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Firm Performance, Ownership Structure, and CEO Selection: The Case of Nigeria

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Abstract: This paper attempts to examine the effect of ownership structures, corporate performance and board political connectedness on CEO selection. The sample of the study is all Nigerian non-financial firms from the year 2011 to 2015 consisting of 72 CEO selection events. This study uses logistic regression analysis to provide evidence that firms dominated with blockholder ownership favour external successors while managerial ownership-controlled firms are inclined to select internal candidates as successors. However, this study fails to support the argument that corporate performance and board political connectedness do influence the choice of CEO selection in the Nigerian public listed companies. In sum, the findings suggest that blockholders and managerial ownership significantly influence the choice of the origin of the successor CEOs in the Nigerian corporate landscape. This paper enriches the literature about CEO selection choices in developing economies with weak corporate governance structure like Nigeria. In addition, the findings from this study could be of immense benefit to the shareholders and corporate board members in making a decision on recruiting their CEOs; and the regulatory agencies in the formulation and enforcement of reforms that guarantee good corporate practices by the boards.

Keywords: Blockholder, CEO Selection, Corporate, Performance, Connectedness, Nigeria

JEL Classification: M41
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1. INTRODUCTION

CEOs occupy the most strategic position in corporations. As such, they are in a vantage position to take corporate decisions and executive day to day business of the corporations on behalf of the shareholders. In the course of discharging this onerous task, conflict of interests might arise between the CEOs and the shareholders. To mitigate this agency problem as suggested by Fama and Jensen (1983); Jensen and Meckling (1976) CEO successions which as suggested by providing a means for assessing the efficacy of a leader in shaping a firm's fortunes is relied upon (Ishak, Ku Ismail, & Abdullah, 2013). Thus, with an effective succession plan in place, CEOs of the firms are more likely to pursue the interest of the shareholders (Nguyen, Locke, & Reddy, 2014).

Meanwhile, in deciding to hire or appoint an internal or external candidate as the new CEO, corporate performance, board structure, and ownership structure usually moderate the choice of the origin of the successor Ishak et al. (2012). Hence, this study examines the influence of corporate performance, board political connectedness and ownership characteristics on CEO selection in Nigerian PLCs.

Furthermore, ownership characteristics influence CEO selection, and this influence varies considerably across the markets. This is mainly due to the differences in the markets and the contexts in which the various studies were conducted (Nguyen et al., 2014). For instance, developed economies with strong capital markets and developing markets with weak corporate governance mechanisms. This study attempts to investigate the influence of ownership characteristics (blockholders and managerial ownership) on the CEO selection in the Nigerian corporate market. This is important because most studies on corporate ownership and CEO succession relationship have concentrated on the developed market (Cheng, Hu, & Saffar, 2014; Dimopoulos & Wagner, 2012; Guo & Masulis, 2015). Only very few studies have looked the emerging economies with none on the African subcontinent (Ishak, Ku Ismail, & Abdullah, 2013; Rachpradit, Tang, & Ba Khang, 2012). Also, Nigeria is the most significant emerging economy in Africa and its corporate market dominated by blockholders, and managerial ownership will be very relevant for this study. Section 2 reviews the relevant literature and formulates the suitable hypotheses. While Section 3 discusses the research method and Section 4 presents the results and discussions. Finally, Section 5 provides the conclusion of the study.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

This section discusses the review of relevant literature and formulation of the suitable hypotheses to uncover the influence of corporate performance, board political connectedness and ownership structure on the CEO selection.

2.1 CEO Selection

Selecting and replacing of the CEO is one of the primary responsibilities of a company's board of directors (Jenter & Lewellen, 2010), and this task is usually carried out through a standing committee of the board; the nominating committee (Ashbaugh-Skaife, Collins, & Lafond, 2006; Ogbechie, 2012). Therefore, whatever choice of a successor the boards make has significant consequences on the company's future direction, strategies, and structure (Ishak et al., 2012). This is because CEOs occupy the most strategic position in the corporations. Custódio, Ferreira, and Matos (2011) classified CEO succession into insider and outsider succession and Kim (2011) defined inside succession as the successor originating from within the firm while the outside succession is when the successor is recruited from outside the firm. There is no consensus opinion among the researchers on the determinants of appointing an external or internal CEO. While some scholars like Fatima, Goergen, and Mira (2014) argue that external successor is usually appointed when the change was due to poor performance and an internal CEO will be selected following the excellent performance. On the contrary, Ishak et al. (2012) based on their study on the determinants of external versus internal succession in Malaysia concluded that poor firm performance would not necessarily result to external CEO selection choice. They suggest that some other factors such as board composition, firm ownership, and sociopolitical factors could be moderating the relationship between poor firm performance and external succession.

Larcker, Miles, and Tayan (2014) identify the following four approaches generally adopted in the selection of CEOs. (1) CEO-in-Waiting: In this approach the firm promotes a prospective candidate to the rank of Chief Operating Officer (COO) where he/she will be groomed to eventually ascends to the position of the CEO (2) Internal Development: This method allows the company to identify pool of potential candidates from within the firm and establishes a developmental plan for every one of them. Subsequently, the most viable candidate is elevated to the position of CEO. The third approach is external recruitment: The company hires or employs the CEO from outside the company. This approach is mostly adopted when the company lacks qualified and competent talents internally, or the organization needs a turnaround that requires significant strategic and operating change. The fourth and final approach is referred to an inside-outside approach. The firm combines the internal development plan with the external search. This method enables the firm to compare the leading internal candidates with the external candidates from the market and select the most competent and qualified individual.

Meanwhile, there are four theories that are mostly suggested in the discussion of managerial succession. These are; adaptive, inertial, scapegoating and contingency views (Cannella & Lubatkin, 1993; Gangloff, Connelly, & Shook, 2014; Ishak et al., 2012). However, none of the views exclusively perfect in addressing the succession issues. Thus, Cannella and Lubatkin (1993) observed that none of the adaptive and the inertial view was able to explain outsider selection. Hence, the contingency view which centered on the sociopolitical approach to CEO succession process received current attention.

2.2 Firm Performance

The relationship between firm performance and CEO selection had gained prominence because it has over time been used as a means for assessing the efficacy of a leader in shaping a firm's fortunes (Custódio et al., 2011). It equally serves as a measure of the effectiveness of management of the firms (Dimopoulos & Wagner, 2012; Ishak, Ku Ismail & Abdullah, 2013 and Cook, 2015). Scholars have argued that probability of selecting outside CEO decreases as corporate performance improves (Park & Rozeff, 1996) and that external appointments are more likely in either of forced or voluntary successions when the accounting performance level is low relative to that at other firms within the industry (Parrino, 1997). In this situation, outside candidates are believed to be better and more qualified to be selected than insiders. However, some scholars maintained that, even in the event of succession following the poor firm performance, insiders are more preferred as a replacement to the removed or retired CEO (Ishak et al., 2012; Parrino, 1997). They argued that this is as a result of the size and structure as well as the difficulties in altering the strategies of the companies and if the anticipated benefits from an external selection are not sufficient to outweigh the costs (Gangloff et al., 2014; Parrino, 1997). Hence, in line with the preceding arguments, the study hypothesizes that:

H_1: Firms are more likely to choose external candidates as new CEOs in the event of poor performance.

2.3 Board Political Connectedness

According to the resource dependence theory developed by Pfeiffer and Salancik (1978), political connections can assist companies to obtain crucial resources, ability to withstand various external uncertainties that will increase firm value. However, the agency theory proposed by Jensen and Meckling (1976) argues that politically connected boards may work against maximizing the shareholders' wealth. This raises the further question of whether the politically connected board may relate to the better quality of corporate governance. Various researchers have measured political connectedness using different measures and proxies. For example, honorific titles given to distinguished individuals by the king or the state sultans in Malaysia such as Datuk, Tun, and Sri are measures of prominence or political connectedness (Ku Ismail & Abdul Manaf, 2016). In addition, when the CEO or Chairman of a firm is/ was an official of the government or an officer in the military or simply anyone with political standing either at the state level or ministerial is referred to as politically connected (Chan, Dang, & Yan, 2012).

Several researchers have argued that politically connected firm or board have weak and poor governance mechanism and are susceptible to deviate from the corporate goals of the firms and pursuing political interests. They are prone to entrenchment by the politically connected executives with weak board monitoring and lack of supervision by the board (You & Du, 2012; Kang & Zhang, 2015). The politically connected board are viewed as poor quality corporate directors, they miss board meetings and are less knowledgeable about the functions and role of the board of directors. Hence, the board may not carry out its function of selecting or recruiting a suitable CEO from the external source to turnaround the fortune of the firm. Thus, they neglect their core duty of succession planning for the firm (Ashbaugh-Skaife et al., 2006; Ogbechie, 2012).

Furthermore, in the event of selecting or hiring a CEO, the politically connected firms are not likely to hire from the outsiders, because of the connectedness of the board members, they are more likely to appoint a replacement from within their clique or network due to poor governance inherent in the connected board (Barnea & Guedj 2007). You and Du (2012); and Kang and Zhang, (2015) argue that politically connected firm or board have weak and poor governance mechanism and are susceptible to deviate from the corporate goals of the firms and pursuing political interests. They are prone to entrenchment by the politically connected executives with weak board monitoring and lack of supervision by the board. These inherent drawbacks make them inclined to select insiders as their CEOs. Therefore, this study hypothesizes that:

H_2: Firms with politically connected board members are less likely to appoint outsiders as their CEOs.

2.4 Blockholder Ownership

Blockholder is a crucial internal corporate governance mechanism. It aligns the interests of the shareholders and the managers as well as reduces the agency problem. It is the percentage of shares owned by individuals or institutions which is from 5% and above (Acero & Alcalde, 2014; Goyal & Park, 2002; Xie, 2014). Blockholders are essential to a well-functioning corporate governance system because they have the financial interest and independence to assess the firm management and scrutinize the policies objectively, and they can put pressure on the management if they notice self-serving behaviour

(Ashbaugh-Skaife et al., 2006). Ishak et al., (2012) who studied some sampled Malaysian firms, reported that from the logistic regression analysis of 145 succession events from the year 2002 to 2005, found that blockholders controlled companies favour outside candidates as successors when the performance is low. This is because blockholders are independent of the board and are not influenced by the monitoring of the management.

Therefore, when selecting a successor, an outside candidate will be more likely to be selected by the firms dominated by blockholder ownership. This is because the blockholders have the financial power and interest to hire an outsider to check the self-serving behaviour of the management and protect the wealth of shareholders. In addition, they believe the outside CEO will bring about the desired changes in the policies and strategies which will improve the performance of the firm especially as the new CEO is not a part of the existing management (Borokhovich, Parrino, & Trapani, 1996; Ishak et al., 2012; Parrino, 1997; Thanh & Heaney, 2013).

Several researchers have argued that blockholder ownership improves the effectiveness of board monitoring and it equally mitigates management entrenchment which ultimately increases the probability of outsider successor. Agrawal et al. (2012) report a positive relationship between the blockholder and CEO succession-performance sensitivity. This is in line with the opinion of Borokhovich, Parrino, and Trapani (1996) that only outside selection benefits shareholders and that insider succession does harm the shareholders. Therefore, blockholders ownership favour external candidates as successors to preserve their wealth. In other words, the presence of blockholder ownership increases the probability of outside CEO selection. This is because; blockholder ownership resist management entrenchment and leads to a high probability of selecting outsider as new CEO (Park & Rozeff, 1996) because shareholders tend to benefit more from the appointment of an outsider as new CEO than when an insider is elevated to that position (Borokhovich et al., 1996). Hence this study hypothesizes thus:

H_3: Firms with blockholders are more likely to appoint an outsider successor as their CEOs.

2.5 Managerial Ownership

Managerial ownership otherwise referred to as insider ownership or director shareholding is the total shares held by members of the board of directors of the company (Tsegba, Herbert, & Ene, 2014). Managerial ownership reduces agency costs as it aligns the managerial interest with that of the shareholders, however, higher ownership by the managers could lead to entrenchment of the management which will ultimately affect the firm performance and weaken the governance mechanisms of the corporation (Tsegba et al., 2014).

Hornstein (2013) find that, the higher the managerial ownership level in a firm, the lower the probability of CEO succession. However, with a very high degree of managerial ownership, managers' interests are aligned with those of the shareholders. Hence it heightened CEO turnover and followed with insider replacement as successor to protect their interest (Ishak, 2010; Ruan & Tian, 2011). Therefore, when selecting a successor in the event of a turnover, the managers through the power gained by the share ownership, they equally gain control over the firms and as such can influence decisions regarding appointment of their successor which will most likely be an insider in order to preserve their interest and control over the firm (Ishak, 2010). This study, therefore, suggests the following hypothesis:

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H_4: Firms with managerial ownership are not likely to select outsider successors as their CEOs.

3. METHODOLOGY

The methodology used in this study is based on secondary data and is panel data mainly sourced from the audited annual reports of the public listed companies in Nigeria and corporate announcements from the website of the Nigerian Stock Exchange (NSE). The study covers all the non- financial public listed companies in Nigeria within the period of 2011 to 2015, focusing on those companies that have appointed new CEOs within the period. The regression model is expressed as:

$$CEO_{SELECTION}=\beta 0+\beta_1 PERFM_{it}+\beta_2 BPCON_{it}+\beta_3 BHOWN_{it}+\beta_4 MGOWN_{it}+\beta_5 FSIZE_{it}+\beta_6 DVRSTY_{it}+\beta_7 FAGE_{it}+\varepsilon_{it.}$$

Where; the measurement of variables is as explained in Table 1.

Table 1. Measurement of Research Variables and Main Sources of Data

Variables	Label	Descriptive Measurement	Main Sources	Reference
Dependent Variables				
1. CEO Selection	**$CEO_{SELECTION}$**	Dummies: 1 = Outsider the company 0 = Insider the company	Annual report	
Independent Variables				
1. Performance	**PERFM**	Proxied as profit before interest & tax/Book value of total assets (ROA) and	Data stream	Ishak et al., (2012)
		equity + debt capital/Book value of the total asset (Tobin's Q)	Data stream	Hutchinson (2014)
2. Political Connectedness	**BPCON**	The proportion of politically connected members on the board.	Annual Reports	Chan, Dang, and Yan (2012)
3. Blockholders	**BHOWN**	Total number of board members	Annual Reports	Rachpradit et al. (2012)
4. Managerial Ownership	**MOWN**	Proportion non-executive members on the board.	Annual Reports	Guo and Masulis (2015)
Control Variables				
1. Firm Size	**FSIZE**	Log of the book value of total assets	Data Stream	Ishak et al., (2012)
2. Diversity	**DVRSTY**	A firm with more than one business segment.	Data Stream	Ishak et al., (2012)
3. Firm Age	**FAGE**	Natural logarithm for the years of existence of the firm	Annual Reports	Xie (2014)

4. RESULTS AND DISCUSSION

For univariate tests carried out on this study, continuous measures like mean, median, minimum, maximum and standard deviation were analyzed to highlight the descriptive characteristics of the sample. Table 2 shows the descriptive statistics for the independent variables considered in this study. The proxy used for firm performance is ROA. This accounting-based performance is more informative and more appropriate for CEO succession studies than the market-based performance (Rachpradit et al., 2012). The mean for the ROA for the full sample is 0.004, and that of outsider companies is 0.002, both are lower than that of insider firms which are at 0.006. All the means of ROA for all the categories have positive value, indicating that on average all the sample firms have healthy financial status. There is a significant difference in the means of blockholder ownership in all the categories of the sample. For the full sample, the mean is 55%, while the outside selection and insider successor companies are 60% and 50% respectively. This result suggests that firms with blockholder ownership are likely to select outsiders as their CEOs.

Table 2. Descriptive Statistics for Continuous Variables

Variables	Full sample (N= 72 Companies)				
	Mean	Median	Min	Max	Std. Dev
ROA	0.004	0.035	-0.933	0.207	0.151
BPCON	0.171	0.121	0.000	0.667	0.170
BHOWN	54.946	58.820	0.000	94.890	26.283
MGOWN	11.749	1.335	0.000	74.700	19.998
FSIZE (million)	70.100	13.700	0.094	1110.000	164.000
LFSIZE	16.537	16.429	11.450	20.828	1.881
FAGE	40.208	42.500	5.000	91.000	18.826

Variables	Outside Selection (N= 37)			Inside Selection (N = 35)		
	Mean	Median	Std. Dev	Mean	Median	Std. Dev
ROA	0.002	0.048	0.195	0.006	0.022	0.086
BPCON	0.172	0.125	0.169	0.170	0.111	0.174
BHOWN	59.693	61.720	24.805	49.928	55.400	27.215
MGOWN	8.779	0.450	18.795	14.890	4.420	21.008
FSIZE (million)	94.500	28.400	208.000	44.400	10.500	95.700
LFSIZE	16.869	17.163	1.918	16.187	16.169	1.802
FAGE	36.432	39.000	17.471	44.200	44.000	19.621

Furthermore, the sample is categorized into three categories, namely; the full sample, outside selection and inside the selection. Table 3 presents the descriptive characteristics of CEO selection by year, sector, performance, ownership structure and company attributes (size, diversity, and age). As shown in Table 3, out of the total of 72 CEO turnover that occurred within the period of this study, 37 cases representing 51% selected outsider successors while 35 equivalents to 49% of the cases selected insider successors. This result implies that for the CEO turnover events that took place in the Nigerian corporate environment, they were replaced with approximately equal numbers of internal and external successors. That is, there was no much difference in the number of the new CEOs appointed from inside or outside the firms. Panel A of Table 3 reveals that companies preferred insider successors in years 2011 and 2013 as the percentage of insider selections are 68.75% and 63.64% respectively. While in the years 2012, 2014 and 2015 the firms preferred outsider successors as a replacement for changed CEOs. This fact is reflected in the percentage of the outsider selection in these years; 2012 (64.29%), 2014 (60%) and 2015 (62.505%) accordingly.

According to classification by sectors, as reflected in the panel B, the majority of the sectors favour selection of insider successors except for industrial goods and consumer goods sectors which preferred outsiders as 62.5% and 68% of CEO selections come from outside the firms for industrial goods and consumer goods respectively. This may be because of the homogenous nature of the firms and the spread of the firms within these sectors. In addition, most of the firms within these sectors are usually large, hence more access to a vital human resource from the external environment.

Table 3. Sample Characteristics

Items		Outside (N=37)	Inside (N =35)	Full Sample (N=72)
PANEL A	Year:			
	2011	5	11	16
	2012	9	5	14
	2013	4	7	11
	2014	9	6	15
	2015	10	6	16
PANEL B	Sector:			
	Agriculture	1	1	2
	Conglomerates	2	3	5
	Construction/ Real Estate	2	3	5
	Consumer Goods	15	7	22
	Healthcare	2	4	6
	Industrial Goods	10	6	16
	Natural Resources	2	1	3
	Oil and Gas	2	7	9
	Services	1	3	4
PANEL C	Performance:			
	High Performance (+ ROA)	27	26	53
	Low Performance (- ROA)	10	9	19
PANEL D	Ownership Structure:			
	Blockholders	35	31	66
	Non-Blockholders	2	4	6
	Managerial	33	32	65
	Non- Managerial	4	3	7
PANEL E	Firm Characteristics:			
	Firm Diversity (more than 2 segments)	24	15	39
	Firm Diversity (one business segment)	13	20	33
	Firm Age (Above average > 40 years)	17	21	38
	Firm Age (Below average < 40 years)	20	14	34

Classification based on performance as depicted in panel C of Table 3, shows 27 out of 53 representing 51% of companies with positive performance select outsiders as a replacement while 49% select insider replacements. Meanwhile, 53% of the firms with low performance (negative ROA) select outside CEOs. This result suggests that firms with poor performance are inclined to select outside CEOs which is consistent with the adaptive view of CEO selection that outside succession will attract investors 'attention which could increase firms' future performance. Panel D of Table 3 shows that outside succession is most preferred in the blockholder controlled companies. From a total of 66 successions in blockholder dominated firms, 35 representing 51% come from outside the companies. Managerial ownership-controlled firms also show a similar result as 33 out of 65 which is 51% of the successions come from outside sources.

Firms with m two and above business segments tend to select outside successors as compared to those with just one line of business. As reveal in Table 3 panel E, out of a total of 39 companies with multiple business segments, 24 of them representing 62% select their CEOs from external sources. This may be due to the complexities like the operations of the firms thereby making it difficult to get adequate capable hands. Therefore, more competent candidates are hired from outside the firms as successors. Meanwhile, the majority of those firms that have a single business outlet prefer insider successors. As indicated in panel E, 20 out of 33 firms with a single business segment select insider as a replacement for their CEOs, this fraction represents 61% of all the companies that operate a single business segment. This is so because firms with a single business segment are less complex and easier to manage. Hence the firms have abundantly capable replacements from within the firms. In addition, due to the monotonous nature of the operation, insiders are believed to be more familiar with the operation of the firms which places them at more advantage than the outsider counterparts. Hence more insiders are selected as replacements.

Meanwhile, older firms tend to select insider as successors as 21 out of 38 cases select insider successors. This may be because the older firms have established a succession plan and strategy. Hence, the internal candidates get promoted the position of CEOs. On the other hand, younger firms are more disposed to selecting outsider successors. As shown in panel E, 20 cases out 34 which is equivalent to 59% select outside successor. This could be a result of the fact that younger firms are more opened to creativity and innovations and as such, more inclined to hiring from the external sources candidates with the competitive knowledge that can measure up with the current tides and dynamics.

As for managerial ownership, the means of outsider selection sample 9%, full sample 12% and 15% for the insider succession companies. This result indicates that firms dominated with managerial ownership are inclined to select insiders as a replacement, this could be due to the desire of the management to retain their control over the firms and protect their interests by selecting from amongst themselves.

The logit regression results displayed in Table 4 show that corporate performance measured by accounting performance as represented by ROA is statistically insignificant with p-value 0.492. Although, the coefficient is negative at -1.420, denoting a negative relationship between firm performance and CEO selection. This finding implies that performance does not necessarily lead to recruiting an outsider as a replacement. This result did not support the hypothesis. The possible reason for this result may be because the decline in the accounting performance is not significant enough compared to costs associated with hiring an external CEO candidate. This finding is in agreement with the argument of (Parrino, 1997) and a recent study from emerging markets like Malaysia (Ishak et al., 2012).

Hypothesis on board political connectedness predicts a negatively significant relationship between the proportion of politically connected members on the board and outside CEO selection. However, the result of the regression revealed an insignificant positive relationship. This result suggests that board political connectedness does not influence the choice and origin of CEO successor. The hypothesis is thus, not supported. The plausible reason for this finding could be as the low proportion of connected members on the board as the descriptive statistics in Table 2 shows an overage of 17 percent, too small to influence the board decision.

Table 4. Regression Results for the Study

Variables	Coefficient	Std. Error	P- value
ROA	-1.420	2.068	0.492
BPCON	0.463	1.549	0.765
BHOWN	0.020	0.011	0.082*
MGOWN	-0.023	0.014	0.091*
LFSIZE	0.263	0.184	0.154
DVRSTY	-0.809	0.665	0.224
FAGE	-0.020	0.015	0.184
Constant	-3.923	3.108	0.207
Prob > chi2		0.1310	
Pseudo R2		0.1121	
Overall classification		66.67%	

* Significant at 10%

The study hypothesized that blockholder ownership is positively and significantly associated with outside selection. The logistic regression results in Table 4 affirmed the postulation as the p-value is 0.082 significant at 10% level. This result means that firms with a high proportion of blockholder are mostly inclined to hiring their CEOs from the outsiders. This is consistent with the empirical findings by previous researchers on CEO succession (Borokhovich et al., 1996; Ishak et al., 2012; Parrino, 1997). From the regression result contained in Table 4, managerial ownership shows a negatively significant relationship with CEO selection. The logistic regression displayed a negative coefficient of -0.023 and p-value significant at 10% level. This result supported the hypothesis that managerial ownership-controlled firms are less likely to select an outsider as successor, they favour insider succession. This finding aligns with the argument of prior scholars that managerial ownership leads to management entrenchment which gives them control over the firms and as such can influence decisions the board regarding selection of CEO successor which will most likely be an insider in order to preserve their interest and control over the firm (Ishak, 2010; Borokhovich et al., 1996).

5. CONCLUSION AND RECOMMENDATION

This study focused on factors that determine CEO selection in public listed companies. Given the scanty nature of research with regards to CEO selection in developing economies and Nigeria in particular, this study provides evidence on the factors determining CEO selection choice in the Nigerian PLCs. This is the first study to investigate the relationship between ownership structure, corporate performance, and CEO selection choice in Nigeria. The study finds that firms tend to select outsiders as successors when they are controlled by blockholders and managerial ownership dominated firms tend to select insiders as successors. In addition, firm performance measured by ROA and board political connectedness do not influence the choices of the successors.

Findings from this study may be useful to the board members and shareholders who are responsible for hiring and firing CEOs because, the selection of a successor may have a significant impact on firm's future strategies, policies, and performance. In addition, the findings would serve as a valuable guide to the government and regulatory bodies in enacting and enforcing reforms that would entrench good corporate practices which will, in turn, reinforce the investors' confidence in Nigeria's business landscape.

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