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Does the Reformed Code of Corporate Governance 2011 Enhance Market Performance of Firms in Nigeria?

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ABSTRACT

Recent corporate failures in the Nigerian Financial Sector and the resultant effect on the market performance of listed firms necessitated the review of the existing codes of corporate governance in Nigeria. The research study therefore explored the relationship between corporate governance mechanisms and market performance using four corporate governance mechanisms variables as reviewed in the SEC Code 2011 and four market performance variables. The four independent variables are audit committee independence, audit committee financial expertise, board independence and ownership structure while the market performance indicators are Share Price (SP), Volume of Trade (VOT), Market Capitalization (MC) and Earnings per Share (EPS). Empirical analysis was carried using correlation, regression and two independent T-tests. The result showed that there is a positive significant impact of audit committee independence, audit committee financial expertise, board independence as revised in the SEC Code 2011 on SP, VOT, MC and EPS. This study recommends that there is need for Policy makers to strengthen the implementation of every recommendation contains in the SEC Code 2011 to further stabilize the performance of listed firms and also repose the confidence of investors both local and foreign investors in the capital market. It is recommended that the provisions as contained in the SEC Code 2011 be backed up by law to ensure strict compliance.

JEL Classification: M40; M41; M42.

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1. INTRODUCTION

Corporate governance has become a very critical issue in the running of business organizations (Adbullahi, Enyinna, & Stella, 2010). There were times when the issue of corporate governance could not attract more than a casual look. The recent happenings around the world and in Nigeria especially (collapse of energy corporation Enron in 2001 in US, WorldCom, Global Crossing, Rank Xerox, Cadbury and some banks in Nigeria) have called for closer looks at the tenets and the practice of corporate governance in the system. These include transparency, accountability, responsibility, integrity, independence and discipline. Nigerian has had her fair share in the business failures which have brought many firms and countries' economies almost to its knees. The recent and vivid examples in Nigeria are the failures in the banking system which snowballed into near crash of the capital market.

These failures led to the removal of eight Chief Executive Offices (hereafter CEOs) and the sacking of some boards by the then governor of the apex bank in Nigeria. The overall effect was seeing in the plummeting of share prices, reduction in trade volume of shares and loss of earnings in the capital market with billions of naira worth of investments lost. Sanusi (2010) maintained that weak corporate governance and regulatory framework was responsible for the corporate failures in Nigeria. The SEC Code 2003 was clearly seen as ineffective in preventing corporate failures. Hence, there was an urgent need by the Nigerian Securities and Exchange Commission (hereafter SEC) to review the 2003 Code of Corporate Governance. The reform of the 2003 code led to the emergency of SEC Code 2011 to address issues that rendered the previous code 'ineffective'. Prior to the review of 2003 SEC Code of Corporate Governance, the weakness and constraints to good corporate governance were identified. Some of the identified weaknesses were inadequate oversight, various litigations, and allegations of financial mismanagement, weak corporate governance characteristics and regulatory framework.

The limitations discovered from the 2003 SEC code led to the 2011 SEC code of corporate governance. The 2011 SEC Code addresses some important areas that can strengthen the tenets of corporate governance such as making the board more effective and independent in term of number of non-executive directors, establishing whistleblowers policies, expanding the scope and functions of the audit committee, its independence and the compulsory inclusion of an accounting and financial expert on the board and at least one independent director on the board. These areas were not elaborately covered in the SEC Code 2003. For example, there was no provision of an accounting expert as a member of the board, the audit committee was not saddled with assessment of risk, and there could be executive directors on the audit committee board and no provision for whistleblowers. The new code is seen as an improvement. However, the question is, to what extent has the 2011 SEC code of corporate governance improved the market performance of listed companies in Nigeria?. That is, what is the impact of this code on the share prices, volume of trade, market capitalization and earnings per share? Has this code restored the confidence of investors (that was once eroded) in the capital market?.

Attempts have been made by various researchers in Nigeria on some of the reforms in the 2011 code of corporate governance and financial performance, financial reporting quality and audit quality (see Mohammed & Oladele, 2008; Owolabi and Ogbecie, 2010; Ojeka, Iyoha and Obigbemi, 2014; Ojeka, Iyoha and Ikpefan, 2014; Ojeka, Iyoha & Asaolu, 2015). However, none has considered the overall effect of critical provisions in the SEC Code 2011 on the market performance of firms in the Nigerian Capital Market after the code came to effect since year 2011. The indicators for market performance in this study are share price, market capitalization, earnings per share and volume of trade. This research contribute to extant literature especially in Nigeria in the sense that, it is the first research work that will attempt to look at the effect of critical adjustments in the SEC Code 2011 on firm's market performance in Nigeria and the extent to which investors lost confidence in the Nigerian capital market has been restored. The remaining part of the paper is sub-divided into section 2 which talks about the literature and hypotheses development whereas the part 3, part 4 and part 5 talk about the methodology, the analysis and implications of findings and part 5, the conclusion and recommendations.

2. LITERATURE REVIEW & HYPOTHESES DEVELOPMENT

2.1 Discussion

Corporate governance is an act of doing business and doing it well with utmost integrity and commitment towards maximizing shareholders' wealth and the interests of other concerned stakeholders. It is ensuring that, the trust of the various stakeholders in committing their resources into the care of the board and the management is protected. It is considered essentially as balancing the interests of many stakeholders in a company which include shareholders, management, customers, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. However, there are instances whereby this trust has been violated by the very agents saddled with the responsibility of ensuring good governance and protecting the interests of the principal, hence the need to put measure in place to safeguard various interests and concerns. This measure is the code of corporate governance.

In Nigeria, before the recapitalization exercise by the Nigerian banks, the SEC Code 2003 was put in place to ensure good and professional management of the sourced funds from the public. However, by year 2010 during the period of financial recession/meltdown, most of the firms listed on the Nigerian Stock Exchange collapsed in term of share prices and volume of trade. As a result, a review was carried out by the Central Bank of Nigeria, and was discovered that majority of those firms had a very weak corporate governance practices. This was evident in overvaluation and concealment of level of indebtedness by some companies and the collapse of some banks (Oteh, 2013). As a matter of fact, some of those firms especially in the banking sector had their management especially the Chief Executive Officers (hereafter CEOs) removed. Many of Chief CEOs were not prepared intellectually for the huge shareholders' fund at their disposal and there was flagrant abuse of corporate governance. The SEC Code 2003 was discovered generally weak to address the issue s of management financial recklessness. For example, there was an existence of board duality, visible percentage of family members on the board, weak internal control, and CEOs power, the representation of executive directors on the audit committee and the non provision of financial / accounting expertise of audit committee members.

Notable Weak Corporate Governance Practices in the Nigerian Capital Market

The SEC Code 2003, though a brave move to curb management excesses however had some shortcomings. The shortcomings were so noticeable that it prompted the Central Bank of Nigeria to move into action to rescue ailing firms especially, the banking sector. These are some examples, in 2009, the Central Bank of Nigeria (CBN) sacked the Chief Executive Officers of five Nigerian banks on account of what the bank Governor called poor corporate governance practices and non-adherence to the banks' credit risk management practices. This is brought to the foreground because banks are big players in the Nigerian capital market. In 2010, the Securities and Exchange Commission (SEC) sacked the entire management of the Nigeria Stock Exchange (NSE) on account of issues bordering largely on weak corporate governance practices with the SEC particularly alleging that there were incredible insider dealings perpetrated by banks in collaboration with the NSE which eventually plunged share prices into an unprecedented crash.

In addition, two stock broking firms- Vision Trusts and Investment Limited and AIMS Asset Management Limited were suspended from participating in capital market activities by the SEC in 2013. Information from SEC indicated that Vision Trust and Investment Limited were suspended as a result of its sale of 131, 868 units and 44, 400 units of UBA PLC shares belonging to the estate of a client without mandate. SEC indicated that the firm was given several opportunities to restore the shares to the owner, but it failed to do so, hence the suspension (NSE, 2014). These and many more prompted the Nigeria Security and Exchange Commission to consider the review of the 2003 code of corporate governance ostensibly to improve on existing structure and enhance the performance of the board and management and ultimately to increase shareholders funds.

Emergence of 2011 Code of Corporate Governance in Nigeria and its Impacts

The Code of Corporate Governance in Nigeria 2011 (2011 SEC Code) issued by the Securities and Exchange Commission and which became effective on 1st April, 2011, can be said to be the most comprehensive corporate governance legislation in Nigeria at the moment. A perusal of the provisions of the 2011 SEC Code reveals that a lot of efforts went into the production of the Code. The journey towards the making of the 2011 SEC Code commenced in September 2008 with the setting up of the National Committee by the SEC. The Committee was charged with the responsibility of reviewing the Code of Best Practices in Corporate Governance in Nigeria issued by the SEC in 2003 (2003 SEC Code) with a view to addressing its weaknesses and improving the mechanism for its enforceability.

The Committee was further required "to identify weaknesses in, and constraints to, good corporate governance, and to examine and recommend ways of effecting greater compliance and to advice on other issues that are relevant to promoting good corporate governance practices by public companies in Nigeria, and for aligning the Code with international best practices. The stated intention of the SEC in making the 2011 SEC Code is to ensure that the Code is consistent with international best practices on corporate governance. Evidently, as can be gleaned from its provisions, there was a deliberate attempt to align the provisions of the 2011 SEC Code with international best practices on corporate governance.

The birth of SEC Code 2011 has given rise to some gladdened developments. Egwuatu and Nnorom (2013) submitted that the reforms and tighter regulations introduced in the Nigerian capital market have enabled market activities to be on the rise, with the equities and bond markets on the upsurge (Egwuatu & Nnorom, 2013). In the same vein, some initiatives taken by the NSE have put the market back on track, which have triggered appreciable growth in the twin market indices. For example, in 2013, SEC withdrew 35 capital market operators' licenses from the Nigerian Capital Market. More so, in 2013, the equities market consolidated the appreciation of 2012 and continues to be among the best performing markets in the world.

According to Oteh (2013), the stock market capitalization almost tripled hitting an all-time high of N12.85 trillion before moderating to the level of about N12.06 trillion in 2013. Investor confidence in the market is surging evidenced by the increased participation of domestic investors. In the domestic debt market, as a result of reforms such as the bond issuance process and introducing rules on book-building and shelf registration. Corporate have raised two and half times more from the bond market between 2010 and 2012 than all the corporate bonds raised from 1960 to 2009. The year-to-date (YTD), the All Share Index (ASI), of the NSE appreciated by 43.28 percent, outperforming 35 percent it did in 2012. The reform also helped in retaining the Nigerian stock market amongst the top ten performing exchanges (Egwuatu & Nnorom, 2013).

This therefore shows that well robust corporate governance has the ability to enhance investor confidence and trust, attract foreign interests and investment, and demonstrate a country's commitment to observing international standards (Oteh, 2013). Ultimately, from what has been observed thus far as it concerns SEC Code 2011, it can be therefore be said that, good corporate governance contributes to sustainable economic development by enhancing the performance of companies and increasing their access to global capital. Poor corporate governance, on the other hand, weakens a company's potential and may lead to financial difficulties and even fraud. Nigeria has therefore taken a giant stride towards benchmarking her codes with international best practices even though enforcement still remains largely a challenge.

Although, there have been different positions and arguments of the importance of the SEC Code 2011 to the development of the capital market, this has however not been subjected to empirical tests in Nigeria. To our knowledge, this would be the first research study to address that lacuna in Nigeria. This study therefore proposes the following hypotheses to address the problem and the objectives earlier stated.

H_0: There is no significant positive impact of audit committee financial expertise, audit committee independence, board independence, ownership structure on firm market performance in Nigeria.

H_0: There is no significant difference in the market performance of listed companies before and after the enactment of SEC Code 2011.

3. RESEARCH METHODS

This study made use of both primary and secondary data. That is, it is both survey and empirical research study. The population for the primary data composed of all the capital market operators in the Nigerian Stock Exchange which is 320 market operators while the populations for secondary data comprised of some selected listed firms in the Nigeria Stock Exchange. The primary data was gathered with the administration of questionnaires while the secondary data was gathered from the annual reports of the sampled listed firms. In determining the sample size for the primary data, the Yaro Yamani (1969) sampling method was adopted. Since the population is a finite one, application of statistical formula becomes crucial in determining the sample size. Therefore, after applying the formula (see appendix), the sample size became 178. In addition, for secondary data, a sample size of 16 companies were selected for the period of 2010 - 2012 in order to determine the pre and post effect of the 2011 SEC Code of Corporate Governance on firm market performance. The statistical test of Pearson Moment Correlation, Regression, One Sample T-test and Two Independent T-test were used to analyze the data obtained in order to ascertain the overall effect of corporate governance mechanisms on the market performance of listed companies in Nigeria.

3.1 Model Specification

The mathematical description of the relationship between market performance of listed companies in Nigeria and corporate governance mechanisms is stated below:

Table 1. Synopsis of Variables' Measurement/Description

Names of Variables	Acronym	Measurement
Market Performance (Dependent Variables		
Share Price	SP	the price of a single share of a number of saleable stocks of a company, derivative or other financial asset
Volume of Trade	VOT	the number of shares or contracts traded in a security or in an entire market during a given period of time
Market Capitalization	MC	It is calculated as share price times the number of shares outstanding
Earnings Per Share	EPS	It is calculated by dividing profit or loss attributable to ordinary shareholders by the weighted average number of shares outstanding during the accounting period
Independent Variables		
Audit Committee Independence	ACINDP	The number of non-executive directors
Audit Committee Financial Expertise	ACFEXP	Number of individuals in the audit committee who are experienced in financial knowledge
Board Independence	BINDP	the number of non-executive directors on the board
Ownership Structure	OWNSTR	Measure based on 5% substantial shareholdings

Source: Field Study (2014)

SP= ACINDP + ACFEXP + BINDP + OWNSTR……………………………………………..*(1)*
VOT= ACINDP + ACFEXP + BINDP + OWNSTR…………………………………….…….*(2)*
MC= ACINDP + ACFEXP + BINDP + OWNSTR……………………………………...….*(3)*
EPS= ACINDP + ACFEXP + BINDP + OWNSTR……………………………..…………*(4)*

In regression form, the model becomes:

$SP= \beta_0 + \beta_1 ACINDP_{it} + \beta 2ACFEXP_{it} + \beta_3 BINDP_{it} + \beta_4 OWNSTR_{it}$ .... *(5)*
$VOT= \beta_0 + \beta_1 ACINDP_{it} + \beta 2ACFEXP_{it} + \beta_3 BINDP_{it} + \beta_4 OWNSTR_{it}$ ……………..…………………*(6)*
$MC= \beta_0 + \beta_1 ACINDP_{it} + \beta 2ACFEXP_{it} + \beta_3 BINDP_{it} + \beta_4 OWNSTR_{it}$ ………………………..….......*(7)*
$EPS= \beta_0 + \beta_1 ACINDP_{it} + \beta 2ACFEXP_{it} + \beta_3 BINDP_{it} + \beta_4 OWNSTR_{it}$ …………………….……...*(8)*

4. ANALYSIS & PRESENTATION OF RESULTS

This section of the study displayed different analyses of results and presentations. The hypothesis stated was tested and analyzed using descriptive statistics, correlation coefficient and Panel Least Square.

4.1 Descriptive Analysis

Table 2. Descriptive Statistics for the Population

Variables	Year Observations	Mean	Standard Deviation
SP	32	24.28566	49.73902
VOT	32	5320997	9839863
MC	32	5.72E+07	1.13E+08
EPS	32	205.9472	281.416
ACIND	32	2.65625	0.4825587
ACEXP	32	1.15625	0.9196554
BIND	32	7.0625	2.25671
OWNSTR	32	2.09375	1.444888

Source: Authors' survey (2015).

The result of the analysis from table 2 showed that the average share price during the period of study was ₦24 while the EPS stood at ₦206. In addition, the table demonstrated that, there were at least three non executive directors on the audit committee and at least one of the members if financially literate. In furtherance to that, the table also highlights the number of non-executive directors on the board which is used in the study to measure the independence of the board of directors and audit committee. The period was a sensitive period in the economic land scale in Nigeria. During this period, eight Chief Executive Officers and the board members were removed by the Central Bank of Nigeria as a result of illiquidity. Bad debts soared and the share prices plunged to its lowest ebb leading capital flight. This could account for the average of ₦24 share price and the earning per share. Also, the absence of the new reformed SEC Code 2011 which has not come into effect could be attributed to having one (1) member with financial literacy on the audit committee board.

Table 3. Correlation Test for Independent variables

Variables	ACIND	ACEXP	BIND	OWNSTR
ACIND	1			
ACFEXP	0.0234	1		
BIND	0.5897	-0.0888	1	
OWNSTR	-0.0079	0.1808	0.0175	1

Source: Authors' survey (2015).

The result from the table clearly shows no sign of multicollinearity among the variables because none of the variable has as high as 0.8. Gujarati and Porter (2009); Hair, Black, Babin and Anderson (2010) in Ojeka, Asaolu and Iyoha (2015) posited that 0.8 is the threshold at which multicollinearity concerns can be detrimental to the regression results and make the reliability or the positive power of the model reduced.

4.2 Testing of Hypothesis One

The table above showed the interrelationship between the explanatory variables (i.e. ACIND, ACFEXP, BINDP, and OWNSTR) and the dependent variables (SP, VOT, MC and EPS). The table further shows that audit committee independence has a significant positive impact on share price (SP), volume of trade (VOT), market capitalization (MC) and earnings per share (EPS). The result has a p-value of 0.076 and significant at 5% and 10% level. The implication of this is that, the introduction of a non-executive director in the audit committee could increase the share price by ₦15.05023; volume of trade by 381,474 units; market capitalization by ₦5.38e+07million and the earnings per share by 209.2592 kobo. The null hypothesis which stated that, audit committee independence does not have significant positive impact on share price, volume of trade, market capitalization and earnings per share cannot be uphold and is therefore rejected. In term of audit committee financial expertise, the table demonstrated that financial expertise of the audit committee has a significant positive impact on SP, VOT and EPS at 5% and 10% with a p-value of 0.068, 0.074 and 0.067 respectively. The result also shows that audit committee financial expertise significantly impact MC at 1%, 5% and 10% level with a p-value of 0.012. The implication of this is that, as the audit committee introduces an additional member with financial expertise, the share price of the firm would by implication increased by ₦7.74; volume of trade would increase by 577,717 units; market capitalization by ₦4.48e+07million and earnings per share increased by 34.81163k.

The null hypothesis which stated that, audit committee financial expertise does not have significant positive impact on share price, volume of trade, market capitalization and earnings per share cannot be uphold and is therefore rejected. In addition, in term of board independence, there is a significant positive impact of board independence on SP, VOT, MC and EPS. The result is positive with a p-value of 0.068, 0.074, 0.012 and 0.067 respectively and it is significant at all levels. The implication of this is that, an introduction of an extra non-executive director on the board of directors would translate into an increase in share price by ₦4.95; volume of trade by 354,983.2units; market capitalization by ₦186, 617 and earnings per share by 47.6957 kobo. The null hypothesis which stated that, board independence does not have significant positive impact on share price, volume of trade, market capitalization and earnings per share cannot be uphold and is therefore rejected.

Table 4. Multiple Regression Analysis

		Market performance Measurements (Dependent Variables)			
		1	2	3	4
Independent Variables	Predicted Sign	Share Price (SP)	Volume of Trade (VOT)	Market Capitalization (MC)	Earnings Per Share (EPS)
		Coefficient	Coefficient	Coefficient	Coefficient
		(t-statistics)	(t-statistics)	(t-statistics)	(t-statistics)
		P-value	P-value	P-value	P-value
ACIND	-	15.050* (0.31) 0.076	381474** (0.49) 0.063	5.38E+07** (0.76) 0.046	209.256** (0.98) 0.035
ACFEXP	-	7.740** (-0.43) 0.068	577717** (1.97) 0.074	4.48E+07*** (1.68) 0.012	34.811* (0.43) 0.067
BIND	-	4.9462** (0.51) 0.0618	354983*** (0.23) 0.0082	186.617* (0.01) 0.099	47.696** (1.11) 0.029
OWNSTR	-	-1.844 (-0.15) 0.882	-199826 (-1.01) 0.333	-66.949 (-0.37) 0.718	-35.461 (-0.65) 0.527
Constant	?	-38.126** (-0.33) 0.0746	-1.11E+07 (-0.6) 0.562	-1.52E+08 (-0.89) 0.39	-669.104 (1.3) 0.219
P-value F-test R^2 R^2 Adjusted No of Obs.		0.0881 0.29 0.0942 -0.235 32	0.3447 1.25 0.313 0.063 32	0.046 0.97 0.260 -0.0078 32	0.028 1.45 0.345 0.1074 32
Keys: ***, **, * Significant at the 1%, 5% and 10% levels respectively Note: Numbers in each cell are arranged in the following order- Coefficient, t-values (in parenthesis), P-values and Std β					

Source: Authors' survey (2015)

In term of ownership structure, the result in table shows that ownership structure has a negative impact on SP, VOT, MC and EPS. The result with p-value of 0.882, 0.333, 0.718 and 0.0527 is insignificant at 1%, 5% and 10% levels. The implication is that as the percentage of substantial holdings of an average investor increases, share price would decrease by ₦1.844988; volume of trade by 199,8268units; market capitalization by ₦669, 490 and earnings per share by 35.46136 kobo. This finding support the assertion of Von Tadden (1998) where it was submitted that dispersed ownership leads to increased market liquidity rather than concentration of ownership. In addition, various authors have argued that the distribution of ownership has important implications for the efficiency and strategic development of firms (Galbraith, 1967; Marris, 1964; Pfeffer & Salancik, 1978; Williamson, 1964). Demsetz and Villalonga (2001) however found no significant relationship between ownership structure and firm performance. Therefore, null hypothesis which stated that, ownership structure does not have significant positive impact on share price, volume of trade, market capitalization and earnings per share is uphold.

4.3 Testing of Hypothesis Two

Table 5 demonstrated the significant impact of identified attributes of corporate governance in the reformed Security and Exchange Commission Code 2011 on the market performance of firms. Specifically, the table showed if the market indicators of performance are better or worse off after the introduction of the SEC Code 2011 considering the financial issues and other factors militating against the market in Nigeria. From the result therefore, it was shown that there is no significant difference in the share price of the sampled firms even after the introduction of SEC Code 2011 as the pre mean and post mean result appeared the same. However, by implication, it could be deduced that the strength of the reformed corporate governance mechanisms addressed in the SEC Code 2011 contributed in stabilizing the share price in the market. Even though, generally the share price fell during the period as a result of re-organization in the financial market which led to the removal of Chief Executive Officers (CEOs) of eight different banks for lack of effective corporate governance practices, the implementation of the Sec Code 2011 was able to sustain the downturn of the share price and eventually returned investors' confidence in the market. Things could have been different if the SEC Code 2003 was still in place considering the weakness as addressed by the then CBN Governor.

Table 5. Two Independent Sample T-tests

Variable	Mean Difference	Std. Err	Std. Dev.	t-value
Share Price	Pre: 24.32474	10.97687	45.25881	0.0067
	Post: 24.21296	12.70701	52.39235	
Volume of Trade	Pre: 5229951	2323997	9582086	-0.0548
	Post: 5412044	2373399	9785776	
Market Capitalization	Pre: 6.70E+07	3.16E+07	1.30E+08	0.0522
	Post: 4.73E+07	2.08E+07	8.57E+07	
Earnings Per Share	Pre: 189.7441	67.27559	277.3843	-0.3417
	Post: 222.15	66.85065	275.6323	

Source: Authors' survey (2015)

In term of volume of trade, the table showed a significant difference in the volume of trade between the pre and post SEC Code, 2011. The table further shows that the mean score for volume of trade is higher in the post SEC Code 2011 period than in the period preceding the Code in 2011. The implication of this is that the corporate governance variables captured in the Code is more profound and effective in tackling the issue of corporate failures in Nigeria and strengthening investor's and public confidence when compared to previous codes. With respect to market capitalization, a significant difference also exists between the Pre and post SEC Code, 2011. It was noticed that the pre mean of the market capitalization was lowered that the post mean. The decrease in the post mean market capitalization could have resulted from the fall in share price during the period of study. Even though the volume of trade increased, there was as sharp decline in the cost per share. Therefore, since the share price has a significant impact on the market capitalization, there is likelihood to experience increase when the share price goes up and vice-versa. The period of study was a volatile period in the Nigerian capital market. So, the market could have sustained a greater decline resulting in a very low capitalization if the 2011 code which guaranteed tighter regulations and enforcements has not come to play.

For the earning per share, there was found a significant impact of Code of Corporate Governance of 2011. There is a significant difference in the mean before and after the 2011 Code of Corporate Governance on EPS of the sampled firms during the period of study. From the findings, the code has helped in strengthening the practice of corporate governance by reducing to significant level, the corporate abuses, transparencies, independence and the expertise of the board to perform credibly. The cumulative effect is the significant increase in the earning per share of the firm thereby discounting the loss of investment recorded in the Nigerian Capital Market during the period.

4.4 Decision

Based on the empirical analysis as shown in the table 5, the null hypothesis which stated that there is no significant difference in the market performance of listed companies before and after the enactment of SEC Code 2011 is therefore rejected except for share price which had hitherto in 2010 experienced a sharp decline as a result of CBN intervention of rescuing the commercial banks from collapsing and eventual removal of some CEOs for gross financial misconducts and abuse of corporate governance practices. The implementation of the code of 2011 helped in stabilizing the market by allowing market fundamentals to determine the value of the firm's share price.

5. CONCLUSION & RECOMMENDATION

The study investigated the impact of code of corporate governance of 2011 on the market performance of selected firms in the Nigerian Capital Market. There have been challenges in the Nigerian financial system that necessitated having a more robust, comprehensive and effective Code of corporate governance to ostensibly improve on the 2003 code that failed to addressed the issue of corporate failures in Nigeria especially in 2010. The idea is to restore investor's confidence in the Nigerian Stock Exchange by promoting transparency, quality of board members and ensuring and accountability on the part of the management. The results obtained from the analysis indicates that, accounting and financial skills/intelligent of audit committee members is of utmost importance to the market performance in term of share price, volume of trade, market capitalization and earnings per share. Having this caliber of persons on the audit committee board would give the investors especially institutional investors a great confidence that the management would do what is right in term of sound financial management/policies. In the same vein, audit committee and board independence in term of the good number of non-executive directors as specified in the code of corporate governance 2011 in a clearer term was positively signed.

This shows that, the non-executive and independent directors as presently captured in the 2011 code has much more guarantee the independence of the audit committee and the larger board which has been saddled with the role of providing oversight functions, setting internal control structures, risk management and the guarantee external auditors independence. Compare to the 2003 code which have the mixed of executive and non-executive directors and sometimes comprise family affiliation where members of the same family are on the board and on the extreme having the Chief Executive Director (CEO) as audit committee member. The 2011 codes from the findings of this study showed a positive and significant impact on share price, volume of trade, market capitalization and earnings per share. In addition, the study also assessed the level of impact of code of corporate governance 2011 on the pre and post market performance of sampled firms using the two independent t-tests. The results as shown in table 5 showed that, the major reforms in the Security and Exchange Commission Code of 2011 in term of audit committee independence, audit committee financial expertise, board independence and ownership structure have positive impacts on the various indicators of market performance in the post implementation of the SEC Code 2011 when compare to the preceding year to 2011.

The results therefore point to the fact that the step taken to overhaul the SEC Code in 2011 has made significant contributions to the sustenance of the Nigerian Capital Market and have also increase the relative performance listed firms. Policy makers should therefore need to strengthen the implementation of every recommendation contains therein to further stabilize the system and repose the confidence of investors both local and foreign in the market. For example, the issue of financial expertise, most especially accounting expertise and independence of the audit committee members as contained in the SEC Code 2011 has shown by previous researchers that they are the major driving force in the corporate governance mechanisms (see Owolabi & Ogbecie, 2010; Ojeka, Iyoha & Obigbemi, 2014; Ojeka, Iyoha & Asaolu, 2015). However, even though the SEC Code has achieved some level of mandatory compliance, it is recommended that the provisions as contained in the SEC Code 2011 be backed up by law. This could be done by incorporating them in the Nigerian Company and Allied Matters Act (hereafter CAMA) to ensure strict compliance which if violated, redress could be sought for in the court. It is also recommended that, the naming and shaming policy be instituted to enable the public know those firms that are not complying with the requirements expressly stated in the code especially in line with the variables identified in this study. This would go a long way in assisting current and potential investors to know where to look at in their quest for investments opportunities.

This study has major strengths which are visible throughout the study however was not without its limitations which however has not affected the results in any way. The identified limitations are to be considered as area(s) for further study in advancing the frontier of knowledge. First, the study did not capture all the listed firms in Nigeria though all sectors were represented in the data. Secondly, the corporate governance attributes covered in this study is limited to four. This could be further expanded to cover other attributes. The period of study covered was between 2010 and 2012, further studies could consider a longer period.

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