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Shareholders Right and Corporate Performance

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Abstract:

This study examined the relationship between shareholders right and corporate performance. A sample of twelve firms listed on Nigeria Stock Exchange covering eleven years between 2002 and 2012 was used. Four hypotheses were formulated and tested. Ordinary Least Square (OLS) was adopted as a method of estimation on the dependent and independent variables. The results revealed a positive and significant relationship between audit membership, audit chairmanship and corporate performance. However, there is no positive and significant relationship between voting right and access to information and corporate performance. The study therefore concludes that Contrary to what is obtainable in most developed countries of the world that Shareholders rights impact very poorly on the performance of the firms in Nigeria. However, the study recommends that there is need for adequate and timely dissemination of information to the shareholders whose actions are dependent on the information obtainable by them. There should also be a defined process where shareholders can institute action against the company's management for not delivering timely information to them, the registrars of companies should monitor the quality of information made available to the shareholders by the companies' management, and there should be strict sanction on the companies' management who try to romance with the shareholders' right.

Keywords: Corporate governance, Shareholders' right, Corporate performance.

1. Introduction

1.1. Background of the study

Corporate Governance has been identified to mean different things to different people. Magdi and Nadereh (2002) stress that corporate governance is about ensuring that the business is run well and investors receive a fair return. Azinge (2012) see corporate governance as the framework of rules, relationship, system and process within and by which authority is exercised and controlled in companies and encompasses the mechanism by which companies and those in control are held to account. OECD (1999) provides a more encompassing definition of corporate governance. It defines corporate governance as the system by which business corporations are directed and controlled in order to specify the distribution of rights and responsibilities among different participants in the corporation such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company's objectives are set and the means of attaining those objectives and monitoring performance. This definition is in line with the submissions of Uche (2004), Akinsulire (2006), Wolfensohn (1999) and Al-Haddad et al (2011). The three main participants in governance of corporations are the management, board of directors (Agents) and Shareholder (Principal). Management is responsible for the day to day operations and they are directly reporting to the board of directors. The directors recruits, maintains and supervise the management on behalf of company's shareholders. The shareholders monitor and regulate the actions of directors through oversight functions. Nwagbaraji (2013) observe that Shareholders are not without right or powers to be part of a system of corporate oversight and supervisory mechanism channeled to protecting their invested capital. These statutory rights and powers are indispensable and the extent to which these rights are exercised will determine the performance and continuous existence of corporations hence a better understanding of the role of the shareholder is needed. We hope to advance that understanding by means of an in-depth analysis of shareholder rights. Our premise is that, although directors may be the ultimate managers of the business, shareholders also have a legitimate and indispensable role in corporate governance. The undeniable hard business lesson of the past decade in Nigeria and across leading economies of the world is that failure of shareholders to diligently appoint and oversight those who represent their interest as directors may lead to demise of the corporate entity or at its minimum create sufficient confusion within the corporation and industries that jeopardize shareholders investment (Nwagbaraji, 2013). Therefore, in a dynamic and competitive environment, adequate exercise of shareholders right is very necessary. Shareholders are fundamental features of a sound corporate governance system. The Organization for Economic Co-Operation and Development (OECD) Principles of Corporate Governance (2004) state that 'the corporate governance framework should protect and facilitate

the exercise of shareholders' rights' and amongst these shareholder rights are the right to relevant, timely and regular information about the company; the right to chair the audit committee; the right to participate and vote in shareholder meetings on major decisions; and the right of membership of audit committee. Shareholders are the providers of risk capital and as such they need to protect their investment by ensuring that a competent board is in place to manage the company and to ensure that effective strategies are in place for the company's overall corporate performance. In line with this position, the International Corporate Governance Network (ICGN) issued its revised Global Corporate Governance Principles (2009a) and one of the principles, Principle 8, relates to Shareholder rights. Principle 8 includes accountability of the board to shareholders; shareholder protection whereby boards treat all the company's shareholders equitably and should respect and not prejudice their rights. Therefore in a dynamic and competitive business environment adequate exercise of shareholders right become a veritable tool for smooth functioning of corporation for achieving an expected performance (Bebchuck, 2012). However, corporate performance is an important concept that relates to the way and manner in which financial resources available to an organization are judiciously used to achieve the overall corporate objective of an organization, it keeps the organization in business and creates a greater prospect for future opportunities. Venkatraman and Ramanujam in Schayek(2007) discuss corporate performance measurement in terms of three hierarchical construct (i.e., organizational effectiveness, operational performance, and financial performance) and argue that these three organizations theoretical perspectives are reflecting the writings on organizational effectiveness/performance construct. Corporate scandals and recent economic recess, some of which are still unfolding involving high incidence of improper activities of managers and directors point to the fact that shareholders rarely exercise their oversight functions, These activities of managers and directors expropriating the resources of firms at the ultimate expense of shareholders prompt the intense re-examination and scrutiny of the actions of shareholders on oversight of activities of corporate agents with regards to accountability and transparency of the agents (management and board) Meanwhile, lack of accountability and transparency which has led to financial scandals has brought the features, roles and tasks of shareholders to the centre of corporate control. Corporate control is a mechanism established in the corporation to oversee and ensure the existence of relationship among the board, the management and the shareholders in determining the direction and the performance of the corporation (Whellen &Hunger, 2010). Some researchers (Jensen, 1993; Weisbatch, 2003; Carpel et al, 2005; Lacker et al, 2007; and Manaser et al, 2012) blame management and board of director over lack of accountability and transparency, while Otobo, (1997) and Okeahalam et al (2003) picked holes with government roles with regards to poor regulation, monitoring and enforcement of corporate governance laws, yet oversight and monitoring of activities of directors and management are all statutory responsibilities of the shareholders. Therefore this study wishes to disagree with those lines of thought that exempt shareholders from blame because to blame only government, management and board may not be right hence the need to seriously consider the part shareholders are playing or ought to be playing for effective corporate governance because shareholders are fundamental features of a sound corporate governance system. Few Studies in developed countries like (La-Porta et al, 2002; Gompers,2003; Wei, Jiang & Asokan, 2009; and Becht et al ,2009; and Jirapon & Davidson, 2009) have shown that adequate exercise of shareholders rights enhance corporate performance indices but their researches appear shallow; because voting right is not the only proxies of shareholders' rights. Membership of audit committee and audit chairmanship was not included as proxies of shareholders right. Also none of those studies were carried out in Nigeria. It is the intent of this study to cover these gaps by including more proxies like audit membership and audit chairmanship using 12 Nigerian firms covering the period of 11 years.

1.2. Statement of the Problem

From the perspective of this study, the major problem facing the governing of corporations in Nigeria is inability of shareholders to oversight the activities of their agents (management and board). Shareholders rights are fundamental feature of a sound corporate governance system (Mallin, 2009; Melis, 2010). Incidence of corporate scandals and recent economic meltdown, some of which are still unfolding involving high incidence of improper activities of managers and directors points to the fact that shareholders rarely exercise their oversight functions. These activities of managers and directors expropriating the resources of firms at the ultimate expense of shareholders prompt the intense re-examination and scrutiny of the actions of shareholders on oversight of activities of corporate agents with regards to accountability and transparency of the agents (management and board) The undeniable hard business lesson of the past decade in Nigeria and across leading economies of the world is that the failure of shareholders to diligently appoint and oversight those who represents their interest as directors may lead to the demise of the corporate entity or at its minimum, create sufficient confusion within the corporation and industries that can jeopardize shareholders investment (Nwagbaraji, 2013). He further posits that shareholder apathy in the management of the affairs of a corporation leads to inefficient allocation of investable assets and may indeed lead to portfolio collapse and even if the investment portfolio does not collapse, it may lead to diminished return on invested assets. Those who invested in Transnational Corporation of Nigeria, Afribank, Oceanic Bank, intercontinental bank etc. definitely over the next few years will continue to suffer from diminished returns or outright loss of those investments. It is needless to say that when a company is doing badly, it jeopardizes shareholders investment, pays little or no tax to government and frowns at social responsibilities. In the prevailing circumstance, firms liquidate throwing many back to labour market. Situation like this expose many families to severe difficulties. Meanwhile, empirical studies like (Gompers, 2003; Wei, Jiang & Asokan, 2009; and Becht et al ,2009) have shown that adequate exercise of shareholders right enhances the corporate performance.

1.3. Objective of the study

The main thrust of this study is to determine the relationship that exists between shareholders right and corporate performance, and these forms the broad objectives of the study. Drawn from the above objectives are the following specific objectives:

- To evaluate the relationship that exist between voting right and firm's performance
- To determine the extent to which audit Membership affect firm's performance.
- To ascertain the extent to which audit chairmanship impact firm's performance.
- To determine the impact of information access on firm's performance.

1.4. Research Hypotheses

Based on the highlighted research objectives, the following research hypotheses are formulated to guide the research for solutions and answers to the problems:

- Ho₁: There is no significant relationship between voting right and firm's performance.
- Ho₂: There is no significant relationship between audit membership and firm's performance.
- Ho₃: There is no significant relationship between audit chairmanship and firm's performance.
- Ho₄: There is no significant relationship between information access and firm's performance.

1.5. Significance of the study

Studies on the effect of shareholders right on corporate performance has not been fully and empirically established with enough proxies especially in Nigeria, this study will be beneficial to academics by serving as a guide to subsequent research. It will serve as literature to students and also guide business executives in tackling the issue of corporate governance. This study will also be a guide to business consultants in delivering professional advice to their client.

1.6. Scope of the study

Corporate governance is very large and its participants include the board of directors, the management, the government, and the shareholders. It will be difficult to cover all these aspects in one empirical study. To do an in-depth study, it was decided to narrow it to the aspect that concerns the shareholders; however that does not mean that other aspects are not important rather this study see all participants as a system that must work harmoniously for attainment of corporate objective. Also the study covers all the Public Liability Companies (PLC) in Nigeria. However, since the data is too voluminous to handle, the study is concentrated on 12 firms in six different sectors in Nigeria. Two firms are conveniently selected from each of the six sectors to form the sample.

1.7. Limitation of the study

This study had some limitations which include the problem of diverse coverage of all locations of the organizations as it cut across six sub sectors with twelve firms spread around the country, the problem of time, funding, and the uncompromising attitudes of some the companies' registrars staff as well as other people encountered during the study.

2. Review of Related Literature

2.1. Conceptual Review

Corporate governance is the framework of rules, relationship, system and process within and by which authority is exercised and controlled in companies. It encompasses the mechanism by which companies and those in control are held to account. OECD (1999) provides a more encompassing definition of corporate governance. It defines corporate governance as the system by which business corporations are directed and controlled in order to specify the distribution of rights and responsibilities among different participants in the corporation such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company's objectives are set and the means of attaining those objectives and monitoring performance. This definition is in line with the submissions of Wolfensohn (1999); Uche (2004); Akinsulire (2006); and Al-haddad et al (2011). In a narrow sense, corporate governance specifies the relationship among various primary participants (shareholders, directors, and managers) in determining the directions and performance of corporations. In a broader sense, it delineates the rights and responsibilities of each primary stakeholder and the design of institutions and mechanisms that induce or control board directors and management to best serve the economic interests of shareholders of a company (Kuar & Gill, 2008). Shareholders are the providers of risk capital and as such they need to protect their investment by ensuring that a competent board is in place to manage the company and to ensure that effective strategies are in place for the company's overall corporate performance, however, this can be possible through exercise of shareholders right. Shareholders are fundamental features of a sound corporate governance system. The Organization for Economic Co-Operation and Development (OECD) Principles of Corporate Governance (2004) state that the corporate governance framework should protect and facilitate the exercise of shareholders' rights and amongst these shareholder's rights are the right to relevant, timely and regular information about the company; the right to be chair the audit committee; the right to participate and vote in shareholder meetings on major decisions; and the right of 50% membership of audit committee. There are avenues by which the above mentioned rights are derived by the shareholders: the Common Law, the Memorandum and Articles of Association, the Companies & Allied Matters Act 1990, the provisions of the Investment & Securities Act (ISA) 1999(SEC), the listing Rules of the Nigerian Stock Exchange (NSE) for listed companies and Central bank of Nigeria (BOFIA Act). Even

though shareholders derived these rights statutorily, some researchers blame shareholders for being averse to taking their responsibilities. Bebchuk, (2012) observe that shareholders seek to tie their own hands by ceding control to directors, in other words, prefer to trust rather than control their boards. On what constitute shareholder's right, Azinge (2012) listed the rights to include the right to sell their shares, the right to vote on the directors nominated to the board, the right to approve dividends and bonus, the right to share what assets that remain after liquidation, the right to request and inspect copies of various statutory books and records, the right to inspect contractual agreement of the company or any of its subsidiaries, The right to receive notice of all general meetings, the right to attend general meetings and vote on any resolution, the right to apply for the winding up of the company, the power or right to alter the memorandum and articles of association, the right for acquisition of another company or sales of their own company or merge with another company, the right to seek redress when their rights are impinged upon though Investment and Securities Tribunal (IST) and the Administrative Proceedings Committee (APC) of the Securities and Exchange Commission. Nwagbaraji (2012) affirms that shareholders holding at least 20% of issued capital of a firm can have a representative on the board; except they are disqualified by the virtue of their being in competing firm or they have conflict interest. The ICGN (2009b) emphasized securing and maintain the rights of shareholders and developing the transparency needed for them to exercise these rights in a responsible, informed, and considered way. It further maintained that ultimately it is only with shareholders exercise of their protected rights and engaging with companies that overall risks can be mitigated and long term sustainable corporate performance achieved.

2.1.1. Voting right

According to Mallin (2009), board should do their utmost to enable shareholders exercise their rights, especially the right to vote, and should not impose unnecessary hurdles. Voting related rights whereby the exercise of ownership right by shareholders should be facilitated and shareholders right of action such that shareholders who are treated inequitably have the right of redress. The shareholders vote is increasingly considered as one of the most powerful means that institutional investors have to engage with the board of directors of their investee companies (Bebchuk, 2005). Recently on 25 July 2013, the shareholders of GSK PLC rejected the proposal by foreign company to acquire 75% of the company share against the director's advice that shareholders should vote in favour of the scheme. On this issue, Olagola (2013) said "This is a court order meeting; GSK Nigeria wants foreign shareholders to buy most of their shares. We the shareholders in Nigeria are the owners of GSK Nigeria and will not allow foreign investors to buy over 75 percent of the shares in GSK Nigeria. There are some pensioners, who survive with the little money they get from their shares and if this proposal is implemented, what becomes of such persons. If at all they wish to possess higher ownership, they can take at most 60 percent, but as for 75 percent, it is just too much. So, at the moment, the whole issue is pending. Such a proposal cannot go through because shareholders have refused to agree to it and the company cannot do anything without the support of the shareholders" Previous empirical studies (Bizjak & Marquette 1998; Martin & Thomas 1999; Thomas & Cotter 2007; Ferri & Sandino 2009; Ertimur et al, 2010) found that shareholders do exert pressure on board of directors even with proposals, because proposals that win a majority vote end up being implemented by the board of directors. Thomas & Cotter (2007) further posits that shareholders proposals appear to have an emerging role in reducing the agency costs by increasing director's responsiveness to shareholders concern. Meckling (1976) find a relationship between agency cost and firm value when he posits that to increase firm value, one must therefore reduce agency costs, it is one way to view the linkage between corporate governance and corporate performance. Melis et al (2010) provide evidence that minority shareholders can successfully exert an influence on executive remuneration design when they are able to appoint a director to the board.

2.1.2. Information right

One of the statutory rights of shareholders is right to access vital information of the company. Shareholders should be furnished with sufficient and timely information on the activities of their corporation. Information concerning the date, location and agenda of the general meetings, as well as full and timely information regarding the issues to be decided at the meeting. They have the right to be informed of any resolution appointing or approving the appointment of a director for the purpose of section 256 of the CAMA of 1990. Shareholders have rights to inspect the register of members of the company. The right to inspect minutes of directors and other statutory documents including contractual documents. Information rights are supportive of the shareholder's economic and control rights. It allows shareholders to decide whether to invest or disinvest in a company, as well as to decide whether to approve a given candidate on transaction. To be sure, the shareholder's economic and control rights would be significantly less valuable without information (Nwagbaraji, 2012)

2.1.3. Audit committee membership right

One of the statutory rights of the shareholders is the right to be adequately represented in the audit committee of a company. This will acts as checks against the activities of management and board that represent the shareholders in the day to day activities of the company. According to Section 359(6) of the companies and allied matters Act, Cap C20, LFN 2004, independent shareholders who are not board members shall constitute 50% of the Corporate Audit Committee and should carry out the following oversight responsibilities: to Confirm that the accounting and reporting policies of the company are in consistent with legal requirements and agreed ethical practice; determine whether the scope and planning of the external audit is adequate; determine whether internal control system are in order; and confirm whether External auditors management control report was satisfactorily dealt with by management. The committee will always have access to the chief internal auditor and compliance officer. On the relationship between audit committee and corporate performance, Klein (2012) confirm a negative correlation between earnings management and audit committee independence while Anderson et al (2004) find that entirely independence audit lower debt financing costs.

2.1.4. Audit Committee Chairmanship

One of the statutory rights of shareholders is to share audit committee. The audit committee which has been established in accordance with the provisions of section 359(4) of the Company and Allied Matters Act (CAP C20) Laws of the federation of Nigeria comprises of three(3) shareholders and three Directors representatives (two of whom are non executive Directors and the other an executive director not being the finance director). The chairman of the Audit committee must be one of the shareholders' representatives. Klein (2002) submits that there is always a negative correlation between earnings management and audit committee independence. This findings is in consonance with the findings of Anderson, Mansi and Reeb (2004), which claim that entirely independent audit committee has lower debt financing cost.

However, in exercising shareholders rights, some studies cautions on the clash of interest between the bulk/institutional shareholders and minority shareholders. Shleifer & Vishny (1997) observed that Large investors may represent their own interest, which need not coincide with the interest of other investors in the firms, or with the interests of employees and managers. Woidtke (2002) also cautions that not all institutional monitoring are positively related to firm value, as some institutional investors such as administrators of public pension funds (as opposed to private pension funds) may focus on political or social issues other than firm performance. Thus, not all shareholders may benefit from the managerial monitoring by institutional investors. Johnson et al (2000) posits that large shareholders can collude with managers to expropriate minority shareholders benefit which he describe as one of the central agency problems in countries with relatively poor shareholders protection while Morck et al (2000) also maintain that controlling shareholders may pursue objectives that are at odds with those of minority shareholders.

2.2. Theoretical framework

The theory on which this study hinges is the agency theory. Agency theory presumes that self-interested managers are agents of the company's owners (principals) who need to be monitored and controlled in order to effectively align their behavior with the interests of the owners. Adam Smith (1937) makes a caustic remark about the agency problem and said that the directors of companies, however, being the managers of other people's money than their own, cannot well be expected to watch over it with the same anxious vigilance with which the partners in a private co-partner frequently watch over theirs. Negligence, therefore, must always prevail more or less, in the management of the affairs of such a company. As Turnbull (2000) note, a basic conclusion of agency theory is that the value of a firm cannot be maximized because managers possess discretions, which allow them to expropriate value to themselves. The theory assumes that human behavior is opportunistic and self-serving and therefore, prescribes strong direction and shareholder control.

2.3. Empirical Review

Wei, Jiang & Asokan, Anandarajan (2009) carried out a study on shareholders right, corporate governance and earning quality to examine the effect of shareholders right on the quality of reported earnings using regression model. It was found that strong shareholders right is associated with high earnings. However it was further observed that when firm stock are held predominantly by institutions, the role of shareholders right in constraining aggressive and opportunistic management of earnings is significantly diminished or rendered essentially ineffective. Becht et al (2009) examined shareholders engagement in 41 UK – companies from 1998 – 2004. The findings conclude that shareholders engagement can produce changes that generate significant returns for shareholders. Gompers (2003) evaluate ways in which shareholders right vary across firms and concluded that firms with stronger shareholders right had higher firm value, higher profit, higher growth, lower capital expenditure and fewer corporate acquisitions. La Porta, et al (2002) study firms performance and shareholders right in developing countries. They find evidence that there is higher valuation of firms in countries with better protection of minority shareholders. Jiraporn & Davidson (2009) investigated the impact of regulation on shareholders rights and corporate governance by examining the number of restrictive governance provision that suppress shareholder right. They found that the more restrictive the governance, the weaker the shareholders right.

3. Methodology

3.1. Data and Data Source

The study adopted the analytical research design to investigate the impact of shareholders right on performance of Nigerian firms. Secondary data is used which is derived from eleven years (2002-2012) audited financial reports and accounts of Nigerian firms quoted on the Nigerian Stock Exchange (NSE). The twelve firms used in the study are listed in table 1 below.

S/N	Names of firms (PLC)	Sector
1	GT Bank	Banking
2	UBA	Banking
3	Cadbury	Food Product
4	Nestle	Food Product
5	Guinness	Beverages/ Brewers/Distillers
6	Nigerian Breweries	Beverages/Brewers/Distillers
7	Vitafoam	Household Durables
8	Vono Products	Household Durables
9	Okomu oil	Agriculture
10	Presco	Agriculture

11	Ashaka Cement	Building Materials
12	CAP	Building Materials

Table 1: List of firms used in the study
Source: Field Survey, 2013

3.2. Description of Variables and Measurement

Dependent and Independent variable are identified in the study. The dependent variable which is corporate performance is measured by Earnings per Share (EPS), Net worth (NW), and Dividend per Share (DPS). Earnings per share (EPS) were computed based on the profit after taxation divided by number of ordinary shares fully paid and issued. NW is equal to Asset minus Liability. DPS is equal to the Dividend declared divided by number of ordinary shares issued and fully paid. Independent variable is shareholders right which is represented by Voting right, Audit committee membership, Audit committee chairmanship and Information Accessibility.

3.3. Population and Sample

The study covers all the Public Liability Companies (PLC) in Nigeria. However, since the data is too voluminous to handle, the study is concentrated only on twelve firms in six different sectors comprising of banking, food product, Beverages, Household, Agriculture and building Materials sectors. Two firms are conveniently selected from each of the six sectors to form the sample.

3.4. Model Specification and framework

The relationship of variables and their measurement listed above are structurally established as follows:

$$Y = f(X) \dots\dots\dots (1)$$

Where Y is the dependent variable; Corporate Performance, which is measured with EPS, DPS, and NW while X is the Independent Variable; which is represented by voting right, Audit Committee Membership, Audit Committee Chairmanship and Information Accessibility. Equation (1) is further expressed as:

$$Y = A_0 + AW + U_0 \dots\dots\dots (2)$$

Where Y = the Dependent variable

A₀ = Constant

A = the coefficient of the explanatory variable (Shareholders right Indicators)

W = the explanatory variable

U₀ = the stochastic variable or error term

To match the Hypotheses stated above with the model Specification in Equation (2), the following equations emerge:

$$EPS = A_0 + A_1VRIGH + A_2AUMEM + A_3AUCHAIR + A_4INFORACCESS + U_0 \dots\dots (3)$$

$$DPS = A_0 + A_1VRIGH + A_2AUMEM + A_3AUCHAIR + A_4INFORACCESS + U_0 \dots\dots (4)$$

$$NW = A_0 + A_1VRIGH + A_2AUMEM + A_3AUCHAIR + A_4INFORACCESS + U_0 \dots\dots (5)$$

3.5. Method of Estimation

Estimations are undertaken by applying the ordinary least square (OLS) techniques on the models specified above. The data is panel for 2002 to 2012. All test of significance are at 5% level.

3.6. A priori Expectations

All the estimated co-efficient are expected to be positive (A₀, A₁, A₂, A₃, A₄ > 0) and significant in the models (P-value <0.05)

4. Presentation of Data and Analyses

Table 2 shows descriptive statistics of the individual variables (dependent and independent) identified in the model. Table 3, Table 4 and Table 5 below show the regression estimates of model 3, model 4 and model 5, respectively.

	Eps	Dps	Nw	Vright	Aumen	Auchair	Infoacs
Mean	4.216071	2.186039	32.29590	0.597403	0.550649	0.785714	0.564935
Median	1.490000	1.000000	2.165000	1.000000	0.600000	1.000000	1.000000
Maximum	221.0000	18.55000	4398.000	1.000000	0.600000	1.000000	1.000000
Minimum	0.020000	0.100000	0.026800	0.000000	0.500000	0.000000	0.000000
Std. Dev.	18.00344	3.087248	354.1267	0.492021	0.050159	0.411665	0.497383
Skewness	11.46893	2.532500	12.28543	-0.397220	-0.025976	-1.392621	-0.261959
Kurtosis	138.3257	9.978740	151.9569	1.157784	1.000675	2.939394	1.068622
Jarque-Bera	120884.8	477.1243	146247.9	25.82641	25.66667	49.80135	25.69688
Probability	0.000000	0.000000	0.000000	0.000002	0.000003	0.000000	0.000003
Observations	154	154	154	154	154	154	154

Table 2: Descriptive statistics

Table 2 show that the companies have average earnings of 4.2, average dividend per share of 2.18 and average net worth of 32 billion. The firms used for the research are on the average profitable and progressive. The maximum EPS is 221, while the minimum is 20k; the maximum DPS is 18.55 while the minimum is 100k and the maximum NW is 4.396billion while the minimum NW is 26,800million. The mean Vright is 0.58, the mean Aumen is 0.55, the mean Auchair is .0597403 and the mean INFOACS is 0.564. This does not show excellent exercise of the shareholders' right even with high performing firms. The standard deviation shows that while there are noticeable variations in the dependent variables (performance variables); there are no such variations in the independent variables. In all there are a total of 154 observations.

Independent Variables	Model I	Model II	Model III
Vright	1.607852	0.172103	2.179842
Aumen	21.45559	5.840616	65.71914
Auchair	-8.850742	-1.63005	-15.52448
Infoacs	-2.788992	0.230081	9.898252

Table 3: Estimated co-efficient

Model I				
Independent Variables	t-statistic	Prob.	F-statistic	Prob
Vright	0.561857	0.5751	3.098353	0.028656
Aumen	3.123020	0.0021		
Auchair	-2.632201	0.0094		
Infoacs	-0.978626	0.3293		

Model II				
Independent Variables	t-statistic	Prob.	F-statistic	Prob
Vright	0.172103	0.7271	2.766422	0.043900
Aumen	5.840616	0.0000		
Auchair	-1.63005	0.0053		
Infoacs	0.238081	0.6395		

Model III				
Independent Variables	t-statistic	Prob.	F-statistic	Prob
Vright	0.138282	0.8902	1.282653	0.037863
Aumen	1.736546	0.0345		
Auchair	-0.8388140	0.0033		
Infoacs	0.630504	0.5293		

Table 4: Evaluation of Estimates

Model	R-Square	Adj. R squared
Model I	0.098353	0.028656
Model II	0.052428	0.033513
Model III	0.005621	-0.014266

Table 5: Test of goodness of fit

R – Square
Adj. R squared

Table 3 shows the estimated co-efficient for Model I, model II and Model III. Vright and Aumen have positive relations with EPS in model I while Auchair and Infoacs have negative relations with EPS. In model II, Vright, Aumen and INFOACS have positive relations while only Auchair have negative relations. In model III, Auchair have negative relation while others have positive relations. In the Table 4, the t-statistic and f-statistics with respective probabilities for evaluation of estimates are displayed. In model I, II and Model III, only Aumen and Auchair are significant in the models, while Vright and INFOACS are non significant in the models. However, the f-statistics and their respective probabilities show that all the variables are collectively significant in the models. In the Table 5, test for the goodness of fit, R-square and adjusted R- square are shown. The variables shown very poor goodness of fit in all the models

4.1. Test of Hypotheses

The estimates of Vright and Aumen in Models I, II and III meet the a priori condition of $A_0, A_1, A_2, A_3, A_4 > 0$: while the estimates of Auchair in all the models are less than zero. A relationship (of both negative and positive nature) can therefore be established. Evaluating the regression estimates, however, only Aumen and Auchair are significance in all the models. On this criterion, we reject the hypotheses below:

There is no relationship between audit membership and firm performance.

There is no relationship between audit chairmanship and firm performance.
and accept the following hypotheses:
There is no relationship between voting right and firm performance
There is no relationship between information access and firm performance.

5. Summary of findings, Recommendation and Conclusion

5.1. Summary of findings

Contrary to theories and contrary to what is obtainable in most developed countries of the world, this study discovered that the shareholders' right impact very poorly on the performance of the firms studied. Even though the f-statistics show collective relevance of all the variables representing shareholders rights, the t-statistics does not prove individual relevance of all the variables. This would imply that only Audit membership and Audit chairmanship maintain relevant relationship with all the proxies measuring performance in this study. However, the condition of positive relationship is not maintained by all the variables; while some (Audit membership and chairmanship) impacts positively, others (voting rights and information rights) impacts negatively. This explains the reason for the poor goodness of fit. The shareholders' rights explain only but less than 5% of the changes in the performance of the firm. This paper asserts that there is poor exercise of shareholders' right in Nigeria.

5.2. Recommendations

Sequel to the findings discussed above, the following recommendations are made:

- There is need for adequate and timely dissemination of information to the shareholders whose actions are dependent on the information obtainable by them.
- There should be a defined process where shareholders can institute action against the company's management for not delivering timely information to them.
- The registrar of companies should monitor the quality of information made available to the shareholders by the companies' management.
- There should be strict sanction on the companies' management who try to romance with the shareholders' right.

5.3. Conclusion

One way of enhancing effective corporate governance is by maintaining shareholders' right. It is obvious that apart from the rights which are spelt out by laws, all other rights exercised by the shareholders depend on the quality (in time and substance) of information reaching the shareholder. This study finds out that shareholder' rights impact very poorly on the firm's performance in Nigeria. This is against foundation theories and empirical findings in the advance world. It is clear that there is poor exercise of shareholders rights in the country. The paper suggests efficient dissemination of information to the shareholders to enhance the exercise of their rights which is expected to maximize corporate value.

6. References

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