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Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	Ms_BJEMT_31522
Title of the Manuscript:	PREPOTENCY OF NIGERIA SECURITIES AND EXCHANGE COMMISSION CODE OF CORPORATE GOVERNANCE AMONG PUBLIC COMPANIES
Type of the Article	Original Research Paper

General guideline for Peer Review process:

This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty**', provided the manuscript is scientifically robust and technically sound.

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(<http://www.sciencedomain.org/page.php?id=sdi-general-editorial-policy#Peer-Review-Guideline>)



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PART 1: Review Comments

	Reviewer's comment	Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)
Compulsory REVISION comments	1. The objective of the study is to determine which of the governance provisions is superior to the other. At the general level, I don't believe that one provision is superior to another. However, an attempt could be made to ascertain which of the provisions has contributed more to a given outcome, which may not necessarily be due to its superiority over the other provisions. I suggest therefore that the research objective be modified to one in which the author seeks to ascertain which of the governance provisions has the biggest impact on the dependent variables. This may affect the direction of the study, but I believe it will add more value to scholarship on this subject. 2. If the above suggestion is accepted, then the author has to go beyond just determining correlation coefficients and run some linear regressions to support his arguments. 3. The Introduction section is too brief and has not given sufficient motivation for embarking on this study. 4. On definition of concepts: (a) The SEC Code of Corporate Governance currently in force in Nigeria was the one introduced in 2011, which replaced the 2003 Code. The author needs to make it clear which of the	1. Author disagrees with reviewer's comment No. 1 which recommended the modification of the original research objective from the examination of the level of importance of the most common corporate governance indicators among public companies in Nigeria to that of ascertainment of the governance provisions with the biggest impact on dependent variables. The original research objective and the recommended modification are two distinctively different objectives that will not lead to the same result. This study is not on impact assessment which will require different materials and method of study with outcome that may differ from the findings of this research which has already been concluded. Future researchers may be challenged to undertake such investigations to ascertain governance provisions that have the biggest impact on dependent variables. To modify the original research objective will amount to starting a fresh study all over. 2. Author disagrees with reviewer's comment No. 2. The multiple correlation coefficients computed and used in this study do more than comparing two variables (in the reviewer's view – the governance provision



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	Codes he has based his study on; (b) Prepotency: what is the authority supporting the definition of this concept? Have there been any previous studies where this concept has been used? (c) Company performance proxies: the explanations here are too brief. There should be more elaboration on what these ratios actually do; a discussion on why these ratios were selected and no other would also enrich the discussion – in other words, what informed the choice (justifications) of these ratios? (d) The definition of public companies is inadequate. Are there other forms of business organizations recognized by law? What distinguishes such other business organizations from public companies? Answers to these questions will enrich this paper and make it more robust. 5. Theoretical Framework: more work is needed here. Academic authorities should be used to back up the definition. Abati (2010) is a journalist, and cannot be a strong authority for an article meant for publication in an academic journal. Additionally, more background materials need to be cited for this theory. What are its origins? What published articles are there on this theory? Are there other theories that could have been used? What are the justifications for the use of this particular theory? 6. Literature Review: this again is too scanty, too brief. What is the current state of research on this subject? Any previous	with the biggest impact and dependent variables). Multiple correlation coefficient compares the predictability of the dependent variable (i.e. EPS, ROE, ROA, PM and Tobins Q) from the independent variables (i.e. CONCENT, BSIZE, CCEO and INDEPT). And as such when multiple correlation coefficients are calculated, they can be used to examine the level of importance as is in the case of this study. It also eliminated the problem of multi-collinearity so as not to cause any problem in the findings and conclusion from the analysis. The coefficient computed for the variables are ranked, thereby transiting from parametric to non-parametric plane with matrix of coefficients for the three different statistics namely Pearson, Kendell's and Spearman's rho. We are able to compare the level of importance of the most common regulatory provision of the SEC code of corporate governance among public companies which is the objective of this study. The computed coefficients are well presented in tables 2.1 – 2.3. 3. Author disagrees with reviewer's comment No. 3. The introductory section is sufficient for the research objective of this study. The limitation of the global competitive index in total exclusion of the common corporate governance indicators in Nigeria is the foundation of the statement of problem of the research which forms the basis or motivation for examination of the superiority in the level of importance of the
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	research? What are the results of previous research? 7. Methodology: see my comments in paragraph 2 above. 8. Generally: the paper has not been sufficiently referenced. Sources of ideas that are not original to the author should be duly acknowledged. 9. Conclusion: extensive revision advised.	most common corporate governance indicators among public companies in Nigeria. The justification for the study is clearly stated in lines 130 – 131, 144 – 145 and 147 – 154 respectively. There is no one best way in conducting a research provided the objective, method and findings are clearly stated in the course of such investigation as was done in this study. 4. (a) Author agrees with the reviewer's comment No. 4a. But the 2011 SEC code is presently undergoing revision to transition it to a mandatory national corporate governance code. Furthermore, the financial statement of the sample companies used for this study, between 2003 and 2010, were based on the 2003 SEC code of corporate governance. Besides, the 2011 SEC code of corporate governance was not mandatory and companies defaulted in compliance. Again, between 2010 and 2011, the transition financial statement as required by the Financial Reporting Council Act No. 62011 were not available as most of the sample companies defaulted in compliance. Neither was the transition financial statement for 2012 as also required by law among the public companies was feasible. Therefore, the author was constrained to limit the scope of investigation to the period between 2003 and 2010 and among companies with financial statements covered by the 2003 SEC code of corporate governance. Regulatory
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		authorities and provisions do not prepare financial statements as required by law establishing them. Public companies are the ones obligated to the preparation of such financial statements for which they are often in default. 4b. Author disagrees with reviewer's comment 4b. The concept prepotency was literally defined in lines 74 – 79 of the manuscript to avoid misleading leaders. Read, W.E. et al (2004) definition of prepotency is in support with the author's definition thus: "Prepotency is defined as the quality of superior potency, preponderance of influence of efficiency" Source: Read, W.E. et al (2004). New International Webster's Comprehensive Dictionary of English Language. Deluxe Encyclopedic Edition. Naple Florida. Trident Press International Garna, B.A. (2004) definition of prepotency/preponderance is germain to that of the author. "Prepotency/preponderance is defined as superiority in weight, importance or influence" Garna, B.A. et al. (2004). Black's Law Dictionary, 8th Edition. Dallas, Texas. Thomson West. 4(c) Author disagrees with reviewer's comment 4c. Please see table 1 on the definition of public companies performance proxies as dependent variable disclosing the method of their estimation from the financial
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		statements of the sample companies in line 81, page 3 of the manuscript. The source of the table is also stated in lines 84 – 86. The performance proxies are the standard parameters that are quantitatively derived from the financial statements of the sampled companies for evaluating the efficacy of corporate governance indicators (Sanda et al. 2005) which is the justification for their choice. Performance proxies are not literally given in the SEC code or in the financial statement requiring the disclosure as to why they were selected as analytical tool for this study. They are quantitatively derived. 4(d) Author disagrees with reviewer's comment 4d. The study is not about any form of business organisation. This is specifically stated in the objective of the research. The definition of public companies is explicitly stated in lines 89 – 99, page 4 of the manuscript. The definition categorically excludes all the companies as provided in the CAMA Act 1990 Sections 22(2-5) and 24. The Act expressly stated that any company other than a private company shall be a public company and its memorandum shall state that it is a public company. The definition of public company by Idornigie (2010) and the CAMA Act 1990 Section 22 (2-5) and 24 are adequate and sufficient for the purpose of this study. The focus of this study is the prepotency of
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		Nigeria Securities and Exchange Commission code of corporate governance among public companies ONLY whose shares are exclusively listed and traded on the floor of the Nigerian Stock Exchange. 5. Author disagrees with reviewer's comment No. 5. The existing theories with strong authorities are inappropriate for this study, namely: institutional theory, O'Connell, B.O, Webb, L (Jr) and Schwarzback (2004), Principal Agency Theory – Sanda et al (2005), Ross (1993), Fama & Jensen (1983), the Dynamic theory – Steiner & Steiner (1997), the Aggregation Theory – Taylor (1984) and the contraction Theory – Klein (1982) respectively. The Single theory (self-regulation) is the only appropriate theory for this study. Abati, R. (Ph.D) judgemental opinion on the "Single theory" (i.e. self-regulation is academic and sufficiently weighty to warrant mentioning in this study. Abati, R. (Ph.D) is not a mere journalist but an academic and a member of the Editorial Boards of the "The Guardian" and "Business Guardian" respectively which are reputable and influential newspapers on matters of public policy in Nigeria. Abati, R. (Ph.D) is a strong authority to back an original research finding meant for publications in an academic journal. 6. Author disagrees with reviewer's comment No. 6. The literatures reviewed are restricted to those which are current and relevant to the study as stated in lines 114
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		to 154. The IFC/World Bank Corporate Governance and Corporate Social Responsibility Index of public companies that are quoted in Nigerian Stock Exchange (2008) and Idornigie (2010) anecdotal study which benchmarked Nigerian code of corporate governance with the OECD code are adequate and sufficient for this study. There are no previous studies on the prepotency of Nigerian SEC code of corporate governance among public companies. 7. Author disagrees with reviewer's comment No. 7. The author's reason for the disagreement with the reviewer's comment No. 7 is stated in No. 2 above. 8. Author agrees with reviewer's comment No. 8. The reference section of the manuscript has been increased from 4 to 20 references. 9. Author agrees with reviewer's comment No. 9. The manuscript has been extensively improved.
<u>Minor</u> REVISION comments	Author should be advised to provide more references to support assertions/postulations that may have been borrowed from other sources.	
<u>Optional/General</u> comments		