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# Corporate Governance In Nigeria: Navigating The Intersection Of Reg- ulation And Business Realities

## Introduction

In today's global economy, corporate governance has become more than a buzzword, it is the backbone of modern corporate administration. Nowhere is this more evident than in emerging markets like Nigeria, where the stakes are particularly high. At its core, corporate governance defines the structures and processes through which companies are directed and controlled, ensuring accountability, fairness, and transparency in their dealings with stakeholders.

Nigeria's journey toward stronger governance has been shaped by hard lessons: the need to attract sustainable investment, rebuild institutional trust, and confront a history of corporate impunity that fueled several high-profile financial collapses. Against this backdrop, the Nigerian Code of Corporate Governance (NCCG)

2018 was introduced as a unified, principle-based framework designed to steer businesses toward ethical and sustainable management.

Yet, the story does not end with the Code's adoption. Its implementation continues to expose a delicate balancing act between regulatory ideals and the commercial realities Nigerian businesses face every day. This tension underscores the evolving nature of governance in Nigeria and raises critical questions about how companies can thrive while staying true to principles of integrity and accountability.

## LEGISLATIVE FRAMEWORK AND EVOLUTION OF CORPORATE GOVERNANCE IN NIGERIA

The story of corporate governance regulation in Nigeria is one of gradual transformation, from fragmented, sector-specific codes to a unified national framework. Early efforts, such as the Securities and Exchange Commission (SEC) Code of 2003, the Central Bank of Nigeria's 2006 Code for Banks, and the National Insurance Commission (NAICOM) Code of 2009 for insurers, were commendable steps forward. Yet, they also introduced inconsistencies across industries and left companies grappling with compliance fatigue.



A turning point came with the Nigerian Code of Corporate Governance (NCCG) 2018, issued by the Financial Reporting Council of Nigeria under Section 51(c) of the FRC Act 2011. For the first time, Nigeria established a comprehensive governance framework that applies across public companies and regulated private entities. Anchored on the “apply and explain” principle, the Code requires organizations not only to adopt governance practices but also to demonstrate

how these practices are implemented in real terms.

This principle-based approach mirrors the Organisation for Economic Co-operation and Development (OECD) guidelines, offering flexibility to accommodate diverse organizational structures while holding accountability and disclosure as nonnegotiable standards. In effect, the NCCG 2018 represents a watershed reform, one that seeks to harmonize governance expectations and embed transparency at the heart of corporate Nigeria.

## **CHALLENGES IN IMPLEMENTING THE NCCG AND ADOPTION OF CORPORATE GOVERNANCE IN NIGERIA**

Impressive as Nigeria's corporate governance standards may be, many companies, especially small and medium-sized enterprises struggle to fully implement the Nigerian Code of Corporate Governance (NCCG). Building independent boards, running continuous risk assessments, ensuring diversity in both gender and expertise, and maintaining detailed reporting systems are all essential for sound governance. Yet, these measures come at a steep cost. For businesses with tight margins or evolving structures, the burden can feel disproportionate.

The challenge is compounded by Nigeria's crowded regulatory landscape. With oversight from the Financial Reporting Council of Nigeria (FRCN), Securities and Exchange Commission (SEC), Central Bank of Nigeria (CBN), National Insurance Commission (NAICOM), and Corporate Affairs Commission (CAC), companies often face overlapping guidelines and duplicative reporting obligations. This regulatory congestion risks shifting managerial focus away from innovation and strategy, toward endless compliance paperwork.

The real test, therefore, lies in striking a balance. Compliance should never be reduced to a box-ticking exercise, nor should it become a crippling burden. The ultimate goal is to nurture a culture of accountability. Here, the NCCG's flexibility offers a lifeline. Its "apply and explain" principle allows companies to tailor governance practices to their size, nature, and risk profile. In practice, this means small enterprises are not forced to mimic the governance structures of multinational corporations, but they are still held to the same core values of transparency, ethical leadership, and responsible management.

## BUILDING GOVERNANCE INTO CORPORATE CULTURE



Embedding governance into corporate culture is far more complex than simply drafting codes, it requires sustained investment in institutional capacity. A code on paper means little without directors and managers who can interpret, internalize, and apply its principles. This makes continuous governance education and board development programs essential. Regulators, professional bodies, and law firms all have a role to play in strengthening this capacity. The Financial Reporting Council of Nigeria, in particular, can make a greater impact by emphasizing advisory engagement over punitive enforcement, thereby guiding companies toward compliance rather than policing them into reluctant submission.

There are encouraging examples of Nigerian firms that have embraced governance as a cornerstone of their corporate identity. Access Holdings Plc, for instance, has earned recognition for maintaining a diverse and independent board structure that enhances oversight and decision-making. Dangote Cement Plc has gone further by integrating governance with sustainability reporting, winning investor confidence through transparent disclosures and robust risk management practices.

On the other hand, the consequences of weak governance are equally stark. The collapse of a Nigerian bank in 2018, following regulatory breaches and inadequate oversight, serves as a cautionary tale. Its failure, which ultimately required intervention by the Central Bank of Nigeria, underscores how poor risk controls and ineffective boards can erode corporate resilience and trigger systemic distress.

These contrasting realities highlight a crucial truth that effective governance is not just a statutory obligation. It is a decisive factor in shaping corporate reputation, resilience, and long-term success. Companies that treat governance as a living culture rather than a compliance checklist are the ones most likely to thrive in Nigeria's evolving business landscape.

## EXPANDING THE GOVERNANCE LANDSCAPE

The Companies and Allied Matters Act (CAMA) 2020 has added another vital layer to Nigeria's governance architecture. By reinforcing directors' fiduciary duties and codifying protections for minority shareholders, the Act bridges statutory obligations with governance principles, creating a more coherent framework for corporate accountability. Yet, legislation alone cannot embed governance into corporate DNA. Whilst laws set the stage, people and institutions must bring them to life.

One of the most notable shifts in recent years is the growing integration of Environmental, Social, and Governance (ESG) frameworks into corporate practice. Nigerian banks and large corporates are increasingly weaving sustainability into their decision-making processes, recognizing that global investors now scrutinize ESG disclosures before committing capital. This trend signals a move beyond compliance toward value-driven governance that aligns with international expectations.



At the same time, the rapid rise of fintechs and technology-driven enterprises has sparked new conversations around digital governance. Issues such as data protection, cybersecurity, and board-level competence in managing technology-related risks are becoming central to governance debates. As Nigeria's

corporate landscape evolves, the challenge is no longer just about meeting traditional governance standards, it is about adapting them to a future shaped by sustainability, innovation, and digital transformation.

## LEARNING FROM GLOBAL GOVERNANCE MODELS

Nigeria's corporate governance journey does not exist in isolation, it draws valuable lessons from global benchmarks. The King IV Report on Corporate Governance in South Africa, for example, places ethical leadership, sustainability, and integrated reporting at the heart of sound governance. Similarly, the UK Corporate Governance Code emphasizes accountability, board diversity, and stakeholder inclusiveness. For Nigerian organizations, adopting these best practices means moving beyond paper compliance to embed ethical leadership and stakeholder-oriented governance into corporate strategy.

Multinational firms such as Unilever and Nestlé demonstrate how global standards can be localized, integrating sustainability and long-term value creation into governance structures. Nigerian companies can follow suit by ensuring that governance frameworks are not detached from business strategy, but aligned with it, thereby creating institutions that are both resilient and trustworthy.

Ultimately, true governance maturity rests on leadership integrity and the internalization of ethical conduct at the board level. Nigerian companies must evolve from viewing governance as an external imposition to embracing it as a strategic advantage. Good governance enhances reputation, strengthens investor confidence, and builds operational resilience. These are qualities that are indispensable for sustainable competitiveness in the global marketplace.

Lawyers and corporate advisors play a pivotal role in this transformation. Their task is not merely to ensure compliance, but to help boards design governance frameworks tailored to business realities while meeting regulatory expectations. Governance audits, board policy drafting, remuneration structuring, and stakeholder engagement strategies should be treated as strategic instruments, not routine formalities. In this context, the modern corporate lawyer emerges as more than a compliance officer, rather, they are a strategic partner, shaping governance as a driver of commercial sustainability.

## CONCLUSION

Above all, Nigeria's corporate governance journey must continue to shift from form to substance. Regulation, no matter how well crafted, achieves little without genuine leadership commitment. The real test is not how fluently companies recite governance principles, but how consistently they uphold them under commercial pressure. The NCCG 2018 provides a strong foundation, yet its success depends on implementation that respects local business realities. Striking this balance between sound regulation and practical flexibility is essential for companies seeking competitiveness while retaining the trust of regulators, investors, and the public.

The future of governance in Nigeria lies less in multiplying rules and more in deepening responsibility. In a global marketplace where scrutiny is intense and competition relentless, firms that anchor governance in integrity and foresight will stand out not simply for compliance, but for credibility. This convergence of regulation and commercial pragmatism is the pathway to enduring corporate success and, ultimately, to strengthening Nigeria's economic reputation on the world stage.

If your company is uncertain about its corporate governance obligations or wishes to evaluate its governance framework in line with the Nigerian Code of Corporate Governance, CAMA 2020, and international best practices, we invite you to contact us for a consultation.