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EFFECTIVENESS OF CORPORATE GOVERNANCE ON SMEs IN THE STOCK BROKING FIRMS IN NIGERIA

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Abstract

Corporate Governance is a broad term that defines the methods, structure and the processes through which the business and affairs of an organisation is managed and directed in the best interest of the company and other stakeholders. An effective Corporate Governance mechanism eliminate the conflict of ownership and control by separately defining the interest of shareholders and managers. This paper reviews the effectiveness of corporate governance on SMEs in the stock broking firms in Nigeria. Questionnaire was formulated using five-point Likert scale to collect data from a sample size of 200 stock broking owners and managers using convenience sampling technique. Valid responses were received from 171 respondents which was analysed using SPSS. The results shows that stock broking firms shows higher responsibility and commitment to corporate governance, the structure and functioning of the board of directors and the control environment and process complied with corporate governance structure while transparency and disclosure requirements positively affect the overall performance by the SMEs in the stock broking firms. The study suggest that there is need for more awareness on the importance of good corporate governance on SMEs in Nigeria. Also, the regulatory authorities should ensure close and proper monitoring of the SMEs in the stock broking firms to ensure that the corporate governance gains achieved are not only sustained but improved upon for the stakeholders' benefits.

Keywords: *Corporate Governance, SMEs, Stakeholders, Stakeholder Theory, Stock Broking.*

INTRODUCTION

Corporate governance is in the front burner of corporate entities (both private and public). Hayelom (2017) opines that corporate governance is a mechanism for achieving maximum efficiency and plays a very important role in sustainability, productivity and profitability to meet the new challenges of quota free global environment (Makki & Lodhi, 2014). According to Saheed (2013), corporate governance is a network of relationships between corporate managers, directors, and providers of equity or stakeholders. Besides, corporate governance is a set of mechanisms, processes and relations by which firms are controlled and directed that is arranged to accomplish firm's objectives (Basyith, 2016). In addition to the above definitions, there are several definitions for corporate governance. However, the most appropriate definition which is more relevant to SMEs describes corporate governance as "a set of rules, regulations and structures which aim to achieve optimum performance by implementing appropriate effective methods in order to achieve the corporate objectives". In other words, corporate governance refers to internal disciplines or systems, which govern the relationships among 'key players' or entities that are instrumental in the performance of the organization. Moreover, it supports the organization's sustainability on the term and establishes responsibility and accountability (Abou-El-Fatouh, nd cited by Hayelom, 2017).

Corporate governance is concerned with ways in which all parties interested in the well-being of the firm (the stakeholders) attempt to ensure that management other insiders take measures or adopt mechanisms that safeguard the interests of the stakeholders. Abor and Ajasi (2007) says corporate governance bring strategic outlooks through external independent directors, enhances firm's corporate entrepreneurship and competitiveness. Good Corporate governance can greatly assist SME sector by infusing better management practices, influence its performance and gain access to finance (Raisal & Arun, 2015). Lack of managerial competencies and proper governance systems in the SME sector have been identified to spur efforts at attracting such finance and thus are said to be the main barriers to SME development (Gockel & Akoena, 2002). Rezaee (2009) defines corporate governance as a process by which shareholders place the responsibility of acting in their interest on the management, through the provision of a degree of confidence which is necessary for the effectiveness of the capital markets.

The perception of Corporate Governance depends on which side of the prism one is focusing on. The Organisation for Economic Co-Operation and Development (OECD) defines Corporate Governance as "the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it provides the structure through which company objectives are set, and the means of attaining those objectives and monitoring performance" (OECD, 2004).

Based on this definition, the key elements of good governance can be seen to include setting the right strategic objectives for the organization; developing appropriate policy guidelines that support the organization's values and objectives; managing the appointment of key executives and providing advice / monitoring; and working with the managers to ensure the efficient use of the organization's resources, in accordance with its policies, in pursuit of its objectives. This is achieved by developing effective management structures, rules and procedure; then ensuring accountability at all levels. However, the structures and processes are only the necessary mechanism needed to achieve good governance; they do not represent good governance in themselves.

Statement of Problems

Corporate governance adoption and compliance are an issue of concern and have been extended to business enterprises of any size including small and medium enterprises

(Hove-Sibanda, et al., 2017). Mahmood (2008) cited by Mahazan & Yan (2013) posits that SMEs in developing countries fail to adopt Corporate Governance mainly due to lack of awareness regarding Corporate Governance and its benefits to corporate performance and that this is not surprising because even listed companies are only encouraged to adopt best practices of Corporate Governance which some are just adopting hence it will need some time before companies, especially SMEs will be able to appreciate the benefits of Corporate Governance. Also, the cost of implementing Corporate Governance is too high for SMEs when compared to its benefits since costs needs to be incurred for appointment of independent directors, for setting up of internal audit function and developing of internal control system. However, the medium to long term benefits of adopting Corporate Governance by SMEs may still outweigh these costs hence the need for this study.

Objectives of the Study

This study seeks to examine the effectiveness of corporate governance on SMEs in the stock broking firms in Nigeria. Specifically, the study aims to investigate the following questions:

i. Does the stock broking firms in Nigeria display responsibility and commitment to corporate governance?

ii. Does the structure and functioning of the board of directors of stock broking firms in Nigeria complied with corporate governance directives?

iii. Does the control environment and process of the stock broking firms in Nigeria complied with corporate governance structure?

iv. Does transparency and disclosure requirement lead to improved performance by the SMEs in the stock broking firms in Nigeria?

The hypotheses were formulated in line with the research questions and objectives.

LITERATURE REVIEW

Different theories have emerged to understand the mechanism of corporate governance and provide different views and solutions (Afza & Nazir, 2014) and according to Abdullah & Valentine (2009), these theories are categorized as fundamental and business ethics theories of corporate governance. However, for the purpose of this study, we are considering the agency and stakeholders' theories.

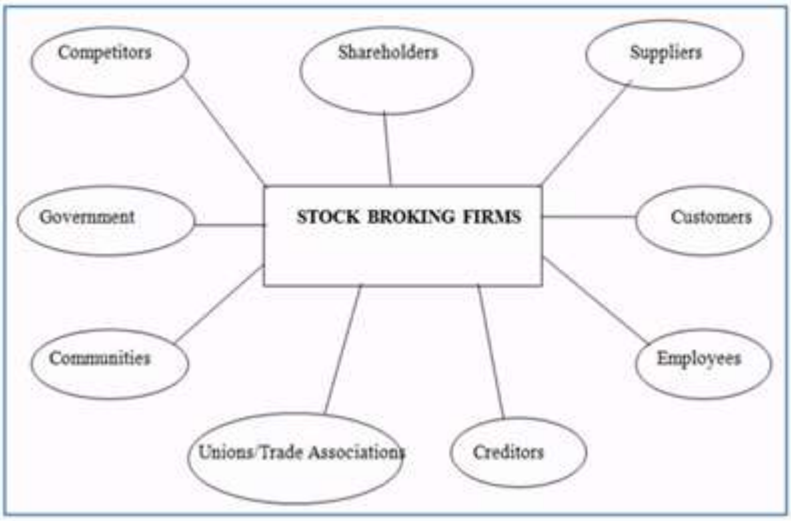
Agency Theory

Agency theory of corporate governance argued that shareholders, in any corporate business, possesses the right, but unable to have an influence to firm's operation policy. However, managers own the power of operation, but they do not hold the right of the firm and need not to bear the consequence and responsibility of the business decision, thus, there is agency problems that separated the power of firm and managers and cause the firm fail to achieve the goal of maximizing shareholder's profit. Precisely, managers work for the best of their own interest, neglecting interest of shareholders (Jensen & Meckling, 1976; Afza & Nazir, 2014; Abdullah & Valentine, 2009).

The stakeholder Theory

The stakeholder theory views business firm as a center of a set of mutual relationship with individuals and groups called stakeholders. Stakeholders are those who are burdened or benefited by the firm's operation, i.e they have a stake in it. As shown in Figure 1. The stakeholders are those that are essential to the survival of the firm and they include owners, customers and government and they also include others such as supplies and creditors, regulatory authorities, legislations together with corporate governance codes. Others stakeholders include other groups or individuals not essential to the survival of the firm but which are affected by its operations. They may include interest groups such as environmentalist, the media, intellectual critics and trade association etc.

Fig-1: The Stakeholders



Source: *Adapted from Clackson M. (1995): A stakeholder Framework for analyzing and evaluating corporate social performance.*

Stakeholder theory was embedded in the management discipline in 1970 and gradually developed by Freeman (1984) incorporating corporate accountability to a broad range of stakeholders. Wheeler et al., (2002) argued that stakeholder theory derived from a combination of the sociological and organizational disciplines. Indeed, stakeholder theory is less of a formal unified theory and more of a broad research tradition, incorporating philosophy, ethics, political theory, economics, law and organizational science.

Hove-Sibanda, Sibanda and Pooe (2017) carried out a study on the impact of corporate governance on firm competitiveness and performance of small and medium enterprises in South Africa and finds out that the implementation of corporate governance by SMEs significantly and positively affected their competitiveness and performance. According to Ijeoma and Ezejiofor (2013), Corporate governance assist in providing structure through which the objectives of the SMEs are set and means of attaining those objectives and monitoring performances all to ensure effectiveness in operations and efficiency in their services. In a study by Dube et al. (2010) on corporate governance norm or Small and Medium Enterprises, the study concluded that Corporate Governance for SMEs a challenging task keeping in mind, the business form and nature of business it is involved in. Raisal & Arun, (2015) asserts that Corporate governance can greatly assist the SME sector by infusing better management practices and that adopting a good corporate governance system influences the performance of SMEs with implications of SMEs gaining access to finance. Hussain and Hadi Yan (2013) (2018) opine that corporate governance mechanism has a significant impact on firm's performance while noting that ownership concentration has a significant negative relationship on firm's performance.

In the views of Gaonjanar and Sutthirak (2012), Corporate Governance (CG) is a process of supervision and control intended to ensure that the company's management acts in accordance with interests of shareholders. At its core, corporate governance is concerned with identifying ways to ensure that strategic decisions are made effectively. Governance can also be thought of as means to establish harmony between parties (the firm's owners and its top-level managers), who's interests may conflict. The Society for Corporate Governance Nigeria (SCGN, 2019) asserts that Corporate Governance is not just about playing "watchdog" over management, it is more about enhancing corporate strategic choices, acknowledging and responding to the interests and concerns of stakeholders, developing and bolstering managerial competencies and skills and ultimately protecting and maximizing the wealth of shareholders hence it is about leadership. The SCGN recommend that there is need for more awareness on the importance of good leadership and corporate governance in Nigeria.

Adefemi, Hassan and Fletcher (2017) examine the impact of corporate governance disclosure on firm performance, board composition and company size. The study found out that listed companies compliance with Securities and Exchange Commission (SEC) disclosure requirements has positive influence on corporate governance performance for the firms listed in the Nigerian Stock Exchange. Abor and Adjasi (2007) while identifying the extent to which the corporate governance framework can be applied to small and medium enterprises (SMEs) within Ghana context noted that while good governance does not guarantee business success, poor governance could be symptomatic of a business failure. The study found out that corporate governance bring new strategic outlook through External independent directors and enhances firms' corporate entrepreneurship and competitiveness. It was further observed that the problem of credit constraint and managerial incompetence in the Ghanaian SME sector could also be overcome with good corporate governance structure in place.

Fellag and Zerrouki (2017) asserts that the level of corporate governance in Algeria Small and Medium enterprises widely neglect both the external and audit committee transparency and disclosure principles are not adequate and conclude that the mode of corporate governance is facing serious imbalances. Hussain and Hadi (2018), corporate governance mechanism has a significant impact on firm's performance in Malaysia's SMEs while Radebe (2017) asserts that good corporate governance is beneficial to small and medium enterprises. However, Mahzan and Yan (2013) observed that the status of corporate governance in small and medium enterprises in Indonesia are not impressive because of lack of awareness as well as high cost of implementation involved thereby suggesting that a separate set of corporate governance framework may work better for small and medium enterprises in Indonesia. Hanifah (2015) carried out a study of the implementation of good corporate governance in efforts to increase profits in small and medium enterprises in Indonesia, the result from the study is that the implementation of good corporate governance by small and medium enterprises can be categorized as average, hence there is need for small and medium enterprises to improve on the accountability and transparency with creation of necessary financial records.

According to Ijeoma & Ezejiofor (2013), corporate governance assists in providing structure through which the objectives of the SMEs are set and means of attaining those objectives and monitoring performances all to ensure effectiveness in operations and efficiency in their services. Value relevance of book value declines when corporate governance is weak (Friday et al., 2006). Corporate governance is a viable solution that could reduce poverty. Traditionally, it has been viewed as a domain of large companies in developing economies - something of interest to investors and CEOs. In any case, according to past several decades experience, corporate government has more meaning than aforementioned. It helps to clean up governance environment, exposing insider relationship and injecting values of transparency and accountability in both private and public transactions. Value can be created when the private sector is working together with increased control measure and strong governance. Corruption has appeared as one of significant obstacles of democratic development and economic growth in developing countries like Nigeria. From time to time there is a question concerning the relationship between high corruption levels and bad governance, as well as higher poverty, higher inequality and insufficient public services.

In the views of Ahmadu, Aminu and Tukur G (2005), Corporate governance is concerned with ways in which all parties interested in the well-being of the firm (i.e the stakeholders) attempt to ensure that managers and other insiders take measures or adopt mechanisms that safeguard the interests of the stakeholders. Such measures are necessitated by the separation of ownership from management, an increasingly vital feature of the modern firm. A typical firm is characterized by numerous owners having no management function, and managers with no equity interest in the firm. Shareholders, or owners of equity, are generally large in number, and an average shareholder controls a minute proportion of the shares of the firm. This gives rise to the tendency for such a shareholder to take no interest in the monitoring of managers, who, left to themselves, may pursue interests different from those of the owners of equity. For example, the managers might take steps to increase the size of the firm and, often, their pay, although that may not necessarily raise the firm's profit, the major concern of the shareholder. Financial economists have long been concerned with ways to address this problem, which arises from the incongruence of the interests of the equity owners and managers, and have conducted significant research towards resolving it. The literature emanating from such efforts has grown, and much of the econometric evidence has been built on the theoretical works of Ross (1973), Jensen and Meckling (1976), and Fama (1980). At the initial levels of the development of the theory of agency, especially as it relates to the firm, concern seemed to focus more on the relationship between the management and shareholders than between them and other categories of stakeholders.

The 2013 National SMEs Survey carried out by Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in conjunction with National Bureau of Statistics covered business enterprises in Nigeria employing below 200 persons (Oladimeji & Adegbite, 2017). A study by Mahmood (2008) highlighted some challenges faced by SMEs in adopting a good corporate governance to include insufficient trained directors that could be appointed on the board, sub-standard corporate financial reporting, aversion to the appointment of independent external audit and inability to engage internal auditor. However, the corporate governance framework applied to any business has to be fit for purpose, which includes being appropriate for the size and maturity of business. In general, a robust and effective corporate governance framework includes a number of features and characteristics among which are:

i There should be clear reporting lines and clarity about how decisions are made and risks controlled, and about other matters that need to be brought to the board's attention (or the attention of committees) for review or approval.

ii The framework should promote understanding of roles and responsibilities and limits of authority and set the balance the board wants to see between, for example, acceptable risk and reward.

iii Any incentives for staff need to be supportive of board strategies.

iv There needs to be clear communication (of strategic goals, expected behaviour, etc.) by the board to management and staff,

v Appropriate internal controls should be established, related to key risks.

vi Boards need to have good visibility of management actions and decision making, which includes the provision of high-quality information on business performance and risk management.

RESEARCH METHODOLOGY

A quantitative research technique was employed in order to obtain information on the effectiveness of Corporate Governance on SMEs in the Stock Broking Firms in Nigeria. A survey that employed self-administered questionnaires was conducted to collect data. The SME stock broking owners or managers whose businesses are located in Lagos, Nigeria who have been in operation for at least one year, and comply with the description of an SME provided by the SMEDAN were the respondents in this study. The study uses quantitative approach utilizing primary data with convenience sampling procedure involving a sample size of 200 respondents.

Questionnaires designed to understand the effectiveness of corporate governance on SMEs in the stock broking firms in Nigeria were distributed to the respondents in Lagos, Nigeria. Valid responses were received from 171 respondents. The questionnaire was formulated using a Likert scale ranging from Strongly Agree (5) to Strongly Disagree (1).

DATA PRESENTATION AND RESULTS ANALYSIS

Data obtained through questionnaire were analyzed using descriptive statistics (frequency counts, percentages, mean and standard deviation) and all analyses were carried out using IBM Statistical Packages for Social Science as shown in the tables below.

Table-1: Characteristics of Respondents

Characteristics	Frequency	Percentage
SEX		
Female	96	56.14%
Male	75	43.86%
AGE		
Less than 40	95	55.56%
41-50	55	32.16%
51-60	18	10.53%
Above 60	3	1.75%
Educational qualification		
SSCE	3	1.75%
OND/NCE	21	12.28%
B.SC/HND	77	45.03%
MASTERS	66	38.60%
PHD	4	2.34%
Professional qualification		
YES	97	56.73%
NO	74	43.27%
Position		
Board of Directors	38	22.22%
Management Level	50	29.24%
Supervisory Level	41	23.98%
Lower Level	42	24.56%
Size of staff		
Below 50	149	87.13%
51 -100	21	12.28%
101-150	0	0.00%
> 150	1	0.58%
Length of operation		
> 20 years	63	36.84%
1 1 - 20 years	54	31.58%
6-10 years	44	25.73%
1-5 years	10	5.85%
Work experience		
> 20 years	21	12.28%
1 1 - 20 years	56	32.75%
6-10 years	47	27.49%
1-5 years	47	27.49%
Grand Total	**171**	**100%**

Source: *Researchers' Field Work (2021)*

The table above shows the characteristics of the respondents interviewed. Majority of the respondents were female (56.14%) while 43.86% were male. Most (55.56%) of the respondents were also less that 40 years of age followed by the 41 - 50 years age group with 32.16% and 51-60 years with 10.53%; only 1.75% were above 60 years old. Majority of the respondents had at least a university/polytechnic education; 45.03% with BSc/HND, 38.60% with MSc and 2.34% with PhD. Only 12.28% and 1.75% had OND/NCE and SSCE as highest educational qualification, respectively. Regarding possession of a professional qualification, 43.27% were positive, however, 56.73% had no professional qualification. Position of the respondents was evenly distributed across board; 22.22% were among the board of directors, 29.24% were in the management level, 23.98% were in supervisory levels while 24.56% were lower-level staff. Regarding size of staff, 87.13% of the SMEs had below fifty (50) personnel, 12.28% had between 51-100, and only one SME had over 150 personnel. No SME had between 101-150 members of staff. The respondents were asked about the length of operation of their organizations; 36.84% have been operating for over 20 years, 31.58% have operated for 11 to 20 years, followed by those that have operated for 6 to 10 years (25.73%), and those that have operated between 1 to 5 years (5.85%). Regarding work experience of the interviewees, 32.75% had 11 to 20 years' experience, 27.49% had 1 to 5 years' experience, same with those with 6 to 10 years while 12.28% had over 20 years work experience.

Table-2: Statements on Responsibility & Commitment to Corporate Governance

S.No	Statement	Mean	Std
1	The company has a corporate governance code and/or policies	4.38	0.79
2	The company has a code of ethics	4.33	0.75
3	The company has a designated officer responsible for ensuring compliance with the company's corporate governance policies and code of ethics.	4.35	0.75
4	The memorandum of articles of association has provisions on the protection of shareholder rights and the equitable treatment of shareholders.	4.28	0.78
5	The memorandum of articles of association has provisions on distribution of authority between the Annual General Meeting of Shareholders, the Board of Directors, and executive bodies	4.29	0.76
6	The memorandum of articles of association has provisions on information disclosure and transparency of the company's activities?	4.23	0.74
7	The Board of Directors and the senior management familiar with voluntary code of corporate governance for the country	4.25	0.74
8	The company comply with the provisions of this code of corporate governance	4.15	0.74
9	Does the company disclose the extent to which it is complying with its corporate governance policies	4.23	0.72
10	The Management/Board of Directors approve the annual calendar of corporate events (Board meetings, General Shareholder Meeting, etc)	4.20	0.70
11	Complying with ethical leadership and corporate citizenship has improved our overall firm performance	4.25	0.73
12	With corporate governance management has clear strategies for efficient operation of an enterprise	4.15	0.73
13	Corporate governance provides a well-defined and acceptable division of responsibilities among various cadres within the organization.	4.17	0.75

14	Corporate governance is useful and necessary for carrying out goals and objectives as well as their social responsibilities of an enterprise	4.03	0.75

Source: *Researchers' Field Work (2021)*

The respondents were asked to rank their level of agreement to statements on responsibility and commitment to corporate governance. Results from the analysis showed positive means ranging from 4.03 to 4.38 with standard deviation from 0.70 to 0.79. The statement " The company has a corporate governance code and/ or policies" had the highest mean (4.38) followed by "The company has a designated officer responsible for ensuring compliance with the company's corporate governance policies and code of ethics (4.35) and "The company has a code of ethics" (4.33). The statement "Corporate governance is useful and necessary for carrying out goals and objectives as well as their social responsibilities of an enterprise" had the least mean (4.03) followed by "With corporate governance management has clear strategies for efficient operation of an enterprise" (4.15) and "The company comply with the provisions of this code of corporate governance" (4.15). With a mean *of 4.24* and standard deviation of 0.75, the stock broking firms shows greater responsibility and commitment to Corporate Governance.

Table-3: Statements on Structure and Functioning of the Board of Directors

S.No	Statement	Mean	Std
1	The company has Board Committees	4.09	0.75
2	Agenda is prepared and distributed in advance of Board meetings	4.35	0.70
3	Minutes prepared and approved after Board meetings	4.22	0.73
4	The company has a corporate secretary	4.39	0.67
5	The current mix of skills/experience on the Board of Directors serve the company's interests	4.29	0.73
6	Directors are appointed on the basis of a clear job description which identifies the required directors' background and expertise	4.30	0.75
7	The Board of Directors review material transactions that involve conflicts of interest and related parties	4.29	0.73
8	The company offer induction and /or regular training to members of the Board	4.30	0.73
9	The Board of Directors conduct self-evaluation or other reviews of its effectiveness	4.19	0.71
10	There is a maximum number of terms that a Director can serve	4.02	0.98
11	The company has a formal or informal succession plan for its current CEO	4.02	1.00

Source: *Researchers' Field Work (2021)*

Responses on the structure and functioning of the board of directors showed positive means ranging from 4.02 to 4.39 with standard deviation from 0.67 to 1.00. The statement " The company has a corporate secretary" had the highest mean (4.39) followed by "Agenda is prepared and distributed in advance of Board meetings" (4.35). The statement "There is a maximum number of terms that a Director can serve"and "The company has a formal or informal succession plan for its current CEO" had the least means (4.02) followed by "The company has Board Committees" (4.09) hence the Structure and Functioning of the Board of Directors of Stock Broking Firms in Nigeria complied with good Corporate Governance with a mean *of 4.22* and standard deviation of 0.77.

Table-4: Statements on Control Environment and Process

S. No	Statement	Mean	Std
1	The company have adequate internal controls in place	4.09	0.72
2	The company's internal control is properly documented and periodically reviewed	4.16	0.69
3	The company have an Audit Committee that plays vital role in ensuring that proper internal controls are maintained, risks are managed and that the company is in compliance with all relevant laws and regulations	4.09	0.71
4	The Board of Directors set the company's risk appetite and periodically review the risk management system	4.12	0.70
5	The company have an internal audit unit	4.09	0.76
6	The internal Audit unit have a charter that is approved by the Audit Committee or Board of Directors	4.10	0.75
7	The Internal Audit have full access to records, property and personnel relevant to their audit	4.17	0.72
8	The Internal Audit chief is independently hired and dismissed with consent of the Board of Directors	4.11	0.81
9	The Board of Directors monitor management's response to deficiencies and weakness identified by the Internal Audit unit and/or external auditors	4.12	0.78
10	The company have risk management system	4.05	0.68
11	The company have a compliance program or procedures that include the training of employees, auditing and monitoring systems, and a company "hotline" for reporting violations	4.03	0.80
12	The company's external audit is in line with International Standards on Auditing (ISA)	4.08	0.83
13	Selection of the external auditors is done by management and are accountable to the management	3.98	0.83
14	There is a policy to rotate the external auditor	3.99	0.81

Source: *Researchers' Field Work (2021)*

The statements on control environment and process showed positive means ranging from 3.98 to 4.17 with standard deviation from 0.69 to 0.83. The statement "The Internal Audit have full access to records, property and personnel relevant to their audit" had the highest mean (4.17) followed by "The company's internal control is properly documented and periodically reviewed" (4.16). The statement "Selection of the external auditors is done by management and are accountable to the management" had the least mean (3.98) followed by "There is a policy to rotate the external auditor" (3.99). It can therefore be inferred that with mean of 4.08 and standard deviation of 0.76 that the Control Environment and Process complied with Corporate Governance Structure.

Table-5: Statements on Transparency and Disclosure

S. No	Statement	Mean	Std
1	The financial statements are prepared in keeping with internationally recognized accounting standards	4.04	0.77
2	The board of directors/audit committee review key element of the company financial statement	4.28	0.71
3	The company have a written information disclosure policy that seeks to make all material information (financial and non-financial) fully, timely and equally available to all stakeholders	4.31	0.77

4	The external auditor has issued a Qualified. Adverse, or Disclaimer of Opinion on the financial statements.	4.07	0.81
5	Complying with integrated reporting has improved our competitiveness in the market.	4.17	0.78
6	Complying with integrated reporting has improved our overall performance.	4.24	0.69
7	Compliance with laws, codes and standards that meet SME needs has improved our overall performance	4.47	0.67

Source: *Researchers' Field Work (2021)*

Analysis of the response on the level of agreement to statements on transparency and disclosure showed positive means ranging from 4.04 to 4.47 with standard deviation from 0.67 to 0.81. The statement "Compliance with laws, codes and standards that meet SME needs has improved our overall performance" had the highest mean (4.47) followed by "The company have a written information disclosure policy that seeks to make all material information (financial and non-financial) fully, timely and equally available to all stakeholders" (4.31). The statement "The financial statements are prepared in keeping with internationally recognized accounting standards" had the least mean (4.04) followed by "The external auditor has issued a Qualified. Adverse, or Disclaimer of Opinion on the financial statements." (4.07). Hence, with mean of 4.23 and standard deviation of 0.74, Transparency and Disclosure requirement led to improved performance of SMEs in the Stock Broking Firms in Nigeria.

DISCUSSION AND CONCLUSION

This study was directed at examining the effectiveness of corporate governance on SMEs in the stock broking firms in Nigeria. It can be inferred from the results that the companies maintained good compliance practices, and this is shown to positively affect overall SME performance as seen in the respondents' responses. The respondents generally agreed to the statements in this study. The stock broking firms shows greater responsibility and commitment to corporate governance and the structure and functioning of the board of directors of stock broking firms in Nigeria complied with good corporate governance while the control environment and process complied with corporate governance structure. With good control in place among others, there is bound to be a good corporate governance in the stock broking firms in Nigeria while the level of transparency and disclosure requirement led to improved performance of SMEs in the stock broking firms in Nigeria.

The study suggests that there is need for more awareness on the importance of good corporate governance on SMEs in Nigeria. Also, the regulatory authorities should ensure close and proper monitoring of the SMEs in the stock broking firms to ensure that the corporate governance gains achieved are not only sustained but improved upon for the stakeholders' benefits.

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