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CORPORATE GOVERNANCE MECHANISM AND STOCK PRICE PERFORMANCE: INSIGHTS FROM NIGERIA

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Abstract
Over the years, firms from financial, real estate and construction sectors in Nigeria have been challenged heavily by corporate governance lapses. This seems to have affected major spheres of performance and specifically market stock price of the firms, thereby necessitating investigation into its level of influence. This study assessed how corporate governance practices affected listed businesses in Nigeria's firm performance. The study's goal is to assess the impact of board diversity, independence, size, and ownership on the stock price performance of a sample of Nigerian public companies. In order to achieve this, the study used secondary data, which was based on an ex post facto research strategy and used a pooled data set gathered from sixteen (16) quoted businesses during the period between the 2006 and 2019 financial period. Descriptive statistics, correlation matrices, and robust least squares regression analysis techniques were used to analyze the data that had been gathered. The Agency theory and entrenchment hypothesis served as the study's pillars. The results support the entrenchment hypothesis, which contends that large board ownership percentages have a negative impact on stock price performance. In particular, we discover that the stock price performance of listed companies in Nigeria throughout the study period was negatively

impacted by the corporate governance variables of board size and board ownership, both of which are statistically significant at1%, 5%, and 10%. The entrenchment effect, which is already at work among our sample companies, leads us to urge, among other things, that consideration be given to the review of board ownership and size in light of the study's findings.

Keywords: performance, stock price, and corporate governance

1. Introduction

One hundred large worldwide economic entities exist, of which forty-four (44) are corporations and fifty-six (56) are owned by states. The corporation is like a state in that it has its own laws, as well as executive and supervisory authorities that must govern the business in accordance with established norms and culture to ensure value-based management (Brigham and Erhard 2004). In order to maximize the wealth of shareholders and other interested parties, good corporate governance is established and offers a significant reduction in the agency problem. These results imply that effective corporate governance secures long-term confidence between shareholders and the company's management. In their 2013 study, Kumar and Singh came to the conclusion that while excellent governance has real, positive effects on the economy and markets, these advantages are more apparent when the economy is in a slump. By implementing sound corporate governance, the company might mitigate the considerable decline in share price that it experienced during the most recent global financial crisis (Monem, 2013). Furthermore, in terms of return on assets or the firm's development potential, good corporate governance has been found to be more important than financial performance. Excellent corporate governance is valued omore highly than a company's financial performance by 15% of European Institutional Investors (EII), according to the McKinsey Global Investor Opinion Survey (McKinsey, 2002). In terms of accountability and financial performance, in particular, this has undoubtedly reawakened modern corporations' understanding of the subject.

The subject matter of corporate governance and ethical behavior, however, burst with the corporate scandals including Enron, Parmalat, and WorldCom in the 1990s, and it was hotly debated once more in regard to financial companies during the global liquidity crunch. Furthermore, these scandals and the purportedly subpar performance of the corporate sector in Africa (particularly Nigeria), according to a 2004 OECD assessment, have driven the adoption of corporate board processes in a number of African nations. In fact, the core of many significant corporate board improvements and reforms is a shared stake in the board of directors' success in accomplishing organizational goals.

The importance of corporate governance is stressed as a determining element in business performance and the accuracy of financial reporting. The analysis of accounting data and firm market value can thus be done using it. Most earlier writers concentrated on the non-financial sector and used accounting performance ratios such ROCE, ROA, ROE, and ROI as performance metrics. In light of this, by using the variable of share price as a proxy for company performance, which has rarely been employed by scholars in the Nigerian context, this study contributes to other similar studies on corporate governance literature. According to our best knowledge, Nigeria's banking, real estate, and construction industries are yet untapped sources for research studies. The author specifically selected sample companies from these sectors - banking, real estate and construction.

Investigating the impact of corporate governance and the stock prices performance of listed banks and construction/real estate companies in Nigeria is the main objective of this research. However, the specific goals are to:

i. Determine how board size affects the stock price performance of a few Nigerian listed firms.
ii. Examine the impact of board independence on the performance of the stock prices of a few Nigerian listed firms.
iii. Examine the impact of board diversity cum gender has on the performance of the stock prices of a few Nigerian companies that are publicly traded.
iv. Analyze the impact of board ownership on the performance of the stock prices of a few Nigerian traded companies.

The purpose of this research was to determine how corporate governance mechanisms affected the stock price performance of companies trading on the Nigerian Exchange Group. Only quoted companies from Nigeria's construction, real estate, and banking industries were captured for the study. In addition, the study's scope included four construction and real estate companies, 12 commercial banks, and it was conducted from 2006 to 2020. As of December 31st, 2006, the companies are listed on the Nigerian Stock Exchange (NSE). Based on two criteria, a sample size of four businesses was chosen. This allowed for the elimination of any businesses deemed unsuitable for the study.

2. Review of Empirical Studies

Numerous hypotheses serve as the foundation for this study because they directly affect it. Agency theory, signaling theory, and entrenchment hypothesis are the theories that guide the investigation. They are best suited for this study and explained it relatedness to the study.

Uwuigbe (2013) looked at the connection between share price and corporate governance practices. The audit committee and ownership structure of the company serve as examples of corporate governance. A sample of thirty entities that are listed on the Nigerian Exchange group served as the basis for the study. In this study, regression and correlation analysis approaches were applied. The results show that ownership structure and business share prices tend to be negatively correlated. However, the analysis does seem to suggest that the audit committee has a positive effect on stock prices. According to the paper, bad corporate governance can have a detrimental effect on economies in both developed and developing nations.

Using data from selected listed businesses on the Oslo Stock Exchange from 2010 to 2016, Frydenberg and Neegaard (2018) conducted a study on CEO Ownership and Stock Market Performance using the Fama and French models. Their data show that ventures with a higher CEO ownership percent experienced considerably lower abnormal returns than the market. Additionally, the data demonstrates that businesses without a CEO outperform the market. According to the findings, businesses that have a CEO who owns less than 0.05% of the venture's outstanding shares do better than businesses without a CEO and businesses where the CEO owns more than 0.05% of the company's outstanding shares. The results demonstrate that CEO ownership had an early positive impact on stock market performance, indicating enhanced incentives, but that a later negative impact showed lower incentives and suggested management entrenchment.

The corporate governance index and stock performance in emerging countries have a significant relationship, according to Klapper and Love (2002). Additionally, they made use of the Asian Credit Lyonnaise Securities (CLSA) index, which comprised a sample of 374 countries. Their findings suggest a positive correlation between corporate governance and value company valuation.

Malik (2012) looked into the relationship between the KSE30 Index businesses' stock prices and corporate governance ratings. The KSE 30 index firms from 2009 to 2010 are the subject of the study. The firm's share price is employed as a dependent variable in this study, while the corporate governance score is used as an independent variable. The results show that well-run businesses have higher stock prices. This happens because well-structured businesses are gauged to perform better, which will lead stock values to increase.

Cheng, Lui, and Shum (2013) examined the effect of board independence and share ownership structures on the market interactions of 976 Hong Kong-listed businesses between the years 2008 -2009. The outcome demonstrates that during the financial crisis era, companies without an independent outside director manning as head of the board and companies with a lower percentage of outside independent directors had quality stock interaction as measured by market-adjusted cumulative stock return. Market-adjusted cumulative stock performance is negatively correlated with the percentage of large shareholdings held by the CEO and directors. Additionally, there is a positive correlation between market-adjusted cumulative stock return and the percentage of shares owned by independent directors.

Dincer and Dincer (2013) analyzed the corporate governance practices of quoted banks on the Istanbul Stock Exchange and look at the association between corporate governance and company value in a developing economy (ISE). According to the regression, banks with lesser control structure ratings generate bigger share value because they are riskier, whereas banks with higher governance ratings generate lower share value because they are less risky. The primary variables in the regression were performance indicators like ROA and share price as well as corporate governance indicators including ownership, board composition, and transparency policies. According to the findings, stock prices appropriately reflect the higher risk of poorly managed companies and the lower risk of a strategic structure firm.

The study of Oyerinde (2014) examined the extent to which corporate governance contributed to the financial crisis in the Nigerian banking industry between the periods 2000 and 2010. Panel data on a post - consolidated banks in Nigeria for the pre and post-2004 consolidation reforms were used. Two measures of bank performance (return on equity and net interest income) were used as dependent variables on a model that included both numbers of board members and related insider loans as measures of corporate governance. It was found that while the size of the board was significant positive insider loan is negatively related to bank performance. The paper concludes that insider loan was the most detrimental consequence of the lack of corporate governance in the Nigerian banking industry. The issue raised in some studies about the size of the board members, this paper found a relatively higher number of board members to be more performance-enhancing and aid effective coordination of banks operating within the peculiarity of the Nigerian financial system.

Salah and Elewa (2016) investigated whether corporate governance is associated with stock prices and trade volume for 62 publicly traded firms on the Egyptian Stock Exchange during 2007-2014. The authors hypothesize that firms with strong corporate governance have a significant impact on stock prices and trade volume. To examine the associations, a multiple regression analysis is used. Consistent with the first hypothesis, this study finds firms with strong corporate governance have a significant impact on stock prices while having no significant impact on trade volume. Findings indicate that the quality of corporate governance can affect firms' stock price while trading volume is not affected by the strength of corporate governance. The results suggest that Egyptian firms should improve their corporate governance as it has a significant effect on firms' value. Also, providing diverse sources of financial information other than the financial statements and ensuring the presence of high-quality financial reporting and strong investor protection. This study is carried out on non-financial firms only. This research is important to regulators and standard setters as it shows the information that affects investors' decisions and the importance of its disclosure. It pays attention of standard setters for setting a corporate governance framework for improving the level of disclosures of publicly traded firms in Egypt.

Acheampong, Agalega, and Shibu (2013) examined the effect of financial leverage and market size of selected stocks on stock returns. Ordinary Least Square (OLS) regression methods were used to model the relationship between the dependent variable and the independent variables. The leverage of the selected firms were estimated from the annual financial reports covering a period of five years (i.e.2006-2010) of selected five corporations operating in the manufacturing sector. Furthermore, average monthly stock prices of the selected stocks between 2006-2010 for Unilever, Pioneer Kitchenware, PZ Cussions, Aluworks and Camelot making up the five selected companies were used. The study established a negative and significant relationship between leverage and stock return when the overall industrial data is used. However, at the individual firm level the relationship was not stable. Four out of the five selected companies (i.e. PZ, Unilever, Aluworks and Camelot) all had associated leverage coefficients to be negative. Pioneer Kitchenware however, had positive leverage coefficient. The study also found the relationship between Size and stock returns to be positive and significant. The size effect within the manufacturing sector was however very limited.

Brown and Caylor (2004) took another approach in evaluating corporate governance and firm performance. They created a broad measure of composite governance; Gov-score comprising of 51 factors in eight corporate governance

categories based on a data set provided by Institutional Shareholder Services. They then relate Gov-score to operating performance (ROE, profit margin and Sales growth), valuation (Tobins Q) and shareholders payout (dividend yield and share repurchases) for 2,327 US firms and found that better governed firms are relatively more profitable, more valuable and pay out more cash to their shareholders. They also showed that good governance as measured using executive and director compensation is associated with good operating performance.

To determine whether there is a correlation between stock returns and leverage, Muradoglu and Sivaprasad (2012) empirically investigated the effect of a firm's leverage on stock returns. We undertake our tests based on the explicit valuation model of Modigliani and Miller (1958) tested in the utilities, oil, and gas industries. We test the relationship between leverage and stock returns in all risk classes. For utilities, returns increase in leverage. This is consistent with the findings of Modigliani and Miller (1958). For other risk classes the relationship is negative consistent with the recent work of Korteweg (2004), Dimitrov and Jain (2005), and Penman (2007) in the cross-section of all firms. Results are robust to other risk factors.

Theory of Agency

The agency theory, propounded by Berles and Means (1936), contends that high levels of corporate governance make businesses less risky, more efficient, and not quite expensive to audit and monitor. It posits that higher expectations of cash flow and a lower cost of capital result in quality firm value and better output. The theory contends that improved transparency, better oversight, and transparency among the principal and agent are outcomes of a good corporate governance framework. The agency philosophy states that since agency costs are reduced when managers are well supervised, increased corporate control will lead to higher and better stock prices in the long term. This hypothesis that stronger corporate governance should result in higher stock prices or better long-term performance because when managers are properly overseen, agency costs are decreased and profit is maximized is the theory that serves as the basis for this study.

Demsetz (1983) and Fama and Jensen (1983) introduced the managerial entrenchment theory, which suggested balancing the costs of strong management ownership. This idea holds that a corporation will be of lesser value if managers with high stakes have adequate voting power to maintain their cadre within the organization. A manager with large ownership can protect himself from market fumbles like the potential for a takeover or the managerial labor market.

Management with fewer shares can be influenced by market actions to optimize firm value. When managers lack sufficient investments in the form of equity and shareholders are too dispersed to take action against unattractive investments, insiders may use corporate operations to obtain personal fringes like shirking and perk expenditures (Farinha, 2003). Giving a company's management ownership might give them more sway in voting decisions, which would make their workplace safer. They are thereby safeguarded from takeover bids and the current management market. As a result, managers frequently run the danger of being sacked by making themselves so irrelevant that losing them would jeopardize the business. A manager receives motivation when he invests the entity's resources in assets whose value is higher under him than under the best alternative manager, even if such investments do not maximize value (Shleifer, 1989)

Agency costs arise when a company's ownership and control are divided. We employ this concept in the research because we anticipate managers who own a sizable portion of the company's stock to profit personally from opportunities. As a result, stock prices are subject to ups and downs.

3. Methodology and Model Requirements

The ex-post facto research strategy was chosen for this study in accordance with Gujarati's (2003) assertion that it is one of the best research methods for finding the cause-and-effect relationship between the independent and dependent variables in order to demonstrate a causal link among them. The study involves four (4) construction and real estate companies and twelve (12) commercial banks listed on the Nigerian stock exchange between 2006 and 2019. In this work, the effect of heteroskedasticity that can be attributed to temporal and cross-sectional effects in the data set was addressed using the robust least square panel regression. Numerous robustness tests are run on the data, including tests for multicollinearity, heteroskedasticity, residual normality, and correlation matrix normality. The estimation results were assessed using respective significance tests (t-tests) and overall statistical significance tests (F-tests), and the coefficient of determination was used to gauge how well the model fit the data (R-squared). The analysis was carried out using the STATA 14 software suite.

In order to create a model for this study, we adopted and modified the model from Akinkoye Adedeji Adelabu and Akinadewo (2015). Here is what is said.

$$\text{Tobin's Q it} = \alpha + \beta 1\, GCI_{it} + \beta 2 Bod_{it} + \beta 3 excomp_{it} + \beta 4 Shar_{it} + B5 Own_{it} + \beta 6 DIS_{it} + \beta 7\, Lev_{it} + \beta 8 Size_{it} + \beta 9 Age_{it} + \beta 10 ROA_{it} + \mu ii \ldots\ldots (i)$$

$Mrkval = \alpha + \beta 1\ GCI_{it} + \beta 2Bod_{it} + \beta 3excomp_{it} + \beta 4Shar_{it} + B5Own_{it} + \beta 6DIS_{it} + \beta 7\ Lev_{it} + \beta 8Size_{it} + 9Age_{it} + \beta 10ROA_{it} + \mu ii$…….....(ii)

The effect of corporate governance mechanisms on the stock price performance of listed banks and construction/real estate companies in Nigeria is examined using the model below. Simply put, we demonstrate that the corporate board mechanism is a function of stock price performance as given in the equation below:

SP= f (board size, board independence, board gender diversity, board ownership and leverage) ……. (1)
This can be re-written in explicit form as:

SP= $\pi_0 + \pi_1$b_size + π_2b_ind + π_3b_gen_div + π_4b_owner + $\pi_5$leverage…… (2)

And can be written econometrically as:

SP= $\pi_0 + \pi_1$b_size + π_2b_ind + π_3b_gen_div + π_4b_owner + $\pi_5$leverage+ ε_{t}..... (3)

Since we employ panel datasets, we capture both time and cross section effect with the equation below

SP$_{it}$= $\pi_0 + \pi_1 b\_size_{it} + \pi_2 b\_ind_{it} + \pi_3 b\_gen\_div_{it} + \pi_4 b\_owner_{it} + \pi_5 leverage_{it} + \varepsilon_{it}$ .....(4)

also econometrically expressed as:

SP equals 0 plus 1 each of the following: b size, b ind, b gen div, b owner, b leverage, and b t…….. (3)

The equation below captures the temporal and cross section effects because we use panel data sets.

The formula for SPit is 0 plus 1b sizeit, 2b indit, 3b gen divit, 4b ownerit, 5leverageit, and it (4)

4. Presentation of Data and Results

The study examines the impact of corporate control mechanisms on listed businesses' stock price performance in Nigeria from 2006 to 2020. Board Size (b size), Board Independence (b ind), Board Gender Diversity (bg div), and Board Ownership (b own) are the variables of interest that we used to examine the impact of the corporate governance system on stock price performance. However, we included Firm Leverage as a control variable (leverage).

The statistics of the data set used in this investigation are summarized in the table below.

Table 4.1: Statistical Description of the Corporate Governance Index

	s-price	b-size	b-ind	b-own	Bg-diver	leverage
Mean	11.98597	12.487	61.07058	13.33658	13.71667	83.70153
Max	84.63	21	90	89.65	60	254.75
Min	0.44	5	21.43	0	0	8.63
N	225	225	225	225	225	225

Source: STATA output compiled by Authors

According to the descriptive statistics, the mean stock price variable for the study period was around 11.99. This portrays the sampled companies in a favorable light. The year 2007 saw the strongest stock performance across the board for all studied firms, reaching an average height of 84.63, while the year 2018 saw the worst performance, with an average stock value of roughly 44 kobo. Additionally, the descriptive statistics showed that during the studied period, on average, 13% of the directors at the tested organizations were female. However, we discover that board gender diversity reached a record high of 60% in 2010, demonstrating a very large divergence from the mean. This finding implies that among Nigerian traded firms, the role of women on the board is continuing to acquire importance. The outcome reveals that throughout the time under investigation, board independence ranged from an average of 61 percent to a maximum of 90 percent. We also discover that board ownership, which is the equity held by board members relative to the total number of firm shares, followed the same trend as the board gender diversity variable. From 7 percent in 2007 to 16 percent in 2018, board ownership increased steadily on average. Finally, we discover that in Nigeria, quoted firms used debt financing the most in 2017. (254.75). However, on average, during the time under consideration, the majority of the studied enterprises used debt financing to the tune of 83.70.

Table 2. Data Normality Test
Shapiro-wilk W test for normal dat

Variable	obs	W	V	Z	Prob>z
S_price	225	0.763	34.73	8.16	0.0000
B_size	225	0.977	3.27	2.73	0.0032

B_ind	225	0.964	5.24	3.80
0.0000				
B_own	225	0.669	48.39	8.92
0.0000				
Bg_div	225	0.961	5.75	4.02
0.0000				
Lev	225	0.673	47.92	8.89
0.0000				

Source: STATA output compiled by Authors (2022)

The rule of thumb states that a variable is not normally distributed if the probability value of the variable of interest is significant at 1 percent or 5 percent. The findings also show that all relevant parameters are regularly distributed, as some variables, like board ownership, leverage, and stock price, are significant at 1%, while others, like board size, independence, and gender diversity, are significant at 5%.

Table 3: Correlation Matrix Result

Variables	**s-price**	**b-size**	**b-ind**	**b-own**	**Bg-div**	**Lev**
s-price	1.0000					
b-size	-0.531	1.0000				
	0.4612					
b-ind	-0.0681	-0.4415*	1.0000			
	0.3444	0.0000				
b-own	-0.2426*	0.3386*	0.1291	1.0000		
	0.0006	0.0000	0.0720			
Bg-div	0.0520	0.1897*	0.0926	-0.0866	1.0000	
	0.4706	0.0076	0.1981	0.2288		
Lev	0.0220	0.1347	0.0762	-0.1873*	-0.0307	1.000
	0.7592	0.0604	0.2896	0.0086	0.6697	

Source: STATA output compiled by Authors (2022)

A linear link between two or more explanatory variables is implied by correlation. Regression estimators may be biased since they frequently have high variances because correlation makes it difficult to distinguish between the various impacts of the explanatory variables. In Murray (2006). Additionally, the regression model estimates cannot be derived only if the relevant variables are perfectly connected linearly. The likelihood of correlation is examined using the correlation matrix, which contains both dependent and independent variables.

Pearson Correlation Matrices state that correlation coefficients must be less than 0.8, which is the threshold or cutoff correlation percent that previous studies have frequently suggested is where collinearity is likely to occur (Gujarati 2003). You can predict one variable using the second predictor variable when there is a high correlation between the two predictor variables. The multicollinearity problem is this. Analysis of the effects of independent factors on dependent variables becomes challenging as a result of unstable regression parameter estimates. Such parameters have an extremely large SE.

There is no reason to be concerned about the effects of multicollinearity, according to a brief glance at table 4.2 above the result. However, a more sophisticated method known as the Variance Inflation Factor Test is used to further test the relationship between the independent variables (VIF). In order to determine the level of variability, the study used the variance inflation factor test to examine the relationship between the independent variables.

Test for Multicollinearity with Variance Inflation Factor (VIF)

Table 4: Variance Inflation Factor Test Result

Variables	VIF	1/VIF
b-size	1.52	0.704960
b-ind	1.34	0.804160
b-own	1.26	0.860683
Lev	1.15	0.951959
Bg-div	1.24	0.959650
Mean VIF	**1.30**	

Source: STATA output compiled by Authors (2022)

Gujarati (2003) asserts that if the mean VIF is close to 10, there are no consequences. The mean-variance inflation factor (VIF) of the explanatory variables is shown in Table 4:3 below. Since the mean VIF is within the range of 10 against which the presence of multicollinearity may be suspected, the result illustrates the absence of the repercussions of multi-collinearity in the model employed for the analysis.

Heteroscedasticity test

The Breusch-Pagan/Cook-Weisberg test was utilized in this investigation to determine whether the data set used for the study had heteroscedasticity. The probability chi square value of 0.0005, which is statistically significant at the 5 percent level, showed that there was heteroscadasticity in the data set. However,

we use the robust regression analysis described below to account for the influence of heteroscedasticity.

Regression Analysis

The study found an R-squared value of 0.09, which means that throughout the study period, the independent variables jointly explained around 9% of the systematic fluctuations in stock price performance. This suggests that the independent variables used in this study were not able to fully explain the changes in stock price performance; therefore, the error term accounts for the remaining 91 percent of the variances. In addition to the foregoing, the following details are presented regarding each explanatory variable's unique findings from the fixed effect panel regression models:

Hypothesis 1: Board size has no appreciable impact on listed banks' and real estate/construction companies' stock price performance in Nigeria.

The board size (b size) variable is shown in the robust least square regression model above with the following values: Coef. = -0.775, t = -3.41, and P-value = 0.0008. According to the aforementioned findings, it is evident that board size has a negative and statistically significant impact on the stock price performance of listed banks and construction/real estate companies in Nigeria. This result confirms earlier predictions that a one-member increase in the board's size would result in a marked decline in the sample firms' stock price performance. The study rejects the null hypothesis by accepting the alternative hypothesis in light of the findings. According to the study, the performance of stock prices is negatively impacted by board size in a statistically significant way.

Hypothesis 2: In Nigeria, quoted banks and real estate and construction companies' stock price performance are unaffected by board independence.

The variable of board independence (b ind) is shown in the robust least square regression model shown above (Coef. = -0.129, t = -1.51, and P-value = 0.1327). In light of the aforementioned findings, it can be concluded that board independence has a negative but statistically minor impact on the stock price performance of quoted banks and construction/real estate companies in Nigeria. This result does not match our preconceived notions because we anticipate that more board independence will enhance stock price performance. Board independence has no statistically meaningful impact on stock price performance, the study finds, rejecting the alternative hypothesis.

Hypothesis 3: In Nigeria's quoted banks and real estate and construction industries, board gender diversity has no appreciable impact on stock price performance.

The variable of board gender diversity (bg diver) (Coef. =0.069, t = 0.75, and P value = 0.455) is shown in the robust least square regression model that was previously provided. According to the aforementioned findings, it is clear that board gender diversity has a favorable but statistically small impact on the stock price performance of quoted banks and construction/real estate enterprises in Nigeria. This finding shows that stock price performance will improve, although only little, as the percentage of female directors on boards rises. We reject the alternative hypothesis because this result contradicts the a priori expectation and come to the conclusion that board gender diversity has a statistically insignificant positive impact on stock price performance.

Hypothesis 4: Board ownership of listed banks and construction/real estate enterprises in Nigeria has no appreciable impact on corporate performance.

The variable of board ownership (b own) (Coef. = -0.917, t = -5.89, and P-value = 0.000) is shown in the robust least square regression model that was previously presented. According to the aforementioned findings, it is evident that board ownership has a negative and statistically significant impact on the stock price performance of banks and construction/real estate companies in Nigeria. According to this finding, stock price performance appears to be significantly dampened as the percentage of directors' shareholding rises. In this regard, we reject the null hypothesis and come to the conclusion that board ownership affects stock price performance statistically.

Discussion of the Results

Board Size

It was discovered that adding a board member causes agency conflict, which lowers the stock performance of banks and construction/real estate enterprises in Nigeria. The fundamental reason is that as the number of board members rises, so do the conflicts of interest among the directors, making it more difficult for them to make decisions that are appropriate and timely, which has an impact on the performance of the company.

Board Gender Diversity

The finding backs up Rose's (2007) argument that there may be a socialization process whereby the unconventional board members have taken on the conduct and

standards of the conventional board members and business leaders. Rose (2007) argues that this process may be the reason why board gender diversity does not lead to quality performance.

Board Independence

The results show that non-executive directors are not generally well-liked by stakeholders. As a result, companies may suffer if the number of non-executive directors rises. This is because they may stifle management's strategic decisions and subject the company to excessive scrutiny because they lack the necessary business expertise and real independence.

Control/ownership of the board

The outcome is consistent with the entrenchment effect theory, which contends that large board ownership percentages have a negative impact on stock price performance. As a result, the relationship that exist between board ownership and stock price interactions is either negative or nonexistent.

Leverage

According to this study, firm leverage - the amount of debt financing a company uses to boost its share price has not been proven to be very helpful in raising the stock prices of banks and indigenous named firms.

5. Conclusion

This study specifically seeks to examine the effect of corporate governance mechanism on stock price performance of quoted banks and construction/real estate firms in Nigeria. This study notes that corporate governance mechanism have not been effective in tackling agency conflict hence the poor performance of stock price among quoted banks and construction/real estate firms in Nigeria.

The study recommends the minimizing of size of the board to optimal size of seven to eight members; Non introduction of mandatory quotas, instead insist on competence and capability in these studied sectors; policy focus towards providing alternative incentives for managers instead of increasing the proportion of their stock; and employment of debt financing for firms with interest in long term projects to optimize financial leverage.

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