CORPORATE GOVERNANCE AND FIRM SUSTAINABILITY IN THE EMERGING ECONOMY: A LITERATURE REVIEW

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Abstract

Firm sustainability has gained popularity recently because businesses have seen the need for the creation of long-term sustainable values. Good corporate governance practices have been the pathway for companies in achieving social sustainability, environmental sustainability, and financial sustainability (Proshare, 2021a). Corporate governance and firm sustainability have been widely studied but in separate ways such as corporate governance and financial sustainability, corporate governance and environmental sustainability as well as corporate governance and social sustainability (Abolo, 2020). This study, therefore, aggregated these three components into their main fold, i.e., firm sustainability, and reviews previous studies to conclude what extant literature has on corporate governance practices and firm sustainability in Nigeria. The review covered a period from 2013 to 2022 and was done using the qualitative analysis method. The finding showed that corporate governance has a significant effect on environmental sustainability, but mixed effects (significant and not significant) on social sustainability and financial sustainability. The other category shows that it has a significant effect on the sustainability of Nigerian firms. The researchers conclude that good corporate governance practices improve firm sustainability in Nigeria. The findings enriched accounting literature and gave the situation of corporate governance and firm sustainability in Nigeria at a glance that has not been established.

Keywords: Corporate Governance, Firm Sustainability, Financial Sustainability, Social Sustainability, Environmental Sustainability

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1. INTRODUCTION

Achieving sustainability is the desire of every business. However, this depends on some factors such as the efficiency of companies' boards of directors, tactical firm operations, viable business organizations, and improvement in stakeholders' relationships which significantly improves the wealth of the business. Nigeria ensures the achievement of this sustainability by issuing at various times codes of corporate governance that are in line with international best practices and improves national practices. Globally, corporate governance has witnessed an important transformation in its constituents such as management, board diversity, estimation, board activities, capital distribution, tax avoidance, audit, and shareholders participation.

These changes are channelled towards good sustainability governance which all quoted companies must encompass. In line with this, Proshare (2021b) stated that it is essential for corporate businesses to focus on effective corporate governance strategies and place priority on these three important P's — people, planet, and prosperity. According to Proshare (2021b), the three P's help in creating value in the market and economy as well as in achieving sustainability in their business activities.

Corporate governance is seen by the Society for Corporate Governance Nigeria (SCGN) as a veritable tool for superior corporate performance and improved value generation (Proshare, 2021a). Similarly, KPMG (2018) stated that the governance practices provided in the corporate governance code of Nigeria are the most effective means of achieving a sustainable firm model and enhancing firm performance. A firm that achieves superior corporate performance and improved value generation moves towards sustainability (Abolo, 2020). This is in line with Ologundudu and Ojo (2019) that the success of a company depends on good corporate governance practices. Moreover, firms with superior governance practices earn 20% more profits than other firms (Rauti, n.d.). Thus this paper reviewed prior studies on corporate governance and firm sustainability to determine the effect of the Nigerian corporate governance practices by Nigerian companies on their sustainability. This is necessary as integrating sustainability principles while implementing corporate governance codes is a move towards firm sustainability. Moreover, corporate governance plays a significant role in business sustainability, and corporate sustainability is seen as a firm's capability to bring positive impacts on environmental, social, and economic development from its practice of corporate governance as well as market presence (Abolo, 2020).

Studies on corporate governance and firm sustainability have been widely studied but in separate ways such as corporate governance and financial sustainability, corporate governance and environmental sustainability as well as corporate governance and social sustainability. This study, therefore, aggregated these three components into their main fold, i.e., firm sustainability, and reviews previous studies to conclude what extant literature has on corporate governance practices and firm sustainability in Nigeria. This is apt as there is a dearth of conceptual studies on the subject matter, especially in Nigeria. This is also in line with Abolo (2020) that the nexus between corporate governance and sustainability has been studied fairly lengthily but separately, i.e., corporate governance and environmental performance; corporate governance and social equity; and corporate governance and economic value. Thus there is a literature gap on corporate governance and firm sustainability as the foundation of the three components. The study reviewed only studies conducted in Nigeria from 2013 to 2022 and used the qualitative analysis method.

This research aimed to determine what the existing literature has on corporate governance and firm sustainability in Nigeria by examining the effect of corporate governance on separate components of firm sustainability which are environmental sustainability, financial sustainability, and social sustainability, summarize their findings and use them to establish the situation on their main fold which is firm sustainability. Specifically, the study sought to: 1) determine the effect of corporate governance on the environmental sustainability of Nigerian firms; 2) ascertain the effect of corporate governance on the financial sustainability of Nigerian firms; and 3) examine the effect of corporate governance on the social sustainability of Nigerian firms. The research questions stated below were raised to help in achieving the aims:

RQ1: What effect does corporate governance have on the environmental sustainability of Nigerian firms?

RQ2: What is the effect of corporate governance on the financial sustainability of Nigerian firms?

RQ3: What effect does corporate governance have on the social sustainability of Nigerian firms?

The study is of immense benefit to the Financial Reporting Council of Nigeria (FRCN) as the issuer of Nigerian corporate governance codes. It will help them to see how relevant the corporate governance codes issued by them and implemented/ practised by companies have contributed to financial sustainability. This will give them an insight into the way forward in terms of amending or improving the codes. This study will also help company management to see the need for them to be practising good corporate governance to achieve firm sustainability in the long term by focusing simultaneously on the three components of firm sustainability. The study is also relevant to the corporate stakeholders whose interest is not in the individual components of firm sustainability but in the firm sustainability itself because of lasting benefits to their companies and them. Consequently, they will insist on good corporate governance practices by their companies. This study will also serve as a reference point for future scholars.

The structure of the paper is as follows. Section 1 introduces the topic. Section 2 reviews the relevant literature. Section 3 analyzes the research methodology used. Section 4 shows the result of the review. Section 5 discusses the results and Section 6 concludes the study based on the review outcomes.

2. LITERATURE REVIEW

2.1. Conceptual review

2.1.1. Corporate governance

Corporate governance is how a company is managed and controlled. According to Chen (2022), corporate governance is a set of principles and methods established for directing and controlling companies. It involves maintaining equilibrium in the interest of the various stakeholders. It gives companies support for achieving corporate goals. It includes all spheres of management such as action planning, internal control, performance measurement as well as company disclosures. Its fundamental principles include accountability, transparency, justice, and responsibility. Corporate governance is vital to the shareholders as it shows them the direction

and integrity of the company. Good corporate governance assists firms in building reliance with the shareholders and communities. It is the means of directing and controlling companies. The boards of directors are in charge of corporate governance. Its goals are facilitating effective, entrepreneurship and prudent management which bring lasting success to the business (Institute of Chartered Accountants in England and Wales [ICAEW], n.d.). Similarly, corporate governance is the scheme of regulations, procedures, and practices for governing corporate businesses. Corporate governance makes sure that the decisions made by organizational members are done transparently and properly which protects the interest of the various stakeholders ("Corporate Governance", 2020). Corporate Finance Institute (CFI, 2021) also defines "corporate governance" as the method which directs, controls, and provides how companies are governed and managed by the boards of directors. Its principles are accountability, transparency, and security. According to Chartered Governance Institute UK & Ireland (2021), corporate governance is how a company is governed and to the company's goal. It recognizes those in positions of authority, accountability, and decision-making. It makes certain that the interests of the various stakeholders are in equilibrium through properly established decision-making and control procedures. Equally, corporate governance is how companies are governed. It is the method of directing and managing a company. It involves operating businesses by the wishes of the stakeholders. It is implemented by the boards of directors and board committees for the benefit of corporate stakeholders. It has to do with finding out the best means of making decisions that will achieve desired results. It differentiates between business owners and management as well as delegates decision-making to management (Olayinka, 2021). Effective corporate governance entails directors, chief executive officers (CEOs), and top managers showing more dedication to their job functions, the shareholders, and to the combined purpose of lasting value creation (Abolo, 2020).

2.1.2. Firm sustainability

Corporate sustainability, according to Joshi and Li (2016), is the application of sustainable development in an organization and the way in which it is operationalized. Chladek (2019) defines sustainability in business as the effect of firms on the environment/society. Equally, sustainability in business is defined as firms' strategies and activities in minimizing and eliminating adverse environmental and social impacts arising due to their operations ("What is sustainability in business?", n.d.). According to Bish (2021), firm sustainability is those practices of supporting the continuing development of businesses even ensuring that the environment, society, and culture are protected. It is commonly defined by as the capability of businesses in ensuring a clear level of operation for an indefinite period ("Economic sustainability", n.d.). Similarly, it is the continual achievement of a company in the long term. Furthermore, it is how a business organization functions in a way that is sustainable involving the protection of the society and environment (Courtnell, 2019). Its indicators, according to Global Reporting Initiative (GRI, 2011), are direct economic value generated and distributed; risks and opportunities which arose based on company activities due to climate change; entrance ratios levels of wages through gender in comparison with domestic least wages in important settings; top managers proportion hired at operation location; important facilities sustained; service maintenance, as well as domestic purveyors proportion assisted on operation settings.

2.1.3. Origin of corporate governance in Nigeria

Corporate governance in Nigeria began in 2003 when the Security and Exchange Commission (SEC) issued the first code of corporate governance for all public companies operating in Nigeria called the Code of Best Practices on corporate governance in Nigeria termed the 2003 SEC code. Due to the weaknesses in the 2003 code, new codes were issued in 2011 by SEC to address the weakness in the previous codes. The new code was known as the code of corporate governance 2011 or simply the 2011 SEC code. In addition to addressing the weaknesses in the 2003 code, the 2011 SEC code was also issued to enhance the mechanisms for its enforcement. In 2016, the FRCN issued the National Code of Corporate Governance 2016 termed the "code", which consolidates and refines codes of different sectors on corporate governance and was issued in three fractions: code of corporate governance for the private sector, code of corporate governance for "not-for-profit" entities, and code of corporate governance for public sector (Templars, 2016). In 2018, the FRCN also issued another code known as the Nigerian Code of Corporate Governance 2018. The code is aimed at institutionalizing corporate governance's most excellent customs among corporate businesses in Nigeria and encourages people's alertness on fundamental corporate governance standards in addition to principled conduct which will boost companies' surroundings rectitude (KPMG, 2018). The 2018 code was revised effective in 2020, to give priority to ethics and sustainability which will position companies to be effective and valuable to the Nigerian economy. The ethics aspect encompasses business value, culture, and issues that concern businesses as corporate entities. The sustainability aspect, on the other hand, comprises the interaction between companies and their operating environment which investors consider as important (Ajose, 2020).

2.1.4. Businesses and sustainability

Nowadays, achieving sustainability is a target attained by a small number of companies not minding a quite general consideration of the various organizational practices such as the creation of food wastage, exploiting damaging production techniques, and fossil fuel combustion (Bish, 2021). Businesses damage the environment most and never prioritize sustainability, thus having a very big adverse effect on the environment (Bish, 2021). Guaranteeing business growth and development focuses largely on the earth's frontier (Achinas, Achinas, & Euverink, 2021). Sustainability is now part of daily businesses operation. Consequently, companies' boards of directors always rethink their ideas and jobs focusing on social and environmental

concerns of the business as well as other concerns which are generally treated in corporate governance rather than only on profit and returns. Firms due to diverse motives now incorporate three bottom lines of business sustainability in their business plans. Some firms also provide their workers and other external stakeholders with their corporate social responsibility policies and disclosure plans ("Corporate Governance", 2020).

2.1.5. Corporate governance and firm sustainability

Corporate governance is an important driver of corporate accountability and business prosperity (KPMG, 2018). Discussions on corporate governance have successfully moved towards sustainability. These are notable in the areas of social performance, environmental performance, and economic performance. Firms are developing business cultures that encourage workers and other stakeholders to conserve energy, reduce costs, minimize waste and improve other environmental issues (Abolo, 2020). Some corporate governance codes which firms have to embrace for sustainability include: boards' approval of company policies that build on sustainable lasting value; allocation of capital for long-term growth; risk management and assessment; developing and implementing company policies and operating the business under the supervision of the board to create sustainable long term value; engaging long-standing shareholders with issues and matters that are of broad interest to them, which will affect the organization's formation of long term value; decision made by the board should put into consideration the interests of the various corporate stakeholders, which contributes significantly to the formation of long term value, among others (Abolo, 2020). Similarly, Farnhan (2022) noted that effective corporate governance is important for both companies and society. Companies that focus more on sustainability issues improve their ability to succeed and grow. Chartered Governance Institute UK & Ireland (2021) insist that good governance fosters sustainable business and allows it to generate more successfully a lasting worth. According to Olayinka (2021), good corporate governance facilitates business success and economic growth. Sound corporate governance sustains the trust and confidence of the shareholders thus making it possible for firms to raise capital effectively and efficiently.

2.2. Theoretical framework

The following theories were identified as the theories on which the reviewed studies were based: stakeholder theory, agency theory, legitimacy theory, and institutional theory. Out of these theories, this study was anchored on the stakeholder theory. The reason is that achieving firm sustainability is the desire of all the corporate stakeholders as it is beneficial to them and the firms. Moreover, Abolo (2020) and Proshare (2021a) observed that good corporate governance leads to firm sustainability. Sound corporate governance practices are what the stakeholders expect from their companies. Thus by practising good corporate governance, companies satisfy the interest of all the stakeholders which is what the stakeholder theory purports.

2.3. Empirical review

Empirical studies carried out in Nigeria from 2013 to 2022 were reviewed.

Onuora, Obiora, and Iloghalu (2022) studied corporate governance mechanism and sustainability of healthcare firms in Nigeria. The study employed the ex-post facto method. The audited financial statements of the sampled companies formed the source of data collection. It covered 5 years from 2016 to 2020. Ordinary least square (OLS) regression was used in hypothesis testing. The result revealed a significant positive association between corporate governance mechanisms (board independence, board diligence) and the sustainability of the sampled firms. It was concluded that corporate governance mechanisms guarantee the sustainability of quoted Nigerian healthcare companies. It was advised that independent directors and female directors should be included in the companies' boards for their sustainability.

Oyekale, Olaoye, and Nwobia (2022) studied corporate governance and environmental sustainability disclosure in non-financial companies quoted in Nigeria. The paper used the ex-post facto method. The population comprised 109 non-financial firms listed in Nigeria as of December 2020. The sample size was 72 and was selected using stratified and purposive methods. The period was 2012–2020. Secondary data were used and were gathered from the audited financial statement of the selected firms. Descriptive statistics and multiple regression analysis were employed in the data analysis. The finding showed that corporate governance significantly affects environmental sustainability disclosure when all the corporate governance mechanisms (board independence, nomination committee, sustainability responsibility committee, risk committee, and remuneration committee) are put together. It was concluded that corporate governance improved the environmental sustainability disclosure of the sampled firms. Management was encouraged to establish a good corporate governance mechanism, particularly the sustainability responsibility committee for better environmental sustainability practices and disclosure.

Olayinka (2021) studied corporate governance and economic sustainability reporting (ESR) in Nigeria. The paper examined the effects which corporate governance has on the ESR of listed firms on the Nigerian Stock Exchange (NSE). The ex-post facto research design was adopted by the study. The population was made up of 169 firms quoted on the NSE as of December 2019. The sample size comprised 42 quoted companies. A period of 10 years (2010–2019) was chosen. Secondary data gathered from the published financial statements of the selected firms were analyzed using descriptive and inferential statistics. Pearson correlation coefficient was used in hypotheses testing. The result showed that board size, female directorship, as well as board ownership, significantly and positively affects ESR for the sampled firms. CEO duality negatively affects ESR, while independent director does not significantly affect ESR. The conclusion was that corporate governance facilitates ESR. The researchers recommended the appointment of qualified board members for

the imposition of sustainability reporting and also include extra female directors because they help to improve ESR.

Chukwuma, Alaefule, and Jideofor's (2021) study used a narrative literature in examining the corporate governance notion, quintessence, extent, values, interior controls, exterior controls, benefits, and stewardship assumption viewpoint to corporate governance. The paper concludes that utilizing corporate governance as an instrument can promote sustainable ideas and appointments. Moreover, the importance of corporate governance practice is reinforced by involving various stakeholders in formulating, enacting, and executing the practice.

Olayinka and Owolabi (2021) studied corporate governance and environmental sustainability reporting in Nigeria. The study examined the effect of corporate governance attributes (board size, board ownership) on environmental sustainability reporting. The ex-post facto research design was used. A sample of 42 firms was drawn from a population of 169 firms quoted on the NSE from 2010 to 2019. Data were obtained from published financial statements of the selected firms. Descriptive and inferential statistics were adopted for analyzing data. Findings revealed that corporate governance has a significant positive effect on the environmental sustainability reporting of the sampled firms. The study based its conclusion on this finding and recommended more female independent directors on the board as the inclusion of female directors will enhance environmental sustainability reporting.

Osemene, Adinnu, Fagbemi, and Olowookere (2021) studied corporate governance and environmental accounting reporting (EAR) of some quoted firms in Africa. Secondary data were used. The population was made up of quoted firms in 6 sectors in 4 African companies comprising Egypt, Nigeria, Kenya, and South Africa. Content analysis was used in environmental disclosure and reporting data. Hypothesis testing was done using a static panel regression model. It was found that the board committee significantly impacts the EAR of the sampled firms. The board diversity of Kenyan and Nigerian countries and the board size of South Africa had a significant impact on EAR. The study recommended that the adoption of integrated reporting and application of the GRI index score in corporate reporting being practised by South Africa should be emulated by other countries.

Okoye, Olokoyo, Okoh, Ezeji, and Uzohue (2020) studied the effect of corporate governance on the financial performance of Nigerian commercial banks. The study investigated the association between corporate governance practices and the profitability of Nigerian banks. Corporate governance was proxied by board size and directors' equity while ROA and ROE were used to measure financial performance. The study adopted the estimation technique of the Generalized Method of Moments (GMM). The result showed that board size and directors' equity significantly affect the financial performance of Nigerian banks. It was concluded that corporate governance in corporate reporting has a strong effect on their profitability. Banks were advised to maintain optimal board size to reduce conflict among board members.

Nwagu, Efanga, and Umoh (2020) studied modelling corporate governance practices for sustainable business practices in Nigeria. The cross-sectional survey design was employed as well as a deductive approach for descriptive research purposes. A sample size of 421 respondents was selected using Taro Yamane from a population of ten thousand, four hundred and seventy-six micro, small and medium organizations in the agricultural sector. A multistage random sampling technique was employed and a questionnaire was also used. The result shows that corporate governance positively impacts Nigerian businesses that engage in sustainability issues.

Adedeji, Ong, Uzi, and Abdul Hamid (2020) studied corporate governance and performance of medium-sized firms in Nigeria. The paper examined the effect of corporate governance practices on company performance and if sustainability initiatives mediate the association between corporate governance and Nigerian medium-sized companies' performance. Convenience sampling was used in selecting 300 companies from southwestern Nigeria. Data analysis and hypothesis testing were done using SPSS and structural equation modeling. Results revealed that corporate governance significantly and positively affects financial and non-financial performance and sustainability initiatives. Sustainability initiatives have full mediating effects on the association between corporate governance and non-financial performance but have no mediating effect on the association between corporate governance and financial performance. Companies were encouraged to make considerable investments in social and environmental initiatives.

Inua and Emeni (2019) studied corporate governance attributes and social sustainability reporting. The paper examined the association between corporate governance and social sustainability reporting of listed Nigerian companies. The ex-post facto method was adopted. Data were obtained from the financial statements of 35 financial and non-financial firms sampled. Analysis was done using the balanced panel data regression. The finding showed that executive compensation and CEO tenure have no significant association with social sustainability association and social sustainability reporting. But board gender diversity and board size significantly relate to social sustainability reporting. Management was encouraged to ensure that women are being represented and participates in the board which is to be sustained and enhanced for the promotion of social sustainability reporting.

Alorabi, Igbara, Tordee, and Domale (2019) studied financial performance, corporate governance and microfinance institutions' sustainability in Nigeria. The paper investigated the association between profitability and microfinance sustainability, focusing on the influence of corporate governance in enhancing the financial performance of Nigerian microfinance banks. The quantitative empirical method was used. The sample comprised selected microfinance banks in southeastern Nigeria. Secondary data were obtained from the financial statements of the sampled banks for the period of 13 years (2005–2017). OLS regression was used in analyzing data. Findings revealed a positive association between microfinance banks' equity and profit after tax (PAT), meaning the higher the equity

of microfinance banks, the higher the profitability. Microfinance banks were encouraged to focus on raising share capital and constitute effective boards and corporate governance committees that will lead to the sustainability of microfinance banks.

Ologundudu and Ojo (2019) studied corporate governance, entrepreneurship and economic development in Nigeria. Primary data obtained through a questionnaire was used. Data were collected from responses from some selected bank employees in Ogun state. A simple percentage table was employed in data analysis, while Spearman's rank correlation was used in hypothesis testing. Results revealed that the success of a company depends on good corporate governance practices. Corporate governance is perceived as a universal remedy for entrepreneurship development.

Inua and Emeni (2019) studied corporate governance attributes and social sustainability reporting (SSR). Secondary data were used and they were collected from the financial statement of the sampled companies quoted on the NSE as of December 2016. The population comprised 176 firms. CEO tenure, executive compensation, and board gender diversity are corporate governance proxies used. Findings revealed as follows: executive compensations and CEO tenures do not significantly associate with the SSR of the sampled firms. Board gender diversity and size are significantly associated with the SSR of the sampled firms. The study recommends sustaining and improving women's participation and representation on board for the promotion of SSR. Companies should also maintain the required number of board members to maintain considerable performance concerning SSR.

Olayiwola (2018) examined the effect of corporate governance on the financial performance of Nigerian quoted firms. The paper aimed at examining the effects of board size, composition as well as audit committee size on the performances of the sampled firms. The investigative research method was used. The purposive method was used in selecting 10 listed firms from 2010 to 2016. Data analysis was done using panel data regression. The result showed that board size had a significant negative effect on net profit margin (NPM). Board composition has a significant positive effect on NPM. The researchers conclude that a small board size increases performance and board composition should include extra non-executive directors.

Okaro, Ofoegbu, and Okafor (2018) studied corporate governance and sustainable development in Nigeria. The study explored the connection between corporate governance and sustainable development in Nigeria. A mixed research design was employed. The survey design was adopted in identifying the perceptions of accountants, auditors, accounting academics, and regulators. Data analysis was done using descriptive statics and t-test statics were adopted in testing the views of the respondents. Results revealed a positive association between good corporate governance principles and sustainable development in Nigeria.

Okoye, Adebayo, Ahmed, and Isibor (2018) studied corporate governance and financial sustainability of microfinance institutions in Nigeria. The period was 2011–2015. The population comprised 958 micro-finance banks out of which 60 were selected. Secondary data were used and were collected from the banks' financial statements. Descriptive statistics, correlation, and generalized least square (GLS) regression were used in data analysis. Results disclosed that corporate governance mechanisms (board independence, gender diversity) have no significant association with financial sustainability. But board size has a positive association with financial sustainability. Micro-finance banks were encouraged to use policies that are gender welcoming to encourage additional women into the board for the benefits therein.

Dembo and Rasaratnam (2015) studied corporate governance and sustainability practices in Nigeria. The study examined the association between corporate governance and sustainability practices. Six oil firms in Nigeria were sampled. Primary data involving interviews were used. The interview was closed and open-ended. Findings revealed that the company management sees corporate governance as necessary for firms' sustainable development practices.

Enyioko (2014) examined corporate governance and sustainable development in Nigeria (a survey of selected banks in Rivers state). The sample comprised 24 banks quoted on the Nigerian Exchange Group. Pooled OLS regression was used in data analysis. The result showed that the separation of the office of CEO and chairman is good for the banks. It was recommended that maintaining the board size of 10 times as found out in other countries is advisable for the banks. Moreover, appointing external directors to the board is also encouraged to eliminate the CEOs' influence in the appointment processes.

Micah and Umobong (2013) studied corporate governance and sustainable development of Nigerian firms in the oil producing area. A survey research design was adopted. A representative sample of 5 major oil companies in the Niger Delta was used. A questionnaire structured on a 5-point Likert scale was used in gathering data. Analysis of data was done using simple regression analysis with the aid of SPSS version 17. Findings showed that good corporate governance helps firms in prioritizing environmental and social issues. The recommendation encouraged the government to make available steady investment laws as well as regulatory inducements for firms to boost sustainable development in the region.

3. RESEARCH METHODOLOGY

3.1. Research design

A descriptive research design was adopted for this study. This research design is considered appropriate for this study because it helps the researchers to acquire relevant information on corporate governance and firm sustainability, and reach applicable generality devoid of interference and persuasion (Jones, 2021).

3.2. Research sample and source of data

A total of 19 empirical studies carried out in Nigeria from 2013 to 2022 formed the population of the study. Total population count was used; hence the sample size was the same as the population.

Secondary data were used. The data were obtained as the findings of empirical studies reviewed.

3.3. Method of data analysis

This literature review study was done using the qualitative analysis method which involves focus group studies (FGS) analysis and in-depth analysis. The study reviewed various articles on corporate governance and financial sustainability; corporate governance and environmental sustainability; as well as corporate governance and social sustainability, from 2013 to 2022 and focused only on the Nigerian situation. The FGS analysis was done by bringing together studies on corporate governance and any component of firm sustainability within the period covered by this study. This method was used to narrate a summary of the reviewed literature as stated in Table 1. The tables were arranged based on the author(s)/year; the title of the study; the sector/firm in which the study was carried out; the method used; and the finding(s). In the in-depth analysis, the findings from the studies reviewed were critically examined and results were stated as hey appeared in Table 1 of the next section and were summarized as the result of this study. Findings that concur with one another were used in concluding this study.

However, an alternative method that would have been suitable for conducting the research is empirical research. This will involve quantitative analysis, and an ex-post facto research design will be used. Some companies or a sector will be selected and secondary data will be obtained from the sampled/selected firms. Descriptive statistics and least square regression will be employed in data analysis and hypothesis testing. This alternative method will provide statistical evidence for the sector/companies selected and for the period considered in the empirical study.

4. RESULTS

This section shows the result of the review. It comprises two subsections: data presentation and data analysis.

4.1. Data presentation

Table 1 is a presentation of the data used in this study, presented as a summary of the empirical review showing the results.

Focus group studies (FGS) and in-depth analysis were used because the study involved qualitative analysis. In the method, related studies were collected and reviewed based on the title, sector/firm, method used by the studies and the major finding(s).

Table 1. Summary of the empirical review showing the results (Part 1)

No.	*Source*	*Title*	*Sector/Firm*	*Method*	*Finding(s)*
1	Onuora et al. (2022)	Corporate governance mechanism and sustainability of health care firms in Nigeria	Health	OLS regression	A significant positive association between corporate governance mechanisms (board independence, board diligence) and the sustainability of the sampled firms.
2	Oyekale et al. (2022)	Corporate governance and environmental sustainability disclosure in non-financial companies quoted in Nigeria	Non-financial	Descriptive statistics and multiple regression	Corporate governance significantly affects environmental sustainability disclosure when all the corporate governance mechanisms (board independence, nomination committee, sustainability responsibility committee, risk committee, and remuneration committee) are put together.
3	Olayinka (2021)	Corporate governance and economic sustainability reporting in Nigeria	Quoted firms	Pearson correlation coefficient	Board size, female directorship, as well as board ownership, significantly and positively affects ESR for the sampled firms. CEO duality negatively affects ESR, while independent director does not significantly affect ESR.
4	Chukwuma et al. (2021)	Corporate governance: The sustainability quest	Not stated	A narrative literature methodology	Corporate governance as an instrument can promote sustainable ideas and appointments.
5	Olayinka and Owolabi (2021)	Corporate governance and environmental sustainability reporting: The Nigerian perspective	Quoted firms	Descriptive and inferential statistics	Corporate governance has a significant positive effect on the environmental sustainability reporting of the sampled firms.
6	Osemene et al. (2021)	Corporate governance and environmental accounting reporting of some quoted firms in Africa	Quote firms	The static panel regression model	The board committee significantly impacts the EAR of the sampled firms. The board diversity of Kenyan and Nigerian countries and the board size of South Africa had a significant impact on EAR.
7	Okoye et al. (2020)	Effect of corporate governance on the financial performance of Nigerian commercial banks	Banking	Estimation technique of the GMM	Board size and directors' equity significantly affect the financial performance of Nigerian banks.
8	Nwagu et al. (2020)	Modelling corporate governance practices for sustainable business practices in Nigeria	Quoted firms	Deductive approach	Corporate governance positively impacts Nigerian businesses that engage in sustainability issues.

Table 1. Summary of the empirical review showing the results (Part 2)

No.	*Source*	*Title*	*Sector/Firm*	*Method*	*Finding(s)*
9	Adedeji et al. (2020)	Corporate governance and performance of medium-sized firms in Nigeria: does sustainability initiative matter	Medium-sized firms	Structural equation modeling	Corporate governance significantly and positively affects financial and non-financial performance and sustainability initiatives. Sustainability initiatives have full mediating effects on the association between corporate governance and non-financial performance but have no mediating effect on the association between corporate governance and financial performance.
10	Inua and Emeni (2019)	Corporate governance attributes and social sustainability reporting	Financial and non-financial	Balanced panel data regression	Executive compensation and CEO tenure have no significant association with social sustainability associations and social sustainability reporting. But board gender diversity and board size significantly relate to social sustainability reporting.
11	Alorabi et al. (2019)	Financial performance, corporate governance, and microfinance institutions' sustainability in Nigeria	Microfinance	OLS regression	A positive association between microfinance banks' equity and PAT, meaning the higher the equity of microfinance banks, the higher the profitability.
12	Ologundudu and Ojo (2019)	Corporate governance, entrepreneurship and economic development in Nigeria	Banks	Spearman's rank correlation	The success of a company depends on good corporate governance practices.
14	Olayiwola (2018)	Effect of corporate governance on the financial performance of Nigerian quoted firms	Quoted firms	Panel data regression	Board size had a significant negative effect on NPM. Board composition has a significant positive effect on NPM.
15	Okaro et al. (2018)	Corporate governance and sustainable development in Nigeria — Perspective, and challenges	Public sector	Descriptive statics and T-test statics	A positive association between good corporate governance principles and sustainable development in Nigeria.
16	Okoye et al. (2018)	Corporate governance and financial sustainability of microfinance institutions in Nigeria	Microfinance banks	Descriptive statistics, correlation, and GLS regression	Corporate governance mechanisms (board independence, gender diversity) have no significant association with financial sustainability. But board size has a positive association with financial sustainability.
17	Dembo and Rasaratnam (2015)	Corporate governance and sustainability practices: Evidence from Nigeria	Oil	Open-ended interview	The company management sees corporate governance as necessary for firms' sustainable development practices.
18	Enyioko (2014)	Corporate governance and sustainable development in Nigeria (a survey of selected banks in Rivers state)	Banks	Pooled OLS regression	Separation of the office of CEO and chairman is good for the banks.
19	Micah and Umobong (2013)	Corporate governance and sustainable development of Nigerian firms in the oil-producing area	Oil	Simple regression	Good governance helps firms in prioritizing environmental and social issues.

Source: Authors' elaboration.

4.2. Data analysis

The analysis was done using the qualitative analysis method which involves the use of FGS and in-depth analysis methods. In the FGS method, the studies are arranged as shown in Table 1 above. The in-depth analysis method was used to elicit the data (i.e., findings of the empirical studies reviewed) and other relevant information needed for the study as stated in Table 1.

From Table 1 above, the results of this study are summarized as follows:

- Corporate governance has a significant effect on the environmental sustainability of Nigerian firms.
- The effect of corporate governance (board gender diversity and board size) on social sustainability is significant but when corporate governance is measured using executive compensation and CEO tenure, it has no significant effect.
- Corporate governance (board size, female directorship, board ownership, board size) has a significant effect on the financial sustainability of Nigerian firms but when corporate governance is measured using CEO duality, independent director, and gender diversity, it does not affect the financial sustainability of Nigerian firms.
- Others not categorized under the three components revealed that corporate governance significantly affects the sustainability of Nigerian firms.

5. DISCUSSION OF THE RESULTS

5.1. Corporate governance and environmental sustainability

Oyekale et al. (2022) found that corporate governance significantly affects environmental sustainability disclosure when all the corporate governance mechanisms (board independence, nomination committee, sustainability responsibility committee, risk committee, and remuneration committee) are put together. This is also in line with Olayinka and Owolabi (2021) that corporate governance has a significant positive effect on the environmental sustainability reporting of the sampled firms. Similarly, Osemene et al. (2021) found that the board committee significantly impacts EAR. Board diversity of Nigerian firms had a significant impact on EAR. Micah and Umobong (2013) also found that good governance helps firms in prioritizing environmental issues. However, Osemene et al. (2021) found that the board size of Nigerian firms had no significant impact on EAR.

5.2. Corporate governance and social sustainability

Inua and Emeni (2019) found that board gender diversity and board size significantly relate to social sustainability reporting. This finding is in agreement with that of Inua and Emeni (2019) that board gender diversity and size are significantly associated with social sustainability reporting (SSR). Micah and Umobong (2013) found that good governance helps firms in prioritizing social issues. On the other hand, Inua and Emeni's (2019) finding showed that executive compensation and CEO tenure have no significant association with social sustainability association and social sustainability reporting. Inua and Emeni (2019) also agree that executive compensations and CEO tenures do not significantly associate with SSR.

5.3. Corporate governance and financial sustainability

Olayinka (2021) discovered that board size, female directorship, as well as board ownership, significantly and positively affects economic sustainability reporting (ESR). Equally, Adedeji et al. (2020) found that corporate governance significantly and positively affects financial and non-financial performance and sustainability initiatives. Sustainability initiatives have full mediating effects on the association between corporate governance and non-financial performance. Okoye et al. (2018) also concurs that board size has a positive association with financial sustainability. But, Olayinka (2021) revealed that CEO duality negatively affects ESR, while independent director does not significantly affect ESR. Adedeji et al. (2020) also found that sustainability initiatives have no mediating effect on the association between corporate governance and financial performance. Correspondingly, Okoye et al. (2018) disclosed that corporate governance mechanisms (board independence, gender diversity) have no significant association with financial sustainability.

5.4. Others not categorized under any of the above headings

The study by Onuora et al. (2022) revealed a significant positive association between corporate governance mechanisms (board independence, board diligence) and the sustainability of the sampled firms. Nwagu et al. (2020) also found that corporate governance positively impacts Nigerian businesses that engage in sustainability issues. Ologundudu and Ojo (2019) equally revealed that the success of a company depends on good corporate governance practices.

6. CONCLUSION

Firm sustainability is not a standalone achievement. Attaining it is based on the aggregate of the sustainability components which are social sustainability, environmental sustainability, and financial sustainability. Good corporate governance practices by firms reflected in their positive attitude towards social and environmental issues that concern the business as well as financial issues create sustainable long-term value for the business thus leading to firm sustainability.

Results from the review revealed that corporate governance has a significant effect on the environmental sustainability of Nigerian firms. It has mixed effects (significant and not significant) on the social sustainability and financial sustainability of Nigerian firms. The other category shows that it has a significant effect on the sustainability of Nigerian firms. These results imply that the firms/sectors reviewed are practising sound corporate governance which led to these achievements. Based on these findings, the researchers, therefore, conclude that good corporate governance practices lead to firm sustainability in Nigeria.

The study enriched accounting literature on corporate governance and firm sustainability. It showed the situation of corporate governance and firm sustainability in Nigeria at a glance as there is a research lacuna in the subject matter in Nigeria when taken as a whole, i.e., corporate governance and firm sustainability but there are sufficient studies on corporate governance and individual components of firm sustainability. This study is important for future research as it is based on a literature review. Its results are based on extant literature and consequently do not have empirical evidence. Thus there is a need to empirically examine the effect of corporate governance on firm sustainability. Though all the firms cannot be studied at a time, a sector or some companies can be selected. This study is a literature review so there is no statistical analysis and its results are not first-hand as they are based on already established empirical evidence though on the specific components of firm sustainability. The result of this study cannot be generalized to all the firms in Nigeria but only to the firms reviewed.

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