This study investigated the impacts of corporate governance practices on the financial performance of cooperative societies in Nigeria. The study was motivated by the persistent agitation for transparency in the management of cooperative societies, The study sought the cooperative members perception of the application of corporate governance principles in cooperative societies’ management; evaluated trends in financial performance of cooperative societies in Southwest Nigeria from 2011 to 2018 and determined the effects of corporate governance elements on the financial performance of cooperative societies.

The study adopted a survey research design, made use of both primary and secondary data from selected cooperative societies in the six states in the Southwest Nigeria. Primary data were sourced directly from 475 selected members of cooperative societies. From the annual financial reports and accounts of selected cooperative societies, secondary data were extracted. The data collected were analyzed using appropriate descriptive statistics like the mean, standard deviation, median and mode. Inferential statistics used are pearson moment correlation and regression analyses.

The results of the analysis showed that corporate governance practices in the cooperative societies were not strong in comparison to the practice in the listed companies. For instance, the composition of the executive members significantly deviated from the provision of SEC code of corporate governance. Also, family dominance in the executive committee was prevalent among the societies sampled. A mean of 3.39 showed that majority of respondents affirmed to family dominance. Majority of cooperative societies under study reported a return on capital employed of about 6%, which is lower than the range of 10% - 20% recommended for the non-listed institutions. The R-square of 0.421 inferred that 42% of the variation in the return on capital employed by the cooperative societies were attributable to the combined effects of all the corporate governance variables (board structure, ownership structure, risk management practices and executive compensation) as well as control variables (society age and size) while the remaining 58% was due to other variables not considered in this study.

Evidently, there is a reasonable assurance that financial performance can be improved if corporate governance mechanisms are practiced in cooperative societies. The regression results also revealed that three corporate governance variables (board structure, ownership structure and risk management practices have significant effects on the financial performance.

The study found out that executive compensation was not a good motivation for higher performance in the cooperative societies in Nigeria. The conclusion of the study was that the financial performances of cooperative societies are significantly affected by elements of corporate governance. Therefore, the mechanisms of corporate governance should be adopted in cooperative societies for better financial performances.