Corporate Governance and Performance of Listed-Nigerian Non-Financial Firms.

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Abstract
Recent developments, including the global financial crisis, prominent corporate scandals, and heightened public concern regarding board performance and executive compensation, have significantly increased attention toward corporate governance. This study examined the relationship between corporate governance and the financial performance of forty-five (45) listed non-financial companies on the Nigeria Exchange Limited (NGX) from 2012 to 2023. The data for the study was mined from the annual reports of the selected firms. The System Generalized Method of Moments (SGMM), which is particularly suited for analysing dynamic panel data, was employed for the data analysis. The findings showed that board size and independence do not significantly affect return on assets. Furthermore, board size has a significant negative effect on enterprise value, while board independence has a significant positive effect on enterprise value. The board ownership exhibited a significant negative impact on both financial performance proxies. In contrast, block ownership demonstrates a significant positive influence on return on assets and enterprise value. The study recommends that the Nigerian government enhance corporate governance regulations to promote block ownership by ensuring transparency, accountability, and protection of shareholder rights. This will encourage major shareholders to prioritise the company's best interests and those of minority shareholders.
Keywords: block ownership, board independence, board ownership, board size

1.0 Introduction

Corporate governance has become a critical element of organisational performance, particularly in economies pursuing sustainable development. In developing countries such as Nigeria, the significance of corporate governance in improving firm performance has garnered considerable attention, mainly due to the distinct institutional and regulatory challenges that businesses encounter. Listed companies, especially in the non-financial sectors, play a vital role in fostering economic growth and attracting investment. Consequently, it is essential to understand the relationship between corporate governance mechanisms and firm performance to enhance these enterprises' transparency, accountability, and efficiency.

Corporate governance encompasses the mechanisms and frameworks through which organisations are directed and controlled to enhance long-term value for shareholders by promoting corporate performance and accountability (Jenkinson & Mayer, 1992; Uwuigbe & Fakile, 2012). It involves a set of principles and guidelines that help ensure a corporation's proper functioning, accountability, transparency, and ethical behaviour. The importance of corporate governance cannot be overstated, as it has wide-ranging implications for the company, its stakeholders, and the broader economy (Eni-Egwu et al., 2022). Effective corporate governance rules play a crucial role in mitigating the inherent 'principal-agent conflict' by ensuring that an organisation adheres to the legal, regulatory, and industry-specific best practices that govern the business, its industry, or the nation in which it operates (Alexander et al., 2015).

Corporate governance is a crucial aspect of organisational management that involves establishing effective structures and procedures to oversee and regulate the potentially self-interested actions of managers. This framework holds managers responsible for their decisions (Jensen & Meckling, 1976; Wang et al., 2020). In essence, effective corporate governance creates a framework that balances the interests of various stakeholders, aligns management's actions with shareholders' interests, and promotes responsible and sustainable business practices. It contributes to a company's overall success and longevity while maintaining its stakeholders' trust and confidence. According to Onyebuchi (2022), the internal control mechanisms for corporate governance consist of management remuneration, the board, and ownership structure.

The board of directors serves as the apex of the hierarchical corporate control structure, wielding significant authority and responsibility for overseeing the operations and strategic direction of the organisation. Its primary responsibility is to manage the management (agents) on behalf of the principals (shareholders) who elect its members. Jensen and Meckling (1976) state that the board of directors oversees and protects the principals' interests. An independent board is considered a crucial component of effective governance since it effectively supervises management on the principals' behalf (Pucheta-Martínez & Gallego-Álvarez, 2020). The board of directors has the authority to hire, fire, and compensate top-level executives, oversee important decisions, and ensure that executive directors work in the principals' best interests (Fama & Jensen, 1983; Onyebuchi, 2022).

The role of ownership concentration, particularly block ownership, in corporate governance is significant. Studies have explored the correlation between ownership structure and firm performance, and the results range from positive to negative (Fauzi & Locke, 2012; Al-Matari &

Al-Arussi, 2016; Shan, 2019; Al Farooque et al., 2020; Onuora & Fabian, 2022). Demsetz and Lehn (1985) and Shleifer and Vishny (1986) contend that block-holders are motivated to monitor management and address agency problems because they will receive a substantial share of the firm's profits. However, Fama and Jensen (1983) argue that high block ownership can entrench existing management, making it difficult for shareholders to replace underperforming executives. This lack of accountability can lead to suboptimal management decisions and hinder firm performance.

Firm performance, typically assessed through financial metrics such as return on assets (ROA) and enterprise value (EV), is a vital indicator of organisational success and sustainability. ROA measures the efficiency with which a firm utilises its assets to generate profits, whereas EV represents the market's assessment of a company's total value, encompassing both equity and debt. The relationship between governance mechanisms and these performance indicators remains a focal point of empirical investigation, particularly within non-financial firms, which form a substantial part of Nigeria's corporate environment. Despite extensive global research, the correlation between corporate governance and firm performance remains ambiguous, with findings demonstrating variability across different regions, industries, and governance characteristics. Nigeria's distinctive socio-economic and regulatory context introduces additional complexities, thereby underscoring the necessity for context-specific studies to explain the effect of governance mechanisms on performance within non-financial firms.

In recent years, there has been a significant rise in interest regarding corporate governance due to fraud, misconduct, negligence, and scandals that have resulted in considerable financial losses for shareholders (Ibitamuno et al., 2018). Several Nigerian companies, such as African Petroleum, Cadbury Nigeria Plc, Intercontinental Bank, Lever Brothers Nigeria Plc, Oando Plc, Oceanic Bank, and Skye Bank Plc, have faced failures over the past two decades, primarily attributed to shortcomings in corporate governance practices (Otubelu et al., 2021). Most of these corporate failures can be linked to inadequate oversight by boards of directors, who have sometimes ceded control to corporate managers prioritising their own interests, along with the boards' inability to uphold accountability to shareholders (Olayinka & Adekola, 2021). The challenges associated with corporate governance in Nigeria are primarily rooted in the prevalent culture of corruption and the insufficient institutional capacity to enforce the codes of conduct that regulate corporate governance effectively. The system's dearth of checks and balances worsens this situation by allowing company executives to commit serious misconduct without facing serious consequences. Furthermore, excluding investors from the governing structure further contributes to these challenges (Adekoya, 2014; Ozili, 2020).

Numerous empirical studies have examined the relationship between corporate governance practices and financial performance. However, these studies have generated diverse and inconclusive findings, indicating a lack of consensus in the research findings (Fauzi & Locke, 2012; Ogege & Boloupremo, 2014; Al-Matari & Al-Arussi, 2016; Lawal et al., 2018; Shan, 2019; Al Farooque et al., 2020; Onuora & Fabian, 2022). The inconsistencies within the empirical literature indicate a notable void in the existing body of research. This suggests that the subject matter is open to further investigation and that further research is required to provide distinct perspectives. Most prior studies examining the relationship between firm performance and corporate governance in Nigeria have predominantly employed ordinary least squares (OLS)

methods (Ogege & Boloupremo, 2014; Oghenekohwodo & Baidu, 2019; Ali & Shadrach, 2023) as well as fixed-effects and random-effects models (Ilemobayo et al., 2020; Oshatimi et al., 2022; Fatma & Chouaibi, 2023). The present study aims to contribute to the methodological discourse by addressing the potential endogeneity associated with the causal relationship between corporate governance and firm performance. A system generalised method of moments (SGMM) estimator, proposed by Blundell and Bond (1998), will be employed to achieve this.

2.0 Literature Review

This study is underpinned by Agency Theory:

2.1 Agency Theory

This theory describes the relationship between principals and agents in a contractual arrangement. It aims to analyse situations where one party, the principal, transfers decision-making authority to another party, called the agent, to act on their behalf (Jensen & Meckling, 1976; Oke & Babalola, 2023).

In agency theory, the central concept revolves around the potential for a conflict of interest between the principal and the agent. This conflict arises due to differences in their objectives and motivations. The principal seeks to maximise their interests, while the agent acts in the principal's best interest. This relationship sets the stage for possible tensions and challenges as the parties work to align their objectives and motivations. However, the agent may also have goals that do not perfectly align with the principal's objectives. This misalignment of interests can lead to what is known as the "agency problem." The theoretical framework proposes a range of mechanisms to align the interests of principals and agents. These mechanisms include, but are not limited to, contracts, incentives, monitoring, bonding, and reputation-building. By employing these mechanisms, it becomes possible to align the interests and objectives of principals and agents, facilitating a more harmonious and efficient working relationship (Jensen & Meckling, 1976; Fama & Jensen, 1983; Olaniyi et al., 2017).

2.2 Empirical review

Fauzi and Locke (2012) examined the correlation between corporate governance and companies' performance on the New Zealand Stock Exchange (NZX) from 2007 to 2011. They utilised Tobin's Q and return on assets (ROA) as performance indicators and employed the Generalised Linear Model (GLM) for data analysis. The results indicated that board size and managerial ownership had a significantly positive influence on firm performance, as evidenced by both return on assets and Tobin's Q. Additionally, board independence was found to have a significant positive impact on return on assets but a negative effect on Tobin's Q. Moreover, the study revealed that block ownership significantly negatively affected return on assets and Tobin's Q.

In a study conducted by Al-Matari and Al-Arussi (2016), the researchers examined the influence of ownership structure on the performance of non-financial firms listed in Oman from 2012 to 2014. The study analysed three distinct ownership structures: concentration, managerial, and government ownership. The researchers utilised the ordinary least squares

estimation method to ascertain the correlation between ownership structure and firm performance. The study showed that ownership concentration significantly and positively impacted firm performance (return on assets). However, the study did not find a significant relationship between managerial ownership and the return on assets.

Al Farooque et al. (2020) investigated the relationship between corporate governance and firm performance in Thailand. The study analysed 452 firms over 16 years, from 2000 to 2016. Using the system-generalised method of moments (GMM), the researchers examined the influence of corporate governance on firm performance. The study's findings revealed that managerial and block ownership had no significant impact on firm performance, as measured by Tobin's Q and return on stock. However, board independence was found to have a significant positive effect on firm performance, as indicated by Tobin's Q and return on stock. Moreover, it was observed that board size had a notable positive influence on return on stock, but it did not affect Tobin's Q.

Fatma and Chouaibi (2023) delved into the relationship between corporate governance and the financial performance of firms. Their research encompassed data from 111 financial firms operating in 12 European nations from 2007 to 2019. The study evaluated corporate governance using board size, independence, gender diversity, ownership concentration, and CEO ownership. At the same time, the firm's value was measured using the market-to-book value ratio. The researchers employed ordinary least squares to analyse the data. Their findings indicated that board size and ownership concentration significantly negatively impacted the firm's value. Surprisingly, board independence did not have any effect on firm value.

3.0 Methodology

3.1 Sample Size and Sources of Data

This study's sample consists of 45 non-financial companies listed on the Nigerian Exchange Limited (NGX). These companies were selected based on data availability from 2012 to 2023. The study used secondary data from the selected firms' annual financial statements and accounts.

3.2 Model Specification

The study utilised Arowele's (2021) model to explore corporate governance's impact on firm performance. The model is outlined as follows:

$$FP_{it} = \gamma_0 + \beta FP_{it-1} + \gamma_1 BSI_{it} + \gamma_2 BDI_{it} + \gamma_3 BOP_{it} + \gamma_4 BLP_{it} + \gamma_5 LGE_{it} + \gamma_6 FGE_{it} + \gamma_7 FZE_{it} + \mu_{it}$$

Where:

FP = Firm performance proxied by enterprise value and return on assets

FP_{it-1} = Firm performance lagged by one year

BSI = Board Size

BDI = Board Independence

BOP = Board Ownership

BLP = Block Ownership

LGE = Leverage (Control Variable)

FGE = Firm Age (Control Variable)

FZE = Firm size (Control Variable)

μt = error term

γ_0, γ_1, γ_2, γ_6 and γ_7 = Parameters

4.0 Results and Discussions

4.1 Descriptive statistics

Table 4.1 provides the descriptive statistics for the variables.

Return on Assets (ROA): The analysis of 516 observations reveals that the average return on assets (ROA) is 4.072%, suggesting that companies in the sample generate an average return of about 4.07% on their assets. This positive mean indicates that these companies are making a modest profit on their assets. However, the standard deviation of 11.885% reflects considerable variability in the ROA among the companies, indicating that some companies may have very high returns. In contrast, others may perform poorly, leading to this large spread. The data also shows that the minimum ROA is -61.600%, highlighting that some companies are performing poorly with substantial losses relative to their assets. On the other end of the spectrum, the maximum ROA is 53.960%, indicating that at least one company has achieved a very high return on its assets, possibly due to exceptional performance or some extraordinary event or transaction.

Enterprise Value: The average Enterprise Value is ₦171 billion, reflecting the mean market valuation of these firms over the analysed period. The standard deviation stands at ₦624 billion, considerably higher than the mean, indicating substantial variability in the Enterprise Values among the firms. The minimum EV recorded is ₦62.2 billion, suggesting that some firms have negative enterprise values, likely due to high debt levels about equity or periods of negative operating income. Conversely, the maximum EV reaches ₦5,970 billion, highlighting the existence of exceptionally large firms within the sample.

Board Size: The average board size across the 516 observations is approximately nine members, indicating that, on average, the companies in the sample have boards with around nine directors. The standard deviation is 2.603, suggesting a moderate variation in board size among the companies. The board sizes deviate by about 2.60 members from the average board size 9. The smallest board size observed in the sample is four members, indicating that some companies have a relatively small board structure. The largest board size in the sample is 19 members, showing that some companies have considerably larger boards than others.

Board Independence: On average, board independence across these companies is around 72.099%. This suggests that about 72.099% of the board members in these companies are considered independent. The standard deviation of 12.526% reveals some variability in the level of board independence across the companies. It indicates that while most companies have board independence close to the average, others have significantly higher or lower levels of independence. The lowest level of board independence observed is 25%, meaning at least one company has only 25% of its board members classified as independent directors. On the other hand, the highest level of board independence recorded is 94.440%, indicating that some companies have fully independent boards, with all members classified as independent.

Board Ownership: The sample's average level of board ownership is approximately 15.222%. This suggests that board members hold roughly 15.22% of the shares in the company. The relatively high standard deviation of 23.500% points to significant variation in board

ownership across the represented companies. Some companies exhibit much higher or lower board ownership than the sample average. At the lower end, some companies show 0% board ownership, signifying that board members hold no shares. On the other hand, at the upper end, the maximum board ownership reaches 88.440%, indicating that in some companies, board members own nearly all of the shares, revealing a high concentration level.

Block Ownership: The average block ownership, which is the percentage of shares owned by a single entity or a small group of entities, such as large shareholders, is approximately 55.909%. This indicates that, on average, more than half of the shares in these companies are concentrated among a few owners. The standard deviation 20.833 suggests moderate variability in block ownership across the companies. This means that some companies may have higher or lower levels of block ownership, leading to a significant range in concentration levels. The minimum value of 0 indicates instances where no single entity or small group holds a substantial block of shares, implying more dispersed ownership in some companies. On the other hand, the maximum value of 95% suggests that block ownership can be extremely high in some cases, with up to 95% of the shares controlled by a single entity or group, indicating a very concentrated ownership structure.

Leverage: The average leverage ratio stands at 58.164, suggesting that, on average, these firms finance approximately 58.16% of their total assets with debt. This high average indicates a considerable dependence on debt, which may reflect typical financing practices within Nigeria's non-financial sector. The standard deviation is 26.275, highlighting a significant variation around the mean. This considerable variability points to substantial differences in debt levels among the sampled firms. The minimum leverage ratio is 0.840, indicating that at least one firm operates with almost negligible debt relative to its total assets. On the other end of the spectrum, the maximum leverage ratio is 236.833, which is extraordinarily high. This suggests that one or more firms have financing exceeding double their total assets through debt.

Firm Age: The average age of firms in this sample is 31.585 years, suggesting that, on average, these firms have been in operation for approximately 32 years. The standard deviation of 13.067 years indicates a moderate variability around the mean. This suggests that while most firms are grouped close to the average age, a noticeable range of ages is present. The youngest firm recorded in the sample is just 1 year old, highlighting the inclusion of newly established enterprises that are likely in the initial stages of their operations. Conversely, the oldest firm has been in operation for 58 years, reflecting the presence of well-established, long-standing companies within the dataset.

Total Assets: The average total assets of the firms in the sample amount to ₦118 million. The substantial standard deviation of ₦318,000 indicates significant variability in total assets among the firms. This points to a high degree of heterogeneity within the sample, with some firms exhibiting total assets that are considerably larger or smaller than the mean. The smallest firm in the sample has total assets valued at ₦262,000, highlighting the presence of relatively small businesses in the dataset. Conversely, the largest firm boasts total assets of ₦3.94 billion, demonstrating the inclusion of very large firms in the sample.

Table 4.1: Descriptive Statistics of Variables

Variable	OBS	Mean	Std. Dev.	Min	Max
Enterprise Value (₦000)	516	171,000,000	624,000,000	-62,200,000	5,970,000,000
ROA	516	4.072	11.885	-61.600	53.960
Board Size	516	9.033	2.603	4.000	19.000
Board Independence	516	72.099	12.526	25.000	94.440
Board Ownership	516	15.222	23.500	0	88.440
Block Ownership	516	55.909	20.833	0	95.000
Leverage	516	58.164	26.275	0.840	236.833
Firm Age	516	31.585	13.067	1.000	58.000
Firm Size (₦000)	516	118,000,000	318,000,000	262,000	3,940,000,000

Source: Authors' computation (2024)

4.2 Correlation analysis

Table 4.2 shows the correlation matrix. The correlation between BSI and FZE is 0.399, while the correlation between BOP and FZG is -0.305. These values suggest no problems with multicollinearity since none of the correlations are particularly high.

Table 4.2: Correlation analysis

	BSI	BDI	BOP	BLP	LGE	FGE	FZE
BSI	1.000						
BDI	0.137	1.000					
BOP	-0.051	0.031	1.000				
BLP	-0.024	0.118	0.026	1.000			
LGE	0.126	-0.021	-0.019	-0.137	1.000		
FGE	-0.011	0.158	-0.305	-0.033	0.123	1.000	
FZE	0.399	0.064	-0.199	0.191	0.138	0.039	1.000

Source: Authors' computation (2024)

4.3 Econometric Analysis

This segment discusses the result from the panel estimation based on the system-generalised method of moments (SGMM). Based on the results of the Arellano-Bond test AR (2) ROA (P = 0.415 > 0.05) and Enterprise Value (P = 0.652 > 0.05), it can be concluded that there is no significant indication of a second-order serial correlation present in the residuals. Moreover, the Hansen tests were employed to assess the presence of over-identification in the post-estimation study. The findings indicated that the tests produced insignificant results ROA (P = 0.207 > 0.05) and Enterprise Value (P = 0.154 > 0.05), suggesting that the instruments employed in the study were valid.

Table 4.3: Regression Results ROA and Tobin's Q

	Return on Assets	Enterprise Value
Constant	-9.124*** (0.000)	0.815** (0.015)
ROA (-1)	0.208*** (0.000)	
ENT (-1)		0.371*** (0.000)
Board Size	0.015 (0.157)	-0.291*** (0.000)
Board Independence	0.002 (0.883)	0.003** (0.014)
Board Ownership	-0.037*** (0.000)	-0.014*** (0.000)
Block Ownership	0.0234*** (0.003)	0.004*** (0.001)
Firm Age	-0.117*** (0.000)	-0.001 (0.712)
Leverage	-.0117*** (0.000)	0.005*** (0.000)
Firm Size	1.020*** (0.000)	0.599*** (0.000)
Wald chi2(8)	5059.150*** (0.000)	884081.86 0*** (0.000)
AR(1)	-2.560*** (0.010)	-2.410** (0.016)
AR(2)	0.820 (0.415)	-0.450 (0.652)
Hansen test	34.920 (0.207)	36.690 (0.154)

Source: Authors' computation (2024)
Statistical significance levels at 0.10*, 0.05 **, and 0.01 ***

Board Size: The analysis indicates that the board size has a negligible impact on the firm's Return on Assets (ROA) but significantly negatively affects enterprise value. This implies that changes in the board size do not influence the accounting-based measure of performance (ROA) of Nigeria's publicly traded non-financial firms. This conclusion aligns with the studies of Ogege and Boloupremo (2014) and Oghenekohwodo and Baidu (2019). However, these findings differ from those obtained by Fauzi and Locke (2012) and Bebeji et al. (2015), who observed a significant relationship between board size and accounting-based performance measures. Furthermore, an increase in board size will lead to a fall in market-based measure performance (enterprise value) of Nigeria's publicly traded non-financial firms. This conclusion aligns with the studies of Thompson et al. (2016) and Fatma and Chouaibi (2023). However, these findings differ from those obtained by Wang et al. (2020) and Fariha et al. (2022), who observed an insignificant relationship between board size and market-based measures of performance. Agency theory supports the idea of smaller boards, arguing that larger boards can adversely affect firm performance. For example, Lipton and Lorsch (1992) assert that a large board may hinder effective management oversight. Similarly, Jensen (1993) raised concerns about excessive board size, proposing that an optimal number of board members should be around eight to enhance effectiveness and reduce costs.

Board Independence: The findings indicate that board independence does not significantly impact the Return on Assets (ROA) but significantly positively affects the enterprise value of non-financial firms listed in Nigeria. This implies that increasing board independence does not influence Nigeria's publicly traded non-financial firms' accounting-based measure of performance (ROA). These results are consistent with Ogege and Boloupremo's (2014) and Mustapha and Rashid's (2020) findings. However, these findings contradict Fauzi and Locke (2012) and Altass (2022), who found a significant negative relationship between board

independence and accounting-based performance measures. Furthermore, increased board independence will improve Nigeria's publicly traded non-financial firms' market-based measure of performance (enterprise value). These results are consistent with those of Kiharo and Kariuki (2018) and Al-Saidi (2021). However, these findings contradict the results of Fariha et al. (2022) and Goel et al. (2022), who found a significant negative relationship between board independence and market-based performance measures. The agency theory suggests that an increased presence of independent board members leads to a more effective monitoring system and improved corporate performance (Endrikat et al., 2021). According to Fama and Jensen (1983), independent directors are better positioned to carry out diligent monitoring responsibilities as the firm's management does not influence them.

Board Ownership: The research indicates a strong inverse correlation between board ownership and firm performance (ROA and Enterprise Value). As board ownership increases, there is a notable decrease in the accounting-based and market-based measure performance of Nigeria's publicly traded non-financial firms. This finding aligns with the research of Shan (2019), which demonstrated a noteworthy negative correlation between board ownership and firm performance. However, these findings contrast with those of Fauzi and Locke (2012), who established a positive and notable impact of board ownership on firm performance. According to Denis and Denis (1994), board ownership can lead to entrenchment, where managers become resistant to changes in company strategy or management practices that could improve the company's performance. This can result in inefficient decision-making and hinder the company's growth prospects, negatively affecting the company's performance. When managers have a substantial ownership stake in the company they work for, they tend to prioritise their own interests over the interests of shareholders. This is because they have a vested interest in maximising their own profits, which may not always align with the long-term goals of the company or the best interests of its shareholders. This can lead to conflicts of interest and may result in decisions that benefit the managers more than the shareholders.

Block Ownership: The findings show that block ownership has a beneficial influence on return on assets (ROA) and enterprise value. This suggests that an increase in block ownership positively affects the accounting-based and market-based measure performance of publicly traded non-financial firms in Nigeria. These results are consistent with the conclusions of Al-Matari and Al-Arussi (2016) and Onuora and Fabian (2022), who found a substantial beneficial relationship between block ownership and company performance. However, these findings contradict the results of Al Farooque et al. (2020), as their study indicated that block ownership does not affect firm performance. Blockholders are usually vested in the company's long-term success due to their substantial ownership stakes. Their presence aligns the interests of management with those of shareholders, as they want to ensure that the company's value is maximised over time. This alignment can lead to more efficient decision-making and resource allocation, positively affecting firm performance (Shleifer & Vishny, 1986).

5.0 Conclusions and Recommendations

This study examines the relationship between corporate governance and the financial performance of forty-five (45) listed non-financial companies on the Nigeria Exchange Limited

(NGX) from 2012 to 2023. The corporate governance was proxied using four key variables: board size, board independence, board ownership, and block ownership, while the financial performance, the dependent variable, was assessed using two primary metrics: return on assets (ROA) and enterprise value, respectively. The data for the study was mined from the annual reports of the selected firms. The System Generalized Method of Moments (SGMM), which is particularly suited for analysing dynamic panel data, was employed for the data analysis. The findings indicate that board size and independence do not significantly impact return on assets. Additionally, board size negatively affects enterprise value, while board independence positively affects enterprise value. Board ownership shows a significant negative influence on both financial performance metrics. Conversely, block ownership has a significant positive impact on return on assets and enterprise value.

The study finds that corporate governance variables, particularly board and block ownership, significantly affect the financial performance of listed non-financial firms on the Nigerian Exchange Limited (NGX). The empirical evidence presented in this study underscores the importance of these governance mechanisms in shaping the financial performance of such firms in the Nigerian market. The study recommends that the government of Nigeria should consider enhancing corporate governance regulations to encourage and promote block ownership. These regulations should focus on fostering transparency, accountability, and shareholder rights to encourage large shareholders to act in the best interests of both the company and minority shareholders. While block ownership can contribute positively to company performance, it is essential to recognise the potential for dominant shareholders to exert excessive control and adopt monopolistic practices. To address this concern constructively, the government can introduce effective anti-monopoly measures designed to protect the interests of minority shareholders and promote a fairer distribution of power within the company.

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