancy, Federal Polytechnic Ilaro, Nigeria

\*Corresponding author mail: [jbhusssein@gmail.com](mailto:jbhusssein@gmail.com)

### **Introduction**

Corporate governance has grown in significance and will continue to do so in Nigeria and worldwide. Several countries have embraced the corporate governance concept as a result of the board's impact on a firm's success. This interest stems from the continuous failure of many companies around the world. In the end, sustainable development and improved financial performance are promoted by good corporate governance practices, which also improve a company's value and risk management. Notwithstanding the actions taken by several Nigerian regulatory agencies, there have been documented instances of certain businesses, like the agricultural firms, failing to maintain proper governance, which has majorly affected the financial performance of those companies. To provide a suitable response about how boards' attributes affect performance, this study examined the effect of corporate governance on the financial performance of listed agricultural companies in Nigeria. Board size and board diligence were used to measure corporate governance, whereas return on assets was employed as a proxy for financial performance.

### **Methodology**

The research design used in the study was ex post facto. All five of the listed agricultural firms in Nigeria had their annual reports and accounts examined for 15 years (2009–2023) in order to obtain secondary data. Regression analysis, correlations, and descriptive statistics were employed to analyse the gathered data.

### **Results and discussion**

The two predictors, board size and board diligence, exhibit weakly negative correlations with return on assets according to their respective correlation coefficients of -0.309756 and -0.048483. In addition, it was revealed from the regression table that board size has no significant effect on return on assets of listed agricultural companies in Nigeria (with p-value of 0.3998 > 0.05), while board diligence significantly affects return on assets of listed agricultural companies in Nigeria (with p-value of 0.0008 < 0.05).

### **Conclusions**

Consistent with the research findings, the study concludes that users of financial statements cannot rely on board size to determine changes in return on assets of the selected companies, while stakeholders of the chosen firms can rely on board diligence to predict changes in return on assets of listed agricultural companies in Nigeria. As a result of this, the study suggested that Nigerian regulatory bodies should prevent agricultural firms from having larger boards since smaller boards are more productive than larger ones. To improve the study's robustness and representativeness, future research should employ other proxies to quantify financial performance. Parameters like earnings per share, Tobin's Q, return on capital employed and return on equity. Additionally, the sample size could be expanded by including both listed and non-listed Nigerian agricultural companies.

### **Keywords**

Board diligence, Board size, Corporate governance, Financial performance, and Return on assets.