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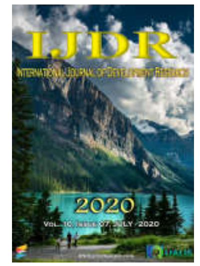

RESEARCH ARTICLE OPEN ACCESS

CORPORATE GOVERNANCE AND BUSINESS SUSTAINABILITY: HOW RELEVANT IS CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

There is a conscious emphasis on sustainability globally in recent times. Organizations as one of the major components of the society are the focal point in these global discussions. Corporate governance is therefore a major phenomenal in this subject matter. In the light of the above, this research examined the impact of corporate governance on business sustainability of quoted oil and gas companies on the Nigerian Stock Exchange. The study adopted ex-post facto research design. The population of the study comprised all listed oil and gas companies on the Nigerian stock exchange. The sample size of 10 oil firms were selected using judgmental and convenience stratified technique. Data were collected from the audited annual reports of the firms under study for the period of seven years (2011-2017). The findings of the study revealed that, corporate governance when regressed with business sustainability proxies had a positive significant impact on corporate social responsibility as a measure of business sustainability. The study concludes that corporate governance has different influence on business sustainability indicators. It was recommended that regulators of oil and gas companies keep a close tab on influence of corporate governance structures and practices of oil and gas companies in Nigeria

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INTRODUCTION

There has been a growing concern for global sustainability in all sectors of the society in the recent times especially in the last two decades after the Rio Summit of the United Nations in June 1992. Business organizations as integral part of the society are very much affected with this global concern as they seek more sustainable ways to generate value. This concept is primarily driven by various legislations arising from the need to conserve natural resources and reduce impact of human activities across economic, social and environmental issues associated with business performances. There have been different businesses reporting models that help organizations to understand, demonstrate, communicate, report and improve their sustainability performance. Some of these models identified are – Eco-Management and Audit Schema, Global Reporting Initiative (GRI), International Standard Organization (ISO 14000 series) and so on.The concept of business sustainability has therefore more recently being a global concern and importance because corporate entities are trying to ensure satisfactory performance in relation to economic, social and environmental concerns of the society. A more stakeholder-based view has gradually come to prevail, bringing a multidimensional performance measurement system, distributed over different fields and stakeholders' interests (Hubbard, 2009). Gonzalez, Hernandez and Garcia-Avila (2013) are also of the view that the traditional organizational performance measurement related shareholder point of view has changed dramatically in the last 20 years. The concern for business sustainability has also grown considerable in Nigeria in line with to the global concerns. Organizations are being pressured to lay more emphasis on corporate social responsibility that ensures reduction in greenhouse emissions to conserve the environment on one hand. Businesses are also being encouraged to allocate more resources to initiatives and activities that promotes sustainability. Of importance is the growing concerns for good corporate governance to ensure organizations are managed efficiently and effectively to facilitate economic sustainability, create sustainable value and promote national wealth. Governance in general could be interpreted differently depending on the motive and circumstance being considered.

Governance could be explained as the process that offers public service for the common good to the generality or at least many of the people(Akata, 2017). Corporate governance can be defined as a system by which companies are directed and controlled (Cadbury, 1992). Corporate governance encompasses practices, procedures, systems and policies employed by an entity to ensure that it is managed in the best interests of all stakeholders and guaranty the safeguards of the investors' investments. Corporate governance goes beyond obedience to laws and regulations or compliance to rules; it is more of an ethical and moral phenomenon. A company can be compliant with all laws governing its operations and existence and still play foul on corporate governance. This scenario can best be described in the words of Charlie McCreevy, a onetime European Internal Market Commissioner in (Arcot& Bruno, 2006): one can stay within the rules of the game yet play in a particular fashion which is not in the spirit of the game. The same way with legal rules, one can stay within the legal rules and yet not fully comply with the spirit. Developing countries of Europe and America take the concept of corporate governance very seriously. In some countries, specific corporate governance practices are rule based and non – compliance to these laws could be a crime that could warrant imprisonment up to life. In other countries, some corporate governance practices are persuasive. What is however important to note is that corporate governance is treated with all seriousness it requires and constant awareness of its importance in the corporate environment is applied. Laws and regulations are constantly reviewed and realigned to current realities in the corporate environment to ensure adequate protection of all stakeholders and boast investors' confidence. This minimizes the occurrence of corporate failures in these countries, thereby increasing the chances of corporate survival and sustainability.

However, in developing countries, the emphasis on corporate governance cannot be compared to what obtains in the developed economies. Even where there are rules and laws with specific consequences of violations, the will to enforce is usually weak. In Nigeria, one of Africa's most important and largest economies, bad corporate governance, including corrupt corporate behavior and rascality is the other of the day. Even in the face of several corporate governance codes by different regulatory agencies like the Central Bank of Nigeria (CBN), the Security and Exchange Commission (SEC) and recently the Financial Reporting Council of Nigeria (FRCN), corporate criminals perpetuate their atrocities at will and buy their way through the regulatory authorities and the judicial process to avoid prosecution. According to Sanusi (2010), the most recent banking crises in Nigeria, has been linked with governance malpractice within the consolidated banks which has therefore become a way of life in large parts of the sector. He further opined that corporate governance in many banks failed because boards ignored these practices for reasons including being misled by executive management, participating themselves in obtaining un-secured loans at the expense of depositors and not having the qualifications to enforce good governance on bank management. Empirical studies on corporate governance are a recent development of last one to two decades across the globe. However, compared to most developing countries of Europe and America, the available literature remains deficient in developing countries especially Africa. In Nigeria the few studies on corporate governance narrowly focused on a single aspect of governance, such as the role of directors or that of shareholders, while omitting other factors and interactions that may be important within the governance framework on one hand and the effect of good or bad corporate governance practices on business sustainability to explain why most Nigerian businesses do not outlive their promoters. In Nigeria, among the few empirically feasible studies on corporate governance are the studies of Owolabi, Olayemiand Owolabi (2015), Uwaigbe (2011) and Adegbite and Nakajima, (2011).Studies on the relationship between corporate governance and business sustainability in Nigeria are deficient. Other studies are the studies byAkingunola, Adekunle and Adedipe (2013) which focuses on bank's performance and corporate governance after the consolidation of the banking industry in Nigeria. Other related studies can however be found in other developing economy like Nigeria such as Esra and Hamdan (2015) whose study focuses on the 'Impact of Corporate Governance on Firm Performance' using the Bahrain Stock Exchange listed entities.Lakshan and Wijekoon (2012) also studied the relationship between corporate governance and corporate failure of listed entities in Sri Lanka. In order to address these deficiencies, this study examined the effect of corporate governance on business sustainability in a developing economy like Nigeria. Unlike other prior studies, this study is not restricted to the financial service industries nor to the framework of the Organization for Economic Cooperation and Development principles, which is based primarily on shareholder sovereignty. It analyzed the level of compliance of code of corporate governance by Nigerian companies to the Securities and Exchange Commission's Code of Corporate Governance.

The emphasis on sustainability coupled with frequent business failures and financial scandals around the world has ignited a lot of discussions on the need for effective corporate governance. Many business failures have been recorded in Europe, America, Latin America, Asia and Africa in the last few decades which has been traced to ineffective corporate governance. The most prominent corporate failures we witnessed in the last two decades are the Enron and Arthur Anderson case, Lehman Brothers, Worldcom, Tyco, Parmalat, AIG Insurance, Nortel, Schlecher and so on. In Nigeria, we witnessed the near collapse of Oceanic Bank, Intercontinental Bank, Bank PHB, Spring Bank and most recently, Skye Bank. The depositors in these banks would have lost their savings but for the intervention of the Central Bank of Nigeria. The major problem identified in these bank failures were corporate rascality and ineffective corporate governance. The most important organ of corporate governance is the Board of Directors. It is the responsibility of the Board to ensure adequate and effective governance mechanism. This can only be achieved through appropriate and effective composition of the board. The composition of the board is expected to pursue a primary goal of reducing agency problems consequently dragging down the agency cost thereby improving performance (Owolabi 2012).The composition of board members is expected to have a positive relationship with performance; a positive relationship is expected between firm performance and the proportion of outside directors (Weisbach, 1991; Weisbach, 1998; Hermalin, 2003). The logical reasoning behind this is that the outside directors will be more effective at controlling the unproductive actions that the CEO may want to take. This stand, however, has not produced intellectual consensus as there are series of conflicting research results. Empirical results of the work of Weisbach (1988); showed that there is a positive relationship

between outside directors and performance. There are equally empirical evidences that demonstrated that there is existing significant relationship between outside directors of the board and performance, among such studies are Hermalin and Weisbach (1991); Yermack (1996); On the contrary, AgrawaandKnoeber, (1996) in Owolabi (2010) affirmed a negative relationship between independent directors and firms' performance. This study will try to examine the effect of board composition on performance in the Nigerian context.Fama and Jensen (1983) noted that a major problem arising from agency theory is the nature of agents that depicts that the agents take actions that are more favorable to them than the shareholders. The concept of director shareholding is to make them part owner of the business to reduce agency cost and induce performance. Past studies have revealed that the results are mixed in nature between director shareholding and performance. Positive relationship was established by Agrawal and Knoeber, (1996); while Sanda and Mikailu, (2005) established a negative relationship between director share-holding and firm performance in Nigeria. This study is aimed at further exploring this relationship between director shareholding and performance of oil and gas firms in Nigeria.

Another mechanism of corporate governance is the board size. Board size is seen as one of the mechanisms of dealing with agency problems (Owolabi, 2010). There is not yet unanimous approach to board size but, intellectual discussion is still on to determine the optimal board size. Limiting board size is assumed to improve firms' performance because the benefit of larger board size is eroded away by the poor communication and decision making of larger groups (Lipton & Lorsch, 1992; Jensen, 1993). In confirmation of this, Yermack (1996) affirmed that large board rooms tend to be slow in decision making, and hence can be an obstacle to change, development and performance. Similarly, Yermack (1996); Lipton and Lorsch (1992) argued that directors rarely criticize the policies of top managers and that this problem may be escalated by the number of directors. This study will further explore the relationship between board size and firm performance with focus on oil and gas companies listed on the Nigerian Stock Exchange. Carter, Simkins and Simpson (2003)advocated that theinclusion of women and minority groups in the boardof directors improves its independence. Furthermore, board diversity can also act as amessage to alert the community and the whole societyabout the company'sdedication to non-discriminationon basis of race/ethnicity and gender which improvethe firm's social performance (Bilimoria, 2000;Miller &Triana, 2009), thus Mitchell, Agle and Word (1997) study established that board diversity takes care of diverse stake holders. Moreover, large board diversity results in multiplestakeholder interests being managed and identifiedthereby generating better decisions with regard tocorporate social responsibility of the firm (Luoma& Goodstein, 1999). On a socialperspective, board diversity with respect toeducation,professional and functional history was positivelyassociated with original, new and high-quality results(Bantel, 1994).This study will explore the effect of corporate governance on corporate social responsibility (a proxy for business sustainability) to juxtapose the existing literature with the Nigerian context.

Review of Extant Literature: Corporate governance has been part of research into the business profession since Adam Smith's (1776) seminal publication of 'An Inquiry into the Nature and Causes of the Wealth of Nations' where he wrote concerning the responsibilities of directors amongst others as follows: the directors of such companies being the managers of other people's money than of their own cannot well be expected to watch over it with the same anxious vigilance with which the partners in a private co-partner frequently watch over their own. Like the stewards of a rich man, they are apt to consider attention to small matters as not for their master's honour and are very easily give themselves a dispensation from having it. Negligence and profusion therefore, must always prevail, more or less, in the management of the affairs of such a company. It is upon this account that joint stock companies for foreign trade have seldom been able to maintain the competition against private adventurers. They have accordingly very seldom succeeded without an exclusive privilege and frequently have not succeeded with one. Without an exclusive privilege, they have commonly mismanaged the trade. With an exclusive privilege, they have both mismanaged and confined it (Smith, 1776). The concept of corporate governance is most important for today's business environment as it refers to all rules, policies, procedures and administration of a company's contracts with shareholders, creditors, employees, suppliers, customers and the government. Governance is legally vested in the board of directors who have a fiduciary duty to serve the interests of the entity rather that their own interests or those of the firm's management.

The Sir, Adrian Cadbury Report on the Financial Aspects of Corporate Governance defined corporate governance as 'the system by which companies are directed and controlled' (Cadbury, 1992). Good corporate governance can also be considered as the diligent way in which providers of corporate financial capital guarantee appropriate rewards in a legal and ethically moral way. There are both internal and external ways of achieving this (Jensen, 1993). The first is through the structure of ownership (shareholding concentration and voting rights), and board of directors or supervisory board in some regulatory regimes (who monitor firms and are supposed to work in the interest of shareholders). The second is through the market for corporate control (takeover threats), regulatory intervention, and product and factor markets. Corporate governance codes that serve as templates of achieving value to shareholders (and stakeholders) have been written in several countries. Corporate governance, as a concept, can be viewed from at least two perspectives. The narrow view is concerned with the structures within a corporate entity an enterprise receives its basic orientation and direction. The broad perspective is regarded as being the heart of both a market economy and a democratic society (Oyejide&Soyibo, 2001) the narrow view perceives corporate governance in terms of issues relating to shareholder protection, management control and the popular principal-agency problems of economic theory. Corporate governance has been looked at and defined variedly by different scholars and practitioners. However, they all have pointed to the same end, hence giving more of a consensus in the definition. Coleman& Nicholas-Biekpe (2006) defined corporate governance as the relationship of the enterprise to shareholders or in the wider sense as the relationship of the enterprise to society as a whole. However, Mayer (1999) offers a definition with a wider outlook and contends that it means the sum of the processes, structures and information used for directing and overseeing the management of an organization. The Organization for Economic Cooperation and Development has also defined corporate governance as a system by which companies are directed and

controlled. (OECD, 2004; Richard Anderson & Associates, 2012). It is upon this system that specifications are given for the division of competencies and responsibilities between the parties included (board of directors, the supervisory board, the management and shareholders) and formulate rules and procedures for adopting decisions on corporate matters in a bid to protect the shareholders long term interest.

There are several empirical studies on corporate governance and business sustainability or corporate failures. The findings of these studies are different in most cases; hence the available literatures suggest a mixed relationship between identified variables of corporate governance and business sustainability. Ngwakwe, Ganda&Akinyomi (2014) suggest the need for improved detailed disclosure on sustainability in the Nigerian corporate annual reports. Appiah (2013) findings are consistent with the idea that failing firms decline in size, managerial performance, corporate board attributes as well as their board's ability to discharge its' monitoring and resource roles. Most of these studies focus more on corporate governance and corporate failures while there has been no indebt study on the effect of these corporate governance indices on the variables of business sustainability as identified by the sustainability indexes of economic, social and environmental sustainability. Ngakwe, Ganda &Akinyomi (2014) examined the stance of independent directors on corporate sustainable development initiative in South Africa and Nigeria. Using mainly primary data, they found out that independent boards in both countries of study understand the importance of sustainability; however, a pragmatic stance on sustainability is more visible in South Africa where independent boards are members of and/or participate in nominating corporate sustainability committees. Nirosha& Stuart (2013) studied the demographic diversity of board members in the Sri Lankan boardroom and their effect on firm performance. The study concluded that board ethnicity and age increase firm performance, but board gender, education and occupational diversity reduces firm performance. Related study in other environment reveals otherwise indicating the effect of the environment and culture and gender impact on performance.

Alena, Jiri & Marie (2011) in their study concluded that corporate sustainability is focused on long-time creation of the value for the owners by incorporating the opportunities and risks of sustainable development concepts (economic, environmental and social). A number of measures and procedures that will reduce negative impacts and strengthen positive effect in order to reach conformity with corporate objectives of sustainability have to be implemented in the corporate practice. This study will also explore the impact of corporate governance on short- term value creation. A review of the various literatures above indicates that none actually analyses the Nigerian situation in-depth with regards to the subject matter. Most of the studies were in the developed economy aside Ngakwe, Ganda &Akinyomi (2014) whose work was on Nigerian and South African entities, there was still more emphasis on the South African entities. This are obvious gaps in the above literatures. This study will however make use of secondary data of quoted oil and gas companies on one hand and the study will be strictly on oil and gas companies in Nigeria. This will fill the gap identified above. The agency theory posits that the control function of an organization is primarily exercised by the board of directors. With regard to the board as a governance mechanism, the issues that appear most prominent in the literature are board composition (in particular board size, inside versus outside directors and the separation of CEO and chair positions) and the role and responsibilities of the board (Biserka, 2007). In relation to the research objectives, this study will adopt the agency theory because, it focuses on the board of directors as a mechanism which dominates the corporate governance literature. The theory further explains the association between providers of corporate finances and those entrusted to manage the affairs of the firm. This is also in accordance to the works of Ross (1973); Fama (1980); Sanda, Mukaila&Garba (2003) and Anderson, Becher and Campbell (2004).

METHODOLOGY

Ex-post facto research design is adopted in this study because it involves the collection and evaluation of data relating to previous events. The sample selected for this study is the oil and gas sector of quoted companies on the Nigerian Stock Exchange as at June 30th, 2018. These samples were selected due to easy accessibility to their annual reports which is the major source of the secondary data to be used for the study.

Table 1. List of Companies in the Oil and Gas Sector of the Nigerian Stock Exchange

SN	Name of Company
1	Forte Oil Plc (formerly African Petroleum Plc)
2	Conoil Nigeria Plc (formerly National Petroleum Plc)
3	MRS Nigeria Plc (formerly Texaco Nigeria Plc)
4	11 Nigeria Plc (formerly Mobil Nigeria Plc)
5	Oando Nigeria Plc (formerly Unipetrol Nigeria Plc)
6	Total Nigeria Plc
7	Eterna Oil Nigeria Plc
8	Seplat Nigeria Plc
9	Capital Oil Plc
10	Japaul Oil and Maritime Services Plc

Source: the Nigerian Stock Exchange (2018)

This study evaluated the effect of corporate governance mechanisms on business sustainability measured by corporate social responsibility, in quoted oil and gas firms in Nigeria.Listed entities on the Nigerian Stock Exchange as at 30th June 2018 were used as the population for the study. The time dimension of the study is between 2008 to 2017 covering a total of ten years.The study covers these entities' activities and corporate governance practices during these periods. The choice of this period allows for a significant lag period to study the variables efficiently.The study is restricted to the quoted oil and gas companies on the Nigerian Stock Exchange. Ten (10) out of the listed oil and gas companies are used. The sampling methods that were adopted for choosing the representative are judgmental and convenience stratified.

The focus is on the relationship that may exist between corporate governance mechanisms and business sustainability. The study covers four key governance variables which are: board size, board diversity, board composition and directors' shareholdings while sustainability variables identified are economic, social and environmental sustainability measured by performance and shareholders' loyalty for economic, employees' development and training for social and innovation and corporate social responsibility for environmental sustainability respectively but the current study will be looking at only corporate social responsibility. It is good to note that Corporate Social Responsibility (CSR) Cost is a broad term used to describe a company's efforts to improve the society where it operates. These efforts can range from donating

money to non-governmental organizations (NGOs), building social amenities and infrastructure for the immediate society, contributing to education and social being and so on. These costs are disclosed in the financial statements and charged to administrative expenses in the statement of profit or loss. It is expected that the independent variables and the respective dependent variables, that is, how corporate governance variables of board size (BS), board diversity (BD), independent directorship (ID), and directors' shareholding relate to business sustainability. Theoretically, these corporate governance variables are expected to relate positively with the identified sustainability variable (CSR). This can be depicted as follows: $\beta_{1\text{-}4it} > 0$.

DATA ANALYSIS AND FINDINGS

Table 4.1 Regression estimate

Variable	Main Analysis			
	Coefficient	Std Error	Z	Prob.
Constant	0.6885	0.0793	8.68	0.000*
BS	0.15250	0.085837	1.776	0.077
BD	0.031	0.1510	0.205	0.83
BC	0.076	0.8794	0.045	0.041*
DS	0.0178	0.0540	3.27	0.061
R-Square: Overall		0.582		
Wald Test		0.70		0.001*
Hausman Test		0.03		0.865
Heteroskedasticity: Breusch-Pagan / Cook-Weisberg		1.73		0.188
Wooldridge test for autocorrelation		99.907		0.025

Dependent Variable: LnCSR *significance at 5%
Source: Researcher's Study, 2020
Diagnostics Test Result

From table 4.1, the hausman test was first used to determine whether fixed or random effect is suitable for the model. The probability of this test showed 0.865 which is higher than the acceptable 5%, thus, the null hypothesis to estimate random effect was accepted. Thus, random effect was estimated for model 6. Also, Breusch-pagan heteroskedasticity test showed a p-value of 0.188, implying that the null hypothesis of constant variance was accepted thus indicating the absence of heteroskedasticity. However, the probability value of Wooldridge test for autocorrelation stood at 0.025, indicating that the null hypothesis of no serial correlation should be rejected. Thus, there is presence of serial correlation. In order to accommodate the presence of serial correlation in the model, the Feasible Generalized Least Squares (FGLS) Estimator was used. As such, the model was specified correctly.

Main Model and A-priori Expectation

$$LnCSR_{it} = \beta_1 BS_{it} + \beta_2 BD_{it} + \beta_3 BC_{it} + \beta_4 DS_{it} + \mu 1$$

$$LnCSR_{it} = 0.688 + 0.15BS_{it} + 0.03BD_{it} + 0.07BC_{it} + 0.017DS_{it} + \mu 1$$

The regression estimate of model five shows that corporate governance measured by board diversity, board composition and director shareholding have positive effect on oil and gas companies' business sustainability measured by corporate social responsibility. These are indicated by the signs of the coefficients, that is $\alpha 1\text{-}4 > 0$. This result is consistent with a-prior expectations that corporate governance will have a positive effect on business sustainability.

Interpretation: From Table 4.2.6, the size of the coefficient for board size shows that an additional increase in the number of board members will lead to a 15% increase in corporate social responsibility, also a 1% increase in board diversity will lead to a 3% increase in corporate social responsibility. Furthermore, a 1% increase in board composition will lead to 7% significant increase in corporate social responsibility to be incurred. Finally an increase in shareholding of directors by 1% will lead to 1.7% increase in the corporate social responsibility to be incurred. The Also, the overall R-square of the model showed that less than 58% variations incorporate social responsibility can be attributed to corporate governance, while the remaining 42% variations in corporate social responsibility incurred are caused by other factors not included in this model. The Wald test showed a probability value of 0.001 which indicates that the explanatory variables are statistically significant because the value is less than 5%, the level of significance adopted for this study. Therefore, the model is statistically significant. Thus, the null hypothesis that says corporate governance has no significant effect on corporate social responsibility of quoted oil and gas companies in Nigeria is rejected. Findings from the study show that corporate governance structures measured by board size, board diversity, board composition and directors' shareholdings have a positive significant impact on the corporate social responsibility. This suggests that an effective leadership of the corporation ensures that the corporation delivers on their promises as the wealth creating organ of the society in a sustainable manner. This result is consistent with those of Muktar, Mohammad, Jubril and Mohammad(2016); Said, Zainuddin and Haron (2009) as against that of Toto, Stephanus and Valina (2014) which showed that CSR and Corporate Governance had a statically insignificant relationship thus, the corporate governance has no relationship with Corporate Social Responsibility reporting.

Conclusion and Recommendation

Agency theory states that due to the separation of ownership and control, managers would tend to pursue their own goals at the detriment of the shareholders (Jensen &Meckling, 1976), hence the reason for our corporate governance result on business sustainability. Therefore, monitoring management decision as regards to the sustainability of the business becomes essential for Board of Directors to ensure that the interests of shareholders are protected at all times. This shows that all our results of corporate governance having a significant effect on business sustainability is consistent with our theory. The agency theory opined that in order to curb managers' excesses, board of directors are intended to monitor the financial reporting process and constrain opportunist managerial reporting, hence the justification of the result for the effect of board of directors and business sustainability to be positive related. Therefore, our result is consistent with the theoretical framework of our chosen theory and all research questions answered (or were answered) through the result from our test of hypotheses. Our findings been in-line with the agency theory implies that the theory is empirically testable and is said to be relevant to the happenings in the 21st century business environment. This also means that the study is theoretically consistent with prior literature (studies) (Hutchinson and Percy, 2008). Therefore, this study would be

of immense benefit to scholars, regulatory bodies and other stakeholders, it drew from global best practice in corporate governance and also unique and radical approach tailored towards the peculiarity of Nigeria because the result of this study shows similarity in the relationship between the variables of corporate governance and business sustainability in developed world and developing world like Nigeria. Hence, the theory of agency itself can be seen as relevant as it is not only applicable to the developed economy but also to the developing economy. The study concluded that corporate governance influences business sustainability indicator as measured by corporate social responsibility. It was recommended that 1. The Regulators and Boards of oil and gas companies should keep a close tab on influence of corporate governance on Profit before tax and Earnings per Share. The relationship is positive and significant which means that firms board structure that consists of the appropriate size, exhibits qualities of board diversity, separate functions of CEO and Chairman will improve performance when measure with CSR. Equally the existence of independent directors and non-executive directors on the Board of Firms will boost their independence and impact positive of performance. It is recommended that the Regulators and Board of Firms re-examine the attributes of these corporate governance variables with a view to strengthen and raise the bar especially on qualifications, experience and industry knowledge of membership. The study contributed to knowledge by providing a better understanding to Regulators, Policy makers and Management of oil and gas companies on the effect of corporate governance on their business sustainability and not just financial performance. This will facilitate policy reviews and enhancement of the code of corporate governance and also assist the Boards of oil and gas firms in making resolutions at the AGM especially in relation to corporate governance issues examined in this study.

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