

ISSN-2616-1060

Volume 2 Number 2 November/December, 2020

MAUTECH INTERNATIONAL JOURNAL OF MANAGEMENT AND ENTREPRENEURSHIP



Published by the
International Journal of Management and Entrepreneurship
Department of Management Technology
Modibbo Adama University of Technology
Yola, Nigeria
Website: www.ijme.blogspot.com
e-mail: ijme.mautech@gmail.com



Mautech International Journal of Management and Entrepreneurship:
Volume 2, Issue2

ISSN: 26161060

Published by:

The Department of Management Technology (MIJME)

School of Management & Information Technology

Modibbo Adama University of Technology, Yola.

PMB 2076

Adamawa State.

Volume 2, Issue 2

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A Publication of Department of Management Technology, MAUTECH, Yola

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CORPORATE GOVERNANCE AND FIRMS' SURVIVAL IN NIGERIA: COX PROPORTIONAL HAZARD MODEL APPROACH

By

Olushola J. Omolekan, *Ph.D.*

Department of Business Administration, Faculty of Management Sciences, University of
Ilorin, Ilorin, Nigeria.

Email: o.omolekan@gmail.com

Abstract

Managerial decisions play key roles in the performance, profitability, continuity and survival of business enterprise. Meanwhile, the quality of decision is a function of management composition. Corporate governance attributes varies in influencing firm survival. Thus, this study evaluates the influence of corporate governance metrics on firms' survival using survival analysis technique (Cox proportional model). Longitudinal design was adopted for the study. A corporate governance index such as board size, board composition, ownership concentration and company specific was used as control variable. Information extracted from annual reports complemented by data from Nigerian stock exchange (NSE) factbooks of sampled firm was used between years 2000 to 2018. Descriptive statistics, Kruskal-Wallis Test and Cox proportional hazard regression was used to analysis the data. The findings revealed that board independence, non-executive chairman, ownership concentration and company size hazard ratios of 2.5012, 3.0001, 1.0330 and 2.0071 respectively have a corresponding risk failure of 50.12 percent, 30.0 percent, 3.30 percent and 0.7 percent for BIND, NEXC, ONC and FSIZE respectively. Age has no significance in explaining corporate survival. The study concluded that there is significant relationship between corporate governance attributes with company specific variables on corporate survival in oil and gas firms in Nigeria. It was recommended that ownership concentration and company size should be control by the management as they contribute significantly to corporate failure.

Keywords: Corporate governance metrics, firms' survival, hazard model, decision, company specific

JEL Classification: G32, L25



Introduction

The existence of a business firms is guided most times by the strategies and policies formulated by its decision makers. The operational decisions of any business firms can make or mar the existence and survival of such organisation. It is a popular saying that no organisation can be better than the quality of its management. The nature, structure, size, composition, experience, expertise and exposure of the managerial board of any business outfit determines the success, continue existence and survival of such enterprise. This is the fundamental issue of the concept of corporate governance. Corporate governance is the order by which companies are directed, managed and controlled (Chancharat, 2008). The responsibility of a company's governance and firm strategy development is on the board of directors (Whitaker, 2000). It is also expected that survival and corporate performance are affected by corporate governance attributes.

Over the years, researchers all over the world have established a clear relationship between corporate governance and firms' performance. It is a known fact that, a business outfit that perform excellently well will definitely continue and survive in the face of turbulent challenges. Globally, in the last two decades, corporate governance

structure in explaining companies' survival has become a topical issue. This is because corporate failures in most countries of the world now focus attention on the influence of corporate governance on the firms' survival. Recently, some authors have investigated the survival of companies by utilizing corporate governance attributes. Taliani (2010) for example explored the influence of ownership and incentives induced on the survival of high-tech and young firms. His findings revealed that, young firms need a governance structure different from that needed by traditional firms. The study also found a nonlinear relationship between board size and expected corporate survival time. Furthermore, Thynne (2006) discovered a positive relationship between insider retention of ownership and the survival of e-companies (i.e. internet firms). The corporate governance determinants include, offering characteristics, company-specific variables, corporate governance attributes and financial ratios because the study allows time-varying variables rather than using time-variant variables in Cox proportional hazards variables (Chancharat, 2008). Thus, this research explores the influence of firms' survival in relation to corporate governance. Specifically, the objective of the study is to determine the influence of corporate governance attributes on the survival



likelihood of Nigerian quoted oil and gas firms.

The consequences of collapsed business enterprise is very devastating with colossal implications is evident through loss of job, loss of investment, decrease in gross domestic products and overall decline in organizational performance. Thus, there are specific corporate governance attributes that are capable of influencing firms' survival. Therefore, this study examines the influence of corporate governance indices on firm survival using survival analysis technique. In this study, three areas of corporate governance such as board independence, board size and ownership concentration will be examined based on the Cox proportion hazards model to see if these attributes affect the survival likelihood of companies. Studies on survival of companies in Nigeria are scanty, this study will add to the existing literature on this concept with particular reference to Nigeria economy

Literature Review

In literature, there is a clear link between corporate governance structure and corporate survival. For instance, Lee and Yeh (2004) presented the link between corporate governance and financial distress and pointed out that weak corporate governance firms are liable to economic

downturns and the probability of being financially distressed. This finding is in line with Johnson et al. (2000). In this section, the study explores three aspect of corporate governance which are board size, board independence and ownership concentration.

1. Board Size

There are divergent views in relation to the effect of the board size on survival of firms. Lamberto and Rath (2008) pointed that procedures of good governance approve larger board sizes on the basis of resulting in accountability. Also, Pfeffer and Salancik (1978) as cited by Lamberto and Rath (2008) argued that there would be a wider range of views and external connections with large boards, thereby exploiting greater opportunities and strengthen the power of the board relative to the Chief Executive Officer (CEO).

However, board size is discovered to have inverse relationship with firm value (Elsayed, 2007). It was pointed out that small boards exhibit more favourable financial ratios value and stronger CEO performance. He found that board size has no significant impact on corporate performance. The finding is in line and consistent with the finding of Parker, Peters and Turetsky (2002) and Lamberto and Rath (2008) which revealed that board size has no significant effect on survival. During an



investigation on life insurance company in Thailand, Connelly and Limpaphayom (2004) also confirmed that board size is not significantly related to firm performance.

2. Board Independence

In view of the fact that there has been a consensus on board independence, but yet, the concept still have different meaning in relation to 'independence' (Brennan & McDermott, 2004; Kang et al., 2007). In previous studies, the phrase "outside directors" has been used rather than 'independence' to describe directors who are independent of the management (Ajinkya et al., 2005). It is considered in some existing literature that the difference between 'executive' and 'non-executive' directors are in three aspects (Kang et al., 2007; Lamberto & Rath, 2008).

Agency theory development opines that there is a link between corporate governance and firm performance (Audretsch & Lehmann, 2004). If corporate governance influences corporate governance performance, then corporate survival will be affected (Goktan et al., 2006).

Based on agency perspective, Parker, Peters and Turetsky (2002) argued that if most of the board of directors are independent directors, it is less likely that the CEO and inside directors exercise behaviours that are self-serving on the shareholders cost.

Consistently, Pass (2004) opined that since non-executive directors can pass independent judgment, the shareholders interest will be protected by the presence of independent directors. Furthermore, the company could gain from non-executive directors since valuable expertise of external business can be contributed to the company. They can often see the company's risk and opportunities, which might have been disregarded by the company's executive directors who are typically engrossed in the day-to-day running of the business.

Existing literature in relation to the effects of proportion of non-executive directors on corporate performance and survival are of mixed result. Some literature discovered evidence to support expectation that the higher the proportion of non-executive directors in the board, the better the corporate performance, thereby leading to higher probability of corporate survival (Brennan & McDermott, 2004)). In contrast, Pass (2004) found a negative relationship between the proportion of outside directors and corporate performance. Furthermore, Bhagat and Black (2001) and Balatbat, Taylor and Walter (2004) found that there is no relationship between the proportion of non-executive directors and corporate performance. Sukcharoensin (2003), in Thai's context, is of the opinion that an independent board member of Thai listed



firms is a significant factor to explaining corporate performance. Also, Connelly and Limpaphayom (2004) also found a positive relationship between board composition (measured by the number of outside directors divided by the total number of board members) and insurance firm performance.

Secondly, the leadership of the board is the responsibility of the chairman, for the efficient conduct and organization of the board's function and to brief all directors in relation to arising issues at board meetings (Weir & Laing, 2001). This means that non-executive chairman enhances the survival likelihood and corporate performance. On the contrary, the executive chairman is expected to have a greater knowledge of the firm and its industry and have huge commitment to the organization than an outside or non-executive chairman (Pass, 2004).

This argument therefore expects a negative relationship between a non-executive chairman and firm performance and survival. It is evidenced that there is conflicting argument about the effect of non-executive chairman on corporate performance and survival. It therefore remains an open question whether oil and gas companies are more likely to survive

with the presence of non-executive chairmen.

Finally, board independence measurement is the use of independent leadership structure. When the same person is firm's CEO and board of directors' chairman, it is known as CEO duality leadership structure while independent leadership structure can be described as a situation where different individuals serve in these positions.

Conflicting opinions exist about the costs and benefits of using these leadership structures. Proponents of the independent structure posit that CEO duality structure may cause a definite conflict of interest and systematically reduce the ability of the board to fulfill its governance function (Weir & Laing, 2001). Given that one of the board's major functions is to monitor the top management performance, allowing the CEO performs both roles may lead to affecting the desired system of check and balance (Bhagat & Black, 2001). The inappropriate governance structures may influence firm crisis and eventual bankruptcy (Pass, 2004). CEO duality structure advocates, argue that CEO duality provides a clear focus for operations and objectives (Weir & Laing, 2001). Also, the independent leadership structure may cause potential rivalry between the chairperson and the CEO, thereby making it difficult to



pinpoint blame for poor performance (Pass, 2004).

However, studies found out that CEO duality does not have any impact on corporate failure (Connelly & Limpaphayom, 2004) and corporate performance (Elsayed, 2007). A dummy variable is used for the measurement of independent leadership structure. Specifically, if the CEO and chairman are different people, then a value of 1 is recorded, 0 otherwise. The third aspect that the mechanisms of corporate governance examined in this study is the concentration of ownership. Corporate governance literature has given particular attention to ownership concentration as a factor to more effective corporate governance and shareholders' value maximization.

3. Ownership Concentration

Agency theory relates to the set of governance rules that will lead to efficiency enhancement and wealth maximization (Connelly & Limpaphayom, 2004). The main concern is whether managers pursue their own interests rather than maximize value of shareholders.

Based on the agency theory of monitoring and convergence of interest hypothesis, in a case where shareholders are too loose to monitor managers, managers can use corporate assets as benefits rather than

shareholders wealth maximization (Elsayed, 2007). In addition, it is argued that a company is more likely to survive if ownership concentration is high, this is because shareholders are likely to influence management's decisions and also expend cost monitoring as they have a relatively high stake in the firm (Bhagat & Black, 2001).

Based on information asymmetry theory, when stockholdings are concentrated, there is a low information asymmetry; stockholder's ability to remove a management team is high and managers are more likely to pursue strategies that are in stockholders' interests. In contrast, when stockholding is diffused, a significant information asymmetry is likely to exist and management is more likely to be in pursuit of strategies that are not in the interest of stockholders (Kang et al., 2007).

The subject of many theoretical and empirical researches has been the effect of ownership concentration on corporate performance. However, the empirical results of the effect of ownership concentration on firm performance are mixed. For instance, Claessens and Djankov (2009) suggested that the higher the profitability and labour productivity, the more concentrated the ownership. Consistently, Bai et al. (2004) posit that there is positive relationship



between corporate values and ownership concentration.

Some studies in contrast, suggested that ownership concentration has negative relationship with corporate survival (Kang, Cheng and Gray, 2007). Furthermore, Demsetz and Lehn (2005) revealed that corporate ownership concentration does not relate to the company's rates of accounting profit of a company. In line with Hovey, Li and Naughton (2003), it was indicated that ownership concentration does not explain firm performance. Having consistent focus on firms analysis in finance industry, Dhnadirek and Tang (2003) also revealed that Thai system lacks diversity in governance mechanisms and is ineffective in concentration.

However, Suehiro (2001) found that family owned firms are positively related to corporate performance measured by ROA and ROE. Evidence also found in Yammeesri, Lodh and Herath (2006) that there is positive relationship between concentrated ownership and non-financial firms performance.

Hypothesis Development

The previous studies indicated that corporate governance influence performance which is supported by agency theory. Thus, it is expected that since corporate governance affect performance, then, it will affect firms'

survival. Chancharat and Chancharat (2013) also shared this view. The corporate governance characteristics used in this study are board size, ownership concentration and board independence, while companies' characteristics such as company age and company size are included as control variables. The selection of these variables was based on the most common variables used in the past researches (Chancharat & Chancharat, 2013; Lee & Yeh, 2004). Based on the past researches, the study hypothesized;

H₀: corporate governance attributes do not influence survival likelihood of quoted Nigerian oil and gas firms.

METHODOLOGY

In view of various research designs, this study adopts the longitudinal design. This design was adopted because different homogenous elements were surveyed over a reasonable period. In addition, the study also benefited from hypothesis testing (i.e. Analytical and predictive) to enhance understanding of the relationship that exist among variables which is done using both qualitative and quantitative. To achieve the research objectives, therefore, the study focus on oil and gas companies quoted on the Nigeria Stock Exchange (NSE) because of the availability of needed historical data for cause, effect and prediction.



Researcher's attention was purposely on oil and gas sector of Nigeria economy, which is informed by the monoeconomic nature of Nigeria (i.e. Dependence on oil as a major source of income). The sample periods spans from 2000 to 2018. This period was considered long enough to provide sufficient data to assist in determining a trend in survival analysis. Secondary sources of data collection were used to elicit the required information needed for this study. The database compiled by the Nigeria Stock Exchange (NSE) factbooks and Annual financial report.

Data were organized and systematically arranged to enhance effective analysis. Data

The corporate governance attributes and the control variables were given as:

Table 1: Corporate governance variables

Variable	No.	Code	Operational definition
<i>Board Size</i>	1.	BDSZ	No. of directors including chairman
<i>Board Independence</i>			
% of independent Directors	2	BIND	No. of non-executive directors: No. of directors
Dual leadership	3.	DULD	Different chairman 1 and otherwise 0
Non-Executive Chairman	4.	NEXC	Non-executive director 1 and otherwise 0
<i>Ownership concentration</i>			
Top 20 shareholder	5.	ONC	Proportion common stock held by top 20 shareholder
<i>Company Specific</i>			
Firm Age	6.	FAGE	No. of years since registration
Firm Size	7.	FSIZE	Log of total assets

Note: Researcher's compiled corporate governance variable based on the study of Lee and Yeh, (2004); Chancharat and Chancharat, (2013)

analysis follows an array of sequence such as preparation, collation, coding and cleaning of data for processing using Statistical Package for Social Sciences Software now known as Statistical Product and Service Solution (SPSS) version 20. SPSS covers a wide range of statistical techniques needed to achieve the stated objectives of this study in terms of rigor, appropriateness and orderly presentation of figures and charts required for proper inferences. However, the formulated hypothesis was tested using descriptive statistics and Cox proportional hazard regression.



Source: Researchers compilation, 2020

Model Specification

The Cox proportional hazards model is a semi-parametric model for survival analysis, which is most widely used. In Cox's study in 1972, there are two significant innovations, namely, the proportional hazards model and maximum partial likelihood. The proportional hazards model is represented as follows;

$$H_{i(t)} = h_0(t) \exp(X_i \beta)$$

...i

Where $h_0(t)$ is an arbitrary unspecified baseline hazard rate that measures the time effect of hazard rate for an individual with all zero valued variables. X represents the vector of those variables influencing the hazard β is the vector of their coefficients. It is the specific lack of baseline hazard function that makes the model semi-parametric or distribution free.

Equivalently, the regression model is written as;

$$\text{Log } h_{i(t)} = \alpha(t) + \beta_1 X_{i1} + \beta_2 X_{i2} + \dots + \beta_n X_{ik} \quad \dots .ii$$

Where $\alpha(t) = \log h_0(t)$ and $h_0(t)$ is an arbitrary unspecified baseline hazard rate (Chancharat, 2008).

The model does not require the specification of survival times of probability distribution in particular, but possesses the property that different individuals have proportional hazard functions, that is,

$$\frac{h_i(t)}{h_j(t)} = \exp[\beta_{i1}(X_{i1} - X_{j1}) + \beta_2(X_{i2} - X_{j2}) + \dots + \beta_n(X_{in} - X_{jn})]$$

.....iii

For the purpose of this study, the variables were denoted by codes as given in the Table 1 and the model formulated as:

$$\log h_i(t) = \alpha(t) + \beta_1 \text{BIND}(t) + \beta_2 \text{DULD}(t) + \beta_3 \text{NEXC}(t) + \beta_4 \text{ONC}(t) + \beta_5 \text{FAGE}(t) + \beta_6 \text{FSIZE}(t)$$

Findings and Discussion

The corresponding objective states that to determine the effect of corporate governance attributes on survival likelihood of quoted Nigerian oil and gas companies. To test this hypothesis, corporate governance structure data such as board size, board independence, ownership structure and company specific variables were obtained from the data source i.e. NSE fact books and annual report of the sampled quoted oil and gas companies in Nigeria. The relationship effect was tested using semi-parametric model of Cox Proportional hazard model which is a subset of survival analysis techniques.



Table 4.1: Descriptive statistics

	BDSZ	BIND	DULD	NEXC	ONC	FAGE	FSIZE
Survival Coys (n=13)	5.0012	49.8163	0.7321	0.4661	55.4128	4.4512	6.8423
Mean	5.0001	55.0000	1.0000	1.0000	65.0000	3.0581	6.7721
Median	3.0000	0.0000	0.0000	0.0000	11.4114	0.0030	5.2000
Min	11.000	64.0000	1.0000	1.0000	76.0014	30.4123	6.0011
Max	1.8420	16.8158	0.3425	0.3241	13.7012	6.8532	0.9923
Std Dev.	0.5131	-0.7129	-2.0023	-	-0.6834	1.8712	0.1717
Skewness	0.9712	-0.2853	2.0932	0.4012	0.0252	4.4389	0.2123
Kurtosis				-			
				1.1034			
Non-Survival Coys (n=4)	4.9900	50.1818	0.7113	0.5321	64.6571	5.8734	6.0909
Mean	5.0001	58.0000	1.0000	1.0000	71.2000	3.9902	6.0001
Median	3.0000	0.0000	0.0000	0.0000	14.2020	0.0061	5.2000
Min	9.000	68.0000	1.0000	1.0000	79.4712	16.5813	6.0011
Max	1.4020	19.5881	0.2381	0.3421	11.9623	4.9901	0.3612
Std Dev.	0.7230	-0.6101	-1.5432	-	-0.5834	0.4612	0.4321
Skewness	1.2497	0.3712	1.5312	0.5823	0.2254	-0.7478	0.8164
Kurtosis				-			
				1.0021			
Kruskal-Wallis	0.0753	1.4742	0.6502	0.1159	6.5134**	0.1681	2.3163**
Test	0.0557	0.1081	0.3218	0.6326	0.0037	0.6007	0.0370
p-value							

**Significant at 0.05



Source: Researcher's Computation, 2020

The nature of the data revealed that numbers of extreme values, which may influence or affect the statistical outcomes. However, data was truncated at thresholds, that is, all observations with variables values higher than 99% were set to that value while lower variables value were truncated. This process was in agreement with the studies of Chancarat (2007) and Shumway (2001).

The Table 4.1 presents the result of the descriptive statistics. It revealed the mean, median, maximum, minimum, standard deviations, kurtosis and skewness for each stratified status. The dummy variable or binary number used for some variables such as NEXC and DALD results are presented in percentages.

The mean BDSZ (5.0, 5.0) of survival and non-survival companies shows that numbers of directors are not less than five. This might flow in line with the suggested and recommended number in the sector by the NSE and SEC for good governance. Company size and ownership structure has statistical significant difference at 5 percent level of significance.

The outputs from the findings also revealed that, the mean of ownership management

ONC (55.4, 64.7) implies that majority of the shares are retained by the management. This brings control and reduces unnecessary soliciting approval before a decision is taking. The percentage of non-executive directors shows that independent director's dominant the board of directors and the high percentage of non-executive chairman has the title CEO and chairperson by different people. This also buttresses the independency of the directors. The mean FSIZE of survival and non-survival companies is 6.1, 6.4 implies the coverage of the company which enhances their survival as wide spread increased market share which in turn improve profitability and reduce the failure possibility.

Kruskal-Wallis test revealed the significant difference between the group mean while ONC and FSIZE show significance difference with a p-value less than 0.05. The implication of this is that ownership structure and company size of the sampled firms are key major corporate governance structure that contribute significantly to corporate survival in oil and gas firms in Nigeria.

Table 4.2: Cox Proportional hazard model estimation

Variable	Coefficient	Standard Error	X ² Statistics	p-value	Hazard Ratio
BDSZ	0.0002	0.0001	2.1212	0.0863	0.0432
BIND	0.4123	0.3301	4.2835	0.0021**	2.5012
DULD	1.0479	0.6712	4.8031	0.0911	0.3820
NEXC	0.7213	0.4723	2.8132	0.0773	3.0001
ONC	0.0218	0.0012	6.0203	0.020**	1.0330
FAGE	0.4194	0.0119	4.9077	0.6739	0.0895
FSIZE	0.6221	0.2225	5.0034	0.0002**	2.0071

**Significant at 0.05

Source: Researcher's Computation, 2020

The Cox proportional model estimation results presented in the Table 4.2 revealed the influence of corporate governance attributes and control variables on the likelihood of survival in quoted Nigerian oil and gas firms. The coefficients of each observed variables, their probability contribution, estimated standard error, the Wald chi-square tests with relative p-values for testing the formulated hypothesis and the hazard ratios which were obtained by e^{β} where β implies coefficient of the proportional hazard model. A variable has no significant influence on firm survival if the hazard ratio is equal to 1 while ratio of less/greater than 1 implies slower/rapid hazard timing.

The result in the Table 4.2 revealed that BIND, ONC and FSIZE have estimated coefficient as 0.4123, 0.0218 and 0.6221 respectively and are all statistically significant with p-values of 0.0021, 0.020 and 0.0002 respectively i.e. the p-value <0.05. The estimated BDSZ coefficient is positive, which implies positive influence of numbers of directors and failure risk. Estimated hazard ratio of 0.0432 is less than 1 which implies slower hazard timing. The implication of this is that board size has a less probability in failure risks of the sampled companies. Likewise, DULD and FAGE revealed a weak probability to failure in the sampled companies' i.e. dual leadership which is represented by having different chairman or not and age of pose less threat to survival or failure.



Variables such as BIND, NEXC, ONC and FSIZE returned a positive coefficient, which implies significant relationship between the identified variables and the probability of failure by the sampled firms. Besides, the estimated hazard ratios for all these variables were more than 1 which implies a rapid risk to failure. Board independence, non-executive chairman, ownership concentration and company size hazard ratios of 2.5012, 3.0001, 1.0330 and 2.0071 respectively imply that a unit increase in each of these variables will definitely lead to a corresponding risk of failure for 50.12percent, 30.0percent, 3.30percent and 0.7percent for BIND, NEXC, ONC and FSIZE respectively. This result agrees with the view of Rommer (2004), Lamberto (2008); and Chancarant (2013). A logical explanation for this is that independent directors and different chairman or non-executive chairman may lead to taking decision that might not be of the interest of the organisation as they were not directly involved with the company's activities. Also, when ownership is too concentrated can cover up for weak performance which might not be exposed on time for proper and timely action. Besides, large companies might have inflexible structure, monitoring problem and inefficient communication which might make them susceptible to the risk of failure. Ordinarily, one will expect

that variables such as board independence, ownership concentration and company size could have reduced the probability of failure in the sampled companies but the statistical analysis revealed that it contributes to risk failure.

With all these, the estimated coefficients gave a positive value, implying that there is significant relationship between corporate governance attributes with company specific variables on corporate survival in oil and gas firms in Nigeria. This finding is supported by the Kruskal-Wallis test which revealed significant difference between the group mean for ONC and FSIZE with $p\text{-value} < 0.05$. It implies that ownership structure and company size of the sampled firms are key major corporate governance structure that contribute significantly to the corporate survival in Nigerian oil and gas companies. Age has no significance in explaining corporate survival

Discussion of findings

The objective of the study was to determine the effect of corporate governance attributes on the corporate survival likelihood of quoted Nigerian oil and gas firms. Kruskal-Wallis test revealed the significant difference between the group mean while ONC and FSIZE show significance difference with a $p\text{-value}$ less than 0.05. The implication of this is that ownership



structure and company size of the sampled firms are key major corporate governance structure that contribute significantly to the corporate survival in Nigerian oil and gas companies. The estimated hazard ratios for all these variables were more than 1 which implies a rapid risk to failure. Board independence, non-executive chairman, ownership concentration and company size hazard ratios of 2.5012, 3.0001, 1.0330 and 2.0071 respectively implies that a unit increase in each of these variables will definitely leads to a corresponding risk of failure for 50.12 percent, 30.0 percent, 3.30 percent and 0.7 percent for BIND, NEXC, ONC and FSIZE respectively. This findings agrees with the view of Rommer (2004), Lamberto (2008); Chancarant (2013). The implication of this is that ownership structure and company size of the sampled firms are key major corporate governance structure that contribute significantly to the corporate survival in Nigerian oil and gas companies.

Conclusion and recommendations

In estimating the effect of corporate governance on corporate survival, all the corporate governance covariates gives positive estimated coefficient value, it is concluded that corporate governance with company specific variables influence corporate survival in quoted Nigerian oil and

gas companies. The result from Kruskal-Wallis test revealed that ownership structure and company size of the sampled firms are key major corporate governance structure that contribute significantly to the corporate survival in Nigerian oil and gas sectors.

Corporate governance structures, that is, board independence, non-executive chairman, ownership concentration and company size influencing corporate survival were also predicted in the study. While ownership concentration and company size formed the key major corporate governance structures that contribute significantly to the corporate survival in reducing the risks of entering into financial distress state which can lead to bankruptcy or eventual failure in Nigerian quoted oil and gas companies if not properly monitored.

Based on the findings, the study recommended that, incorporate governance structures, close attention should be given to ownership concentration and company size as they contribute significantly to companies' failure which is a complete divergence from what was expected before the study. The spread of ownership should be checked and control as this variable posed a threat to performance and affect the survival of firms in the study area.



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