Multiple Influences on Corporate Governance in sub-Saharan Africa: Actors, Strategies and Implications

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Abstract

This paper examines the influences of three major actors – the international organisations, rating agencies, and indigenous African institutions - on the fledging corporate governance and accountability practice in Nigeria. Findings from this study suggest that corporate governance in Nigeria seems to be in a flux resulting from a degree of 'confusion' in the country's corporate governance system with regards to 'which corporate governance model' to follow, due to the influential powers of these three actors, pulling the governance phenomenon in somewhat different directions. As a result, this paper adds to the debate on the diffusion and translation of governance practices across different institutional contexts, particularly drawing out inferences for the literature on the convergence of national systems of corporate governance.

Key words: Corporate governance; Developing countries; Nigeria; International organisations; Diffusion

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Introduction

Comparative corporate governance scholarship has continued to pay attention to the convergence of national systems of corporate governance (for example see: O'Sullivan 2003; Dnes 2005; Liu 2005; Kuljak 2007; Aguilera, Filatotchev, Gospel and Jackson 2008; Zhang 2009). Despite the conflicting pieces of evidence, which appear to dominate the literature, the debate seems tilted in favour of an emerging convergence on the Anglo-Saxon shareholder model of corporate governance (Shleifer and Vishny 1997; Rubach and Sebora 1998; Lane 2003; Goergen, Martynova and Renneboog 2005; Braendle and Noll 2006). However, two important perspectives have received very limited attention in this debate.

First, less is known about the agents of the convergence, particularly in relation to their roles, strategies, and influences in shaping the direction of convergence. 'Agents of convergence' can be regarded as those entities which can be organisations or persons who are directly or indirectly actively involved in nudging national systems of corporate governance in one direction or the other, through their cross-border initiatives. They include international and regional bodies like the World Bank, IFC, IMF, and AfDB; multinational corporations; institutional investors; rating agencies; and international financial markets. Indeed much needed illumination can be provided into the convergence debate by conducting a critical appraisal of the roles played by notable agents of convergence, in advocating and monitoring the implementation of uniform corporate governance practices across many countries.

Second, developing countries of sub-Saharan Africa have also received limited attention in the convergence debate. The budding literature on corporate governance in sub-Saharan Africa (and Nigeria in particular), has been largely descriptive with regards to the state of the subject in the third world (for example see: Yakassai 2001; Ahunwan 2002; Bolodeoku 2006, 2008; Ajogwu 2007; Okike 2007). Most notably, these descriptions have taken a dominant internal focus, and limited attention has been paid to the external influences on the evolving landscape of corporate governance and accountability in the region. This paper takes the view that an examination of the interactions between the external and internal influences on corporate governance development in Nigeria does not only present significant implications for understanding the corporate governance challenges in developing economies, but

provides much needed insights into the roles and activities of 'agents of convergence' and their influences in shaping the direction of convergence. In this regard, Nigeria, Africa's largest market for goods and services, presents a good case where in addition to increasing local interests, corporate governance in the country continues to attract notable international interests, given the significant participation of foreign owned investments in the country's business sector. Thus, Nigeria presents an evolving corporate governance system, significantly influenced by notable agents of convergence, and therefore provides a rich platform from which to examine the influences shaping the evolution, construction, expectation and expression of corporate governance, in developing countries.

This paper provides an attempt to augment the literature on corporate governance in developing countries, with an account of the influences shaping the subject in one of Africa's economic giant. Particularly, it outlines and scrutinises some of the strategies employed by three major influential actors (groupings of convergence agents) to diffuse their varying models of corporate governance, and the implications of these on corporate Nigeria. These three major actors are namely:

1. Notable international organisations, involved in cross-border corporate governance development and monitoring; particularly, the World Bank, the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD).
2. Corporate governance rating agencies; particularly Standard and Poor's and GovernanceMetrics International.
3. Indigenous African institutional initiatives, particularly by the African Development Bank (AfDB).

The rationale behind the choice of these three actors is three-fold. First, they have received limited attention in the extant literature on corporate governance convergence (for example, see Rubach and Sebora 1998; Corporate Board 2001; Goergen, Martynova and Renneboog 2005; Braendle and Noll 2006). Second, and in relation, their choice is in line with the budding literature on the 'agents of convergence' (see Soederberg 2003) as well as the substantial reports in the general media and by the organisations themselves in terms of their cross-border corporate governance alignment activities, especially as it relates to corporate governance diffusion to

developing economies. Third, and also in relation to the paper's focus on the diffusion of corporate governance principles and practices to developing market economies (and in particular Nigeria), these three actors have been suggested by the empirical data as having significant influence in nudging the corporate governance system in one direction or the other. Thus despite the existence of other important (and more frequently studied) actors such as multinational corporations, institutional investors and international financial markets (see: Husted and Allen 2006; Ite 2004), this paper explores the varying orientations underpinning the diffusion activities and strategies employed by the above three actors and the implications of these on the direction of the evolving phenomenon of corporate governance and accountability in Nigeria.

The rest of this paper is structured as follows. A review of the literature on the convergence of national systems of corporate governance is first presented in order to highlight the paper's research questions and agenda. The paper subsequently presents an account of the institutional context and empirical background of the study, by examining the state of corporate governance in Nigeria, including relevant references to certain historical dimensions. Following on, the research methodology is outlined and the findings, discussed. Some recommendations (for future research and for international organisations, in terms of productive future engagement with developing market economies, through their cross national corporate governance monitoring and developmental initiatives) are further presented, which precedes the conclusions and some final remarks.

Literature Review, Theoretical Development and Research Agenda

There are multiple perspectives on the theory of the firm and consequently on the corporate governance phenomenon. As a result, there are no agreed definitions or boundaries for investigating corporate governance (Turnbull 2000). However there are two dominant systems of corporate governance, namely: the Shareholder (outsider) model prevalent in the UK and the US and the typical Stakeholder (insider) model of Germany and Japan. The shareholder – centred model includes dispersed ownership (mainly by institutional investors), strong legal protection for shareholders and may pay less attention to other stakeholders, as the priority is to enhance shareholders' value (Jensen and Meckling 1976; Fama 1980; Parkinson 1993, 1995; Shleifer and Vishny 1997; Keasy, Thompson and Wright 1997). Here, firms do not have to

consider too many complex and often conflicting interests of numerous stakeholders, which is advantageous in times of restructuring. There are however concerns about the associated lack of encouragement to promote relationship, commitment and trust between employees and the management.

The stakeholder model requires that all parties affected by managements' decisions, including managers themselves, shareholders, employees, customers, suppliers, the local and global environments, and the government must all be considered fairly (John and Senbet 1998; Cochran and Wartick 1998; Monks and Minow 2001; Solomon 2004; Aguilera 2005). As a result, whilst shareholders occupy a significant position, managers seek to balance the interests of a large group of stakeholders in ways which aim to ensure that the decision making process is consensus-oriented. The focus of the stakeholder model is on the whole network of formal and informal relations which determine how control is exercised within corporations and how the risks and profits are distributed among various stakeholders (Lane 2003). Figure 1 below shows that when these competing perspectives are taken into consideration, the corporate governance concern becomes unclear, such that definitions of corporate governance and the roles of corporate boards can move on a continuum from a purely shareholder view to a purely stakeholder view (Maassen 2000).

Shareholder	**Stakeholder**
executive and non-executive directors are fiduciaries of shareholders;	executive and non-executive directors are fiduciaries of a variety of claimants;
executive and non-executive directors should adopt policies consistent with maximization of shareholder wealth;	executive and non-executive directors should balance pluralistic claims;
profitability and economic efficiency are the standards of efficacy;	profitability and economic efficiency are important in addition to survival, long-term growth and stability;
the corporation is subordinate to the interests of shareholders.	the corporation is seen as a superordinate entity.

Figure 1: Shareholder and Stakeholder Perspectives on Corporate Governance

Adapted from Gedajlovic (1993:53-54)

The growing economic globalisation (and in particular, the competition for global commerce) has stimulated vigorous debates on the similarities and differences between national corporate governance systems; it has particularly highlighted the emergence of a single 'international best' approach to corporate governance (McCahery and Renneboog 2002). Research evidence as represented in the extant literature on the convergence of national corporate governance systems suggests that the 'international best model' mirrors the shareholder model (Shleifer and Vishny 1997; Hansmann and Kraakman 2001; Braendle and Noll 2006; Goergen, Martynova and Renneboog 2005). Indeed discussants, especially law, finance and economics academics tend to emphasise the superiority of the Anglo-Saxon shareholder oriented corporate governance model (Goergen, Martynova and Renneboog 2005). Some authors have suggested traces of convergence to this model. For example, Shleifer and Vishny (1997) reported that corporate governance systems in Germany and Japan indicate a trend towards uniformity with the US. It has also been noted that one of the principal factors driving economies towards convergence to the Anglo-Saxon model is the failure of alternative models (Shleifer and Vishny 1997; Braendle and Noll 2006). How far this is true is hard to judge, particularly in the wake of the 2009 global economic recession, which was largely fuelled by corporate governance failures in major Anglo-Saxon shareholder model oriented corporations.

This paper, thus, takes the view that the convergence debate is far from being settled. As such, while some corporate governance/law scholars (Hansmann and Kraakman 2001) have argued that the shareholder model has defeated the stakeholder model as far as the fundamental issues of corporate ownership and control are concerned, it must be noted that the convergence debate has not come to the 'end of history', as the shareholder model is less deeply entrenched than is generally suggested even in Anglo-Saxon economies. For example, the intensity of shareholder pre-eminence was only achieved in the UK in the 1980s and 1990s, and is actually far from being a norm (Armour, Deakin and Konzelmann, 2003). Indeed it is considered an anomaly by some (Davies 2002). Thus, the conventional knowledge that the cross-border activities of multinationals will compel a convergence to the "superior" Anglo-Saxon model requires deeper scrutiny. For example, La Porta, Lopez-de-Silanes, Shleifer and Vishny (1998) noted that the proportion of the world's foreign investment accounted for by shareholder oriented countries fell from 66 percent in 1980 to just over 50

percent in 1997, while the combined shares of Stakeholder oriented countries grew from 34 to 49 percent over the same time period.

Therefore, it would be interesting to further consider the dominant suggestion in the literature that national systems of corporate governance are aligning with the Anglo Saxon modelled 'international best practice system', given the unsettled nature of the shareholder-stakeholder championship debate. In this regard, this paper suggests that more attention should be paid to the agents of convergence, as they wield tremendous powers in relation to the shaping of the ongoing discourse, particularly with regards to the direction of convergence. As suggested earlier, 'agents of convergence' can be regarded as those entities be it organisations or persons who are directly or indirectly actively involved in nudging national systems of corporate governance into particular directions, commonly taken to be the Anglo-Saxon shareholder model, through cross-border influential initiatives. This paper conducts a critical appraisal of the roles played by three groupings of key agents (due to the three-fold reasons suggested earlier) in advocating and monitoring the implementation of uniform corporate governance practices across many countries. A focus on these agents becomes even more justified, given the influential powers they wield over corporate governance development in developing countries (for example, see: Soederberg 2003). It is anticipated that this would add enriching insights to the convergence debate, particularly as the less discussed research site - Nigeria presents a useful platform to understand the varying orientations, influences and strategies of these agents, and more importantly the cumulative implications of their activities in shaping the direction of an emerging corporate governance system.

It is upon this rationale that this study has explored the following interrelated research questions, using Nigeria as a case study:

(1) To what extent are there (conflicting) influences on the evolving system of corporate governance and accountability in Nigeria?

(2) In what ways do agents of convergence diffuse their models of corporate governance (to developing economies, in particular)?

(3) What are the implications of the (conflicting) influences on the evolving system of corporate governance and accountability in Nigeria?

Nigeria as an Empirical Site: Research Design, Survey Methodology and Analysis

Given that corporate conduct in Nigeria has been conventionally characterised by endemic corruption, recent and ongoing developments in the country have added an energetic momentum to the budding corporate governance and accountability debate (Wallace 1987; Yahaya 1998; Okike 2000, 2002, 2004, 2007; Oyejide and Soyibo 2001; Yakasai 2001; Ahunwan 2002; Nmehielle and Nwauche 2004; Sanda, Mikailu and Garba 2005; Bolodeoku, 2006, 2008; Ajogwu 2007; Adegbite and Nakajima 2010; Adegbite, Amaeshi and Amao 2010). These include the 2003 Code of Corporate Governance in Nigeria; the 2006 mandatory Code of Corporate Governance for Nigerian Banks post consolidation; and the 2007 Code of Conduct for Shareholder Associations in Nigeria; and notable/high profile corporate governance scandals. Indeed widespread corrupt corporate behaviour as exemplified by ongoing corporate disasters as well as near-disasters particularly in the country's financial sector, has brought to the fore the imperativeness of effective governance and accountability in modern day Nigerian corporations. Notably these have brought corporate governance discussions to the pinnacle of academic, practice and policy debates in Nigeria. As a result, while South Africa may be the leading contributor, (Vaughn and Ryan 2006) corporate governance developments in Nigeria are becoming increasingly notable in the African corporate governance literature.

In an attempt to examine the different influences on the evolving corporate governance system in Nigeria, this paper adopts a mix of qualitative research methods in order to provide an informative, in-depth, comprehensive and explanatory account. According to Flick (1992:194) the "combination of multiple methods in a qualitative study depicts the researchers' intention to add rigour, breadth and depth to his/her investigation." This strategy also increased the richness, validity, reliability and potential acceptability of findings. It also facilitated the presentation of robust conclusions. A mix of qualitative research methods also enabled respondents to give very valuable insights into the exploratory state of corporate governance in Nigeria (and in relation to associated influences), without any confinement to box-ticking and ratings. The data collection methods employed include in-depth interviews, focus groups, direct observations and case studies. These were used to conduct a survey of corporate governance professionals in academia, in practice and in the Nigerian polity.

From the outset, the key contributors to the corporate governance debate, ranging from the academia, through practice to the regulators in Nigeria were identified. Exhaustive attempts were then made to contact them via emails and subsequent follow-ups with telephone calls, outlining the research agenda. The interview questions were pre-tested to ensure their appropriateness. This also helped to ascertain potential respondents' understanding and proper interpretation. Also, where appropriate, control questions were asked to ensure further validity and reliability of responses. Issues relating to respondents' confidentiality were also addressed.[1] Questions were positioned to gain a variety of responses drawn from real life business and personal experiences free from fear or bias. The average duration of interviews was 60 minutes. Data were acquired from corporate governance experts, including board directors; managers; CEOs and chairmen across different industries; senior officials of regulatory institutions; academics; shareholders' associations; as well as professional accounting and audit associations. Data were sourced in order to conceptualise and analyse the influences on corporate governance in Nigeria in relation to the country's institutional settings.

Respondents were key stakeholders in the Nigerian corporate governance system. By virtue of their positions, they made rich and in-depth comments on the influence on corporate governance in the country (See also Filatotchev et al. 2006). It should also be noted that the authors are members of the Society for Corporate Governance in Nigeria, which helped to alleviate some of the challenges relating to access to data and respondents. Snow-balling technique also proved very helpful to gain access to these high-calibre respondent(s) (See also, Amaeshi, Adi, Ogbechie and Amao 2006) until data saturation was reached. Third party informants such as research colleagues who have important industry links further helped to overcome the problem associated with gaining physical access (See also Aluko 2010).

In all, there were 26 structured interviews, all face-to-face and tape-recorded. The interviews were subsequently transcribed and analyzed. Since the majority of the interviews were structured, the further utilisation of focus groups enabled further discussions on the different influences on corporate governance in Nigeria in a more

[1] An ethical commitment was also made to treat responses from these highly calibre respondents in the Nigerian polity with sufficient confidentiality due to their indepthness and intrigue

unstructured way which gave additional insights into the overall picture (See Filatotchev et al. 2006). In order to increase the efficiency of the focus groups and to allow members to expressly discuss the topics of interest without actual or perceived intimidation, the size of the groups were kept deliberately small at all times (See Ewings, Powell, Barton and Pritchard 2008). Certain degrees of overall representation were achieved with participants drawn from different backgrounds and functions, so as to harness a mix of different perspectives. Two separate focus group discussions were held; one had 9 members and the other had 11, totalling 20 respondents. Discussions were also tape recorded and each of them took an average of 90 minutes.

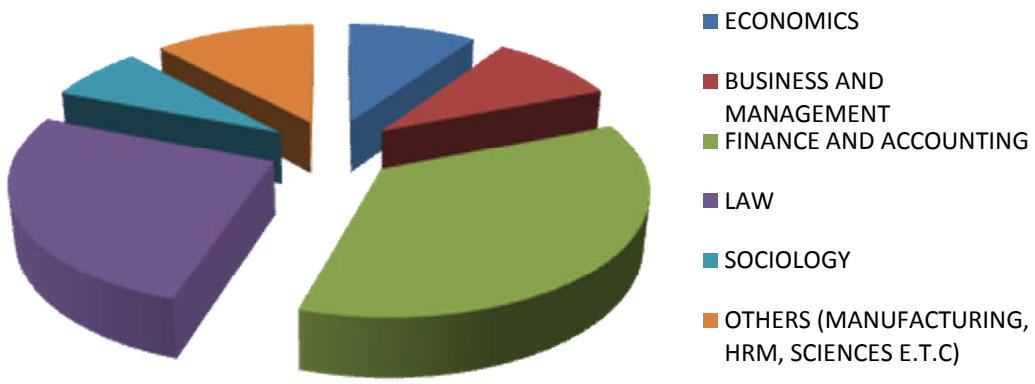
Furthermore, direct observations of the situation at hand were made in order to complement and validate some of the information collected through interviews and focus group discussions. Here, the authors observed ongoing activities (including AGMs and conferences/seminars across regulatory agencies), and made records in field notes with regards to what could be seen, or what could be heard, and other experiences in a considerable passive and non-intrusive manner (Lee, Mitchell and Sablynski 1999). Lastly, the use of the case study qualitative method enabled further investigations with respect to key issues which were generated from previous methods. It must be noted that respondents gave very in-depth comments and intriguing insights with regards to the implications of the different influences on corporate governance in Nigeria. As such, in order to ascertain validity, these responses were further investigated by looking deeper into the specific situations and contexts.

These survey techniques all-together allowed for a rich account of the multiple influences on corporate governance in Nigeria. Adequate methodological self-consciousness was further ensured throughout the data collection process to avoid potential bias in data collection and interpretation, thus minimising negative obtrusiveness, and as a result, enhancing both the data-gathering process and its eventual credibility (Harrington 2002). In particular, the issue of potential bias based on respondents' position needed to be addressed. The 'position bias' relates to when informants' under or over report past organisation events and strategies, or present themselves and their organisations in a socially desirable image (Miller et al. 1997; Aluko 2010). The principal measure taken to control for the likelihood of this bias is

that advised by Hughes and Preski (1997) which is to select organisational informants who satisfy the purposive sampling requirement of competence (Aluko 2010). As a result, top managerial staffs were the ones predominantly surveyed because they are able to describe the organisational environment more than other organisational members do (Payne and Mansfield 1973).

This survey has enjoyed a good response rate of about 40%. Experts responded well to the request to participate in interviews and focus group sessions due to the factors mentioned earlier, and the vast amount of work and time invested to prepare for the data collection field work in Nigeria. The total number of respondents for the interviews and focus group discussions was 42. In terms of the professional/disciplinary backgrounds of the experts, a reasonable spread was reached. The break down is represented in Figure 1 below:

Figure 1: A breakdown of the professional/disciplinary backgrounds of the survey respondents



There was a very high degree of agreement amongst respondents' comments. In terms of respondents' capacity, there were more regulators and academic respondents, than practitioners. As Table 1 further suggests, there was not a sufficient clear cut demarcation as there were respondents who fell into more than one group (s). An example is a former CEO and Chairman of a listed corporation who is now a full time academic. In terms of respondents' institutional expertise, the breakdown is as follows:

Table 1: A break down of survey respondents' institutional expertise

Institutional expertise	***Regulatory***	***Academia***	***Practice***
Regulatory	*17*		
Academia		*4*	*5*
Practice			*16*

This study lends itself to an analytic induction research method and the data generated through these mix of qualitative methods were analyzed with the Nvivo software. This helped build explanations, which explored links between literatures, events, findings, and actions in one case and the iterative extension of these to emerging issues (Katz 2001). This further enabled the handling of the survey data in ways which facilitated the removal of many of the manual tasks associated with analysis, such as classifying, sorting and arranging information. This, subsequently, allowed more time to build and test theories and ultimately arrive at useful conclusions. The research logic allowed for an in-depth scrutiny of the different influences on corporate governance in Nigeria.

The mixed-methods strategy also compensated for the weaknesses inherent in individual methods. All in all, these brought high degrees of objectivity and reliability into the process of identifying the main 'groupings of agents' influencing corporate governance in Nigeria. Furthermore, this strategy enriched data, prevented similitude, and served as an experimental control mechanism upon which different views were assessed and rated against one another. Since the overall methodology employed ensured that relevant stakeholders of modern day corporations in Nigeria were taken into account, the concerns from all parties became evident. This facilitated subsequent filtering and collation of results. No doubt, the principal data analysis technique which was employed used qualitative information based on comparisons and inferences from both secondary and primary data. The good quality of information gathered helped to identify key themes to explore, and provided the basis for fruitful analysis which gave useful conclusions aimed at advancing tentative propositions, rather than drawing generalised inferences (Child 2002).

Findings and Discussions

Corporate Governance in Nigeria: Past and Present

The external influences on corporate governance in most countries of the sub-Saharan African region go back to many decades. One can actually suggest that the concept of the 'corporation' is alien to the indigenous business practices of pre-colonial Nigeria (Ahunwan 2002). The greater part of the colonial era witnessed the dominance of British companies, subject to British laws, but in the Nigerian business environment. As such issues relating to corporate governance in Nigeria, which are contained within the provisions of the company legislation, have their roots in the country's colonial past (Okike 2007). Traditionally, Britain structured the platform/backdrop upon which corporate governance mechanisms and practices have developed in Nigeria. Notably, Britons (individual and institutional investors as well as the British government) were the principal owners of most large corporations operating in Nigeria during the colonial era. These corporations were mostly subsidiaries of UK parent companies subject to British laws. During this period, survey results suggest that limited Nigerians had interests in how the companies were formed, structured, and governed. The major concerns at that time were centred upon employment and equality related issues as well as the desperation for political independence.

As a result, given that the legal system is an important determinant of corporate structure and behaviour (Morrison 2004), the laws that govern the conduct of listed corporations in Nigeria are Anglo-Saxon formatted. The Nigerian law is based on a British defined common law, precedents and local statute. The laws in England further operate as persuasive authority to complement the Nigerian law where there is a lacuna in the latter (Insol 2008). In sum, Nigeria inherited the British corporate governance system. However, following independence, discussions began to develop on the need to put in place a "Nigerian" corporate governance system (Ahunwan 2002). Indeed, several factors affected the direction of the Anglo-Saxon framed corporate governance system of post independent Nigeria. A primary factor is the dominant zeal to complement political independence with economic independence, which led to the abolishment of many laws left behind by the colonial government (Ahunwan 2002; Okike 2007). The main legal framework for corporate governance in Nigeria is the Companies and Allied Matters Act of 1990 (hereinafter referred to as CAMA). CAMA became law on the 2nd of January 1999. The extracts in Appendix (1)

are CAMA provisions which specifically relate to corporate governance. They include the laws which pertain to the following; directors' duties, disclosure requirements, insider dealings, minority investor protection and executive compensation. These provisions, however, show that the Nigeria company law has historically been strongly influenced by the United Kingdom.

Indeed a deeper investigation into the governance practices of today's Nigerian corporations suggests that the influential Anglo-Saxon precedence remain vibrant. For example, the principles, upon which regulatory initiatives and policy formulations in the area of corporate governance in Nigeria are based, are British in origin and still resemble that of the UK. Furthermore, whilst Nigeria's attainment of independence led to the replacement of the Companies Ordinance of 1922 by the 1968 Companies Act, the UK corporate law remained a huge influence; for example, the 1968 Companies Act extensively mirrored the UK Companies Act of 1948 (Okike 2007).

Although there have been company law reforms in both countries over the years, the legal system of corporate governance in Nigeria has remained fashioned along the Anglo-British model. As a result, shareholders have, albeit in principle, enjoyed many of the same legal rights as shareholders in the dominant Anglo-Saxon economies (Ahunwan 2002). However, given the socio-economic and political misfit of this Anglo-Saxon peculiar corporate governance regime, the corporate governance system in Nigeria has historically been incapacitated to tackle local challenges. Indeed, Nigeria lacks an effective judicial system to enforce these Anglo-Saxon defined rights, which has traditionally increased the costs of contracting as well as making business activities much more risky ventures (La Porta 1998; Ahunwan 2002). As a result, while the legal underpinnings are a reflection of the UK framework, it would be unwise to assume that Nigeria mirrors the UK in terms of application (Okike 2007). These "application and enforcement problems" have been worsened by widespread corruption, an endemic problem which has penetrated all areas of the country's economy. Indeed the problems of corporate governance in Nigeria are part of a larger problem of the Nigerian society which is characterised by political instability, bad leadership, ethnic rivalry and religious tensions.

Having accounted for these important historical dimensions and given the consistent emphasis on the need to promote and sustain good practices in corporate Nigeria, it is important to understand the different influences, which are now shaping the scenery. Thus, in moving the debate on corporate governance in Africa forward, this paper accounts for the powers and influences of three actors of convergence on the evolving corporate governance paradigm, as generated from the empirical data of this study. It first draws out their respective orientations and strategies, and subsequently, investigates the implications of areas of conflict and commonalities, on corporate governance in Africa.

Influences on Corporate Governance in Nigeria: The Case of Three Actors

1. **The International Organisations - Corporate Governance Discourses in the OECD, World Bank and IMF: Orientation and Diffusion Strategies**

As the competition for investments is growing in both developed and developing economies, the debate on the need to achieve a standardization of corporate governance practices has gained more impetus. At the fore of this debate are globally powerful institutional initiatives aimed at corporate governance development and enforcement/compliance monitoring. This section accounts for the roles and influences of these global forces in shaping the perception and construction of corporate governance in developing economies, and particularly in the case of Nigeria. In this regard, the roles of the most notable/powerful and influential international actors, as suggested by the empirical data and in conformance with existing literature (Soederberg 2003) are considered. These include the World Bank, International Monetary Fund (IMF), and the Organization for Economic Co-operation and Development (OECD).

Survey results suggest that the efforts of these international organisations in terms of corporate governance monitoring and development across countries is geared towards diffusing the Anglo-Saxon model which is presented as “international best practice.” Notable amongst these efforts, is the Reports on the Observance of Standards and Codes (ROSC), prepared by the World Bank and the IMF (Soederberg 2003). According to the ROSC, the World Bank conducts corporate governance country assessments, employing a diagnostic template to gather pertinent information in order to come up with recommendations that can lead to a country action plan. Furthermore

the ROSC states that the initiative represents an institutional commitment to carry out assessments of national corporate governance systems by measuring the legal and regulatory framework, as well as practices and compliance of listed firms against the OECD principles of corporate governance. Indeed the OECD principles seem to have been successfully presented as the "principal template" of good corporate governance across the world. According to a 2004 OECD report;

The *OECD* Principles of Corporate Governance were endorsed by OECD Ministers in 1999 and have since become an international benchmark for policy makers, investors, corporations and other stakeholders worldwide. They have advanced the corporate governance agenda and provided specific guidance for legislative and regulatory initiatives in both OECD and non OECD countries….The Principles also provide the basis for an extensive programme of cooperation between OECD and non-OECD countries and underpin the corporate governance component of World Bank/IMF Reports on the Observance of Standards and Codes (ROSC). Employing this template, ROSC ensures that its assessments:

- use a consistent methodology for assessing national corporate governance practices;
- provide benchmark indices by which countries can evaluate themselves and gauge progress in corporate governance reforms;
- strengthen the ownership of reform in the assessed countries by promoting productive interaction among issuers, investors, regulators and public decision makers;
- provide the basis for a policy dialogue which will result in policy recommendations.

Soederberg (2003) argues that while good corporate governance embodies 'universal principles', the definition advanced by the ROSC draws on the Anglo-Saxon variant. For example, when the World Bank and OECD introduced the Global Corporate Governance Forum in 1999, Ira Millstein, noted that the job of the forum was to "put together a demand pull for governance…… and motivate private sectors around the world to want corporate governance…….by persuading private enterprises that good governance has merit…… The attitude should be, If they do it, money will flow. If

they don't do it, money will not flow……Follow the money" (CGA 1999). Millstein further noted that "with so much international capital on the table, particularly on the equity side, the adoption of corporate governance policies can serve as an important tool for companies competing for global investors, especially institutional investors" (Corporate Board 2001). Furthermore, according to a survey of the board practices of corporations on five continents, a study commissioned by Egon Zehnder International, corporations all over the world will need to satisfy investors who are accustomed to the shareholder-oriented focus traditionally associated with U.S. and U.K. markets (Corporate Board 2001).

Conformance to the Anglo-Saxon shareholder model thus seems to be at the core of the activities of international organisations, particularly in developing countries. But how do they do this? To start with, in an attempt to strengthen and integrate national financial economies, the World Bank, IMF and the OECD employ a cross-border monitoring strategy to supervise the observance of international standards and codes of best practices in accounting and financial reporting practices as well as other corporate governance related practices (ROSC 2010). Furthermore, survey results suggest that these international organisations wield tremendous powers not singularly because of the "good" principles they promote by employing discursive strategies such as research papers, conferences and training activities but through the over-bearing influence they are able to derive from providing financial help to developing countries. This latter strategy can be referred to as the strategy of financial power (or simply put as 'money power'); for example, the World Bank is able to police the implementation of the OECD principles of corporate governance especially in debtor countries on a regular basis by essentially making these an integral part of its anti-poverty and growth strategies, and punishing them for non-compliance by withholding funds (Soederberg 2003) or not cancelling/forgiving their debts. Furthermore, countries, especially debtors to the World Bank, get blacklisted and punished, with restricted financial aid, when they fail to zealously demonstrate their commitment to adopt the World Bank's prescriptions of good corporate governance. This is particularly true of Nigeria. Until 2005, when a debt relief and debt buy-back arrangement was struck with the Paris Club, World Bank and the IMF, Nigeria was owing the richest countries of the world $35billion.

Furthermore, these international organisations also wield tremendous influence over corporate governance discourse in developing countries. For example, they sponsor a significant number of conferences/seminars in Nigeria (particularly within regulatory circles) where they advocate the Anglo-Saxon model of corporate governance. According to a senior official of the Securities and Exchange Commission (SEC), a corporate governance regulatory agency in Nigeria;

"These World Bank, IMF and OECD people are always around dashing [giving] money out, through sponsoring and organising symposiums and seminars, under the pretence that they want to improve our corporate governance. We find ourselves following their directives, as a result".

The possibility that these forces covertly influence the corporate governance direction of countries, especially in the developing world, is not to be disregarded. Lastly, one can refer to the final strategy employed by these international organisations as that which fail to embrace local initiatives. This is in relation to how they diffuse the Anglo-Saxon variant of corporate governance. In the words of another survey respondent;

"During local conferences organised by the World Bank as well as these American oriented bodies, these guys won't even give one room to query what they say, they would just tell us that these are the best practices and that we must adopt them, in order to attract investments – more or less like a bully"

2. The Ratings Agencies - The Role of Corporate Governance Rating Agencies: Orientation and Strategy

Survey results further suggest that foreign rating agencies exert enormous influence on Nigerian corporations. For example, different agencies have rated Nigerian banks severally especially since the consolidation[2] of the country's banks in 2004. Whilst there are African based ratings' agencies, such as the African Business Research Limited and Agusto and Co, foreign rating agencies such as the US-based Standard

[2] The Central Bank of Nigeria implemented a consolidation programme, as part of the banking sector reform. This led to the reduction in the number of banks in the country to 25. However Stanbic Bank and IBTC Bank, which were separate in the wake of the banking reform, merged on the 31st of March 2008 with the launching of Stanbic IBTC Bank Plc. This makes the current number to be 24 mainstream commercial banks.

and Poor's Ratings Services and the UK based Banker magazine exert more influence and are highly respected by investors with interests in corporate Nigeria. As a result, their ratings reflect themselves in share price movements, particularly for Nigerian banks. For example, Fitch Ratings, another Anglo-Saxon rating agency, affirmed Intercontinental Bank[3] Plc's national long-term rating at A+ and also affirmed the bank's international rating at B+ in August 2007; the bank's share price responded with a seven percent increase in a week.

In the light of the foregoing, the Anglo-Saxon influence on corporate governance in developing economies, as highlighted in the previous discussion on international organisations, cannot be sufficiently analysed without reference to the increasing role played by corporate governance rating agencies. Whilst most of these rating agencies have not done much work in African jurisdictions in terms of specific corporate governance assessments, survey results suggest that their influence would be significant when they eventually do. In the words of a survey respondent,

"By the time these American corporate governance rating agencies start to rate us, we would have no choice than to conform to their stereotypes, in order to remain competitive in attracting international capital"

The nature and ideology which underpin these rating agencies are typically fashioned alongside the shareholder primacy focus of the Anglo-Saxon corporate governance model. For example, Standard and Poor's Corporate Governance Scores are becoming highly influential. A deeper reflection on the company's origin and predominant ideology, by survey respondents, indicates they are essentially an Anglo-Saxon corporate governance agency/police. For example the methodology, which they employ to do their ratings are also formulated in line with the OECD principles. According to Standard and Poor;

"A company Corporate Governance Score (CGS) reflects Standard and Poor's assessment of a company's corporate governance practices and policies and the extent to which these serve the interests of the company's financial stakeholders, with

[3] Intercontinental Bank Plc is one of the 24 banks in Nigeria

*an emphasis on **shareholders' interests**. For purposes of the CGS, corporate governance encompasses the interactions between a company's management, its board of directors, shareholders and other financial stakeholders"* – 2002 Standard and Poor's Corporate Governance Score (CGS).

Standards and Poor's CGS are essentially based on Anglo-Saxon perspectives of good corporate governance and it may be fundamentally inapplicable to rate the corporate governance practices of African countries based on such parameters. Lastly, as with the international organisations, rating agencies can also be expected to employ the strategy of financial control. This is as a result of their growing influential powers, in terms of shaping the direction of the flow of investments, particularly from global institutional investors.

3. Indigenous Initiatives – The Role of the African Development Bank: Orientation and Strategy

The African Development Bank (AfDB) is significantly prominent and highly influential in cross border corporate governance development and monitoring in Africa. According to the apex bank, it adopted a comprehensive corporate governance strategy in 2005 which has since served as a framework which facilitates interventions in corporate governance in the African continent. The bank further maintains that since adopting this strategy, the bank has been engaged in a number of activities aimed at laying the foundations for sustainable initiatives that will contribute to anchor best corporate governance practices in development programs at country, regional and corporate levels. Some of these initiatives include:

- Steps taken to identify ways to strengthen its internal institutional framework in order to better carry out its leadership role of promoting corporate governance in Africa;
- Hosting an annual consultative meeting of key development partners and selected stakeholders involved in the area of corporate governance with a view to exchanging information and better coordinating activities in the field;
- continuous support to the African Peer Review Mechanism Secretariat, Professional Bodies and Pan-African institutions such as the Pan-African Consultative Corporate Governance Forum;

- Undertaking country governance profile assessments which constitute a diagnostic tool to assess governance features, trends and performance in regional member countries[4].

The AfDB further published a document in 2007 which sets out the bank's strategy in promoting corporate governance reform in Africa, whilst highlighting the respective rights and responsibility of key corporate ***stakeholders*** and calling for full partnership with actors operating in the field (AfDB 2007). For example, it says:

"The research undertaken in the preparation of this document reveals a complex spectrum of corporate governance practices, institutional, legal and regulatory arrangements across the continent. One major finding to emerge is that many corporate governance problems stem from poor political and economic governance generally..…… such as corruption, institutional instability, lack of transparency and accountability, and a weak rule of law. Within this context, corporate governance mirrors the wider environment; progress in both arenas is intrinsically linked and needs to be tackled in parallel……..The overall goal of the Bank's strategy is to contribute to economic development by promoting good corporate governance in public and private sector corporations and ensuring that they create value for shareholders, ***not only from a financial standpoint but also in a socially and environmentally responsible way"***

The above quote suggests that the AfDB is more inclined towards the stakeholder model of corporate governance, which is being tailored to fit the African context and tackle the challenges faced. The quote below presents the corporate governance working definition of the AfDB, and further provides evidence for our suggestion of their stakeholder orientation. According to the (AfDB 2007; 1),

"The scope of corporate governance is not limited to one specific area but impacts three separate issues: (i) Board and Corporate Management (focusing on the structure of the board, codes of board practices, and corporate effectiveness); (ii) Financial Market Management (with an emphasis on the link between stock markets, shareholders, and the company); and (iii) Corporate Social Responsibility (i.e. social

[4] Country Governance Profile assessments have been carried out on Eighteen African countries including Nigeria

and environmental responsibilities of corporations to a wider set of ***stakeholders****, including employees, consumers, and the community in which they operate). Viewed from this broader perspective, corporate governance goes beyond the relationship between management and investors to encompass a complex set of linkages among disparate groups of stakeholders."*

In terms of the strategy they employ to diffuse the stakeholder brand of corporate governance, the document further states that the bank's corporate governance strategy will complement existing efforts and strategic partnerships with other key regional players and where feasible the bank will promote initiatives that are regionally oriented and designed. As a result, one can suggest that the strategies being employed by the AfDB include those of engagement, discursive, local responsiveness and multi-stakeholder participation. With regards to the strategy of multi-stakeholder participation, AfDB notably works with African stakeholders, including central banks, stock exchanges, and securities and exchange commissions, in terms of corporate governance development and monitoring. In terms of the discursive strategy, the AfDB publishes documents relating to research papers, conferences proceedings and training activities to promote effective corporate governance and accountability in the region. Furthermore the apex bank regularly publishes documents (guidance notes) relating to specific aspects of corporate governance to tackle particular challenges member countries face.

Discussion of Implications

The preceding discussions have examined the powers and influences of 'three groupings of convergence agents' on the evolving corporate governance paradigm in Nigeria, as generated from the empirical data of this study. Table 2 summarises their respective orientations towards corporate governance and the strategies they employ in institutionalising their model. This section considers the implications of these. Considering international organisations, Soederberg (2003) stressed that this imposed standardisation of corporate governance to stabilise the international financial system ensures that developing economies adapt to the exigencies of the neoliberal open market economy by placing greater emphasis on 'shareholder value' as against other variants of corporate governance, in order to protect the interests of foreign capitals. She further argues that the ROSC initiative is an establishment of comprehensive

webs of surveillance to police the behaviour of economies and countries in developing countries, on one hand, and to legitimise the subjective meaning of these codes on the other. When countries conform to the OECD principles which the ROSC advocates, there is the likelihood of less diversity in national corporate governance systems and practices but world-wide Anglo-Saxon modelled corporate governance.

Table 2: Influences on Corporate Governance in Nigeria: Actors, Orientations and Strategies

Actors	**Corporate Governance Model**	**Diffusion Strategies**
International Organisations	Shareholder	*Discursive; Financial Power; Cross-border Monitoring; Non embracement of local initiatives*
Ratings Agency	Shareholder	*Financial power, in relation to flow of investments*
Indigenous Initiatives	Stakeholder	*Discursive; engagement; local responsiveness; multi-stakeholder participation*

By insisting that the ROSC represents 'common values' across nations despite the fact that they majorly serve the interests of Western institutional investors who are closely linked with the world's powerful financial centres and rating agencies, Soederberg (2003) argues that this strategy serves to construct a reality in which no other alternative but the Anglo-Saxon postulate of corporate governance is permitted to exist. Furthermore, the implications of this covert Anglo-Saxon prescription must be clearly understood, particularly as rating agencies are actively aiding the diffusion of the shareholder orientation of the international organisations. OECD's prescription of "good corporate governance" to some developing countries who are not members of OECD (as it is in the case of Nigeria), further calls for a second look. In this regard, it is necessary to re-examine the effectiveness of the Anglo Saxon-OECD postulate of "corporate governance", in the light of ongoing corruption of major US corporations, such as Enron, Xerox, K-Mart, Tyco and WorldCom (and the numerous additions of

2008/2009); indeed Soederberg (2003) calls for an immense scrutiny of the construction of the so called "international standard of corporate governance".

In relation to the foregoing, there is a growing upset with regards to the roles played by Actors 1 and 2. In the words of a survey respondent;
"There is significant doubt about the agenda of the World Bank, IMF, OECD and these so called rating agencies. Most of us believe that these things constitute an extension of our colonisation. We don't tell them what to do, but they tell us"

As another survey respondent further comments;
"Must we follow the OECD standards? Can't we initiate and come up with our own standards that best suit our environment and society? These people (World Bank, IMF, OECD) are always interfering. They are impostors."

As another yet puts it;
"Imagine! Who determines the best practice? America! Why must this be so? You find them at every of our meeting? They are everywhere. What do they want?"

At this juncture, one must note that many African countries were previously colonies of Britain, France and Belgium. Prior to independence, foreign colonial masters controlled the African business entity to suit their political and economic interests. As previously suggested in the case of Britain-Nigeria, colonial masters laid the foundations of company law and corporate governance in Africa. Given that the concept of the "firm" is like a "Martian" to pre-colonial Africa, the alien framework of corporate governance has failed to tackle the peculiar challenges of the African business character. As a result, mismatch of the entrenched Anglo-Saxon and European corporate governance models has become evident. Local institutional initiatives at country and regional levels (particularly by Actor 3) are thus developing to ensure that the system of corporate governance reflects the peculiar cultural, socio-economical and political character of the African business enterprise.

The African Development Bank (AfDB) notably aims to promote corporate governance and accountability with a stakeholder focus and with a clear account of the African specific institutional configurations. Parallel to these, shareholder primacy

oriented international organisations and rating agencies constantly advocate the "gospel" of good corporate governance to the African continent as prerequisite to economic prosperity. As a result, and as the above quotes from the survey data indicates, there are pieces of evidence of conflict, with regards to these "forces at war" on business Africa (and in particular on corporate Nigeria). It must be noted that this paper is not simply making the point that the shareholder model is upsetting (and therefore, not good) for theorising corporate governance in Africa, wholly because it is Anglo-Saxon. Indeed survey respondents were more concerned about the negative impact of the differing orientations, agenda and strategies of the different actors on corporate Nigeria. In particular, this relates to the 'confusion' both in the Nigerian corporate governance regulatory environment and within top corporate managerial circles with regards to 'which corporate governance model' to follow, due to the influential powers of these organisations, pulling the governance phenomenon in somewhat different directions. For example, findings from this survey show that the Anglo-Saxon philosophy of corporate governance is reflected in the 2003 corporate governance code of Nigeria, and indeed very influential in shaping the statutory framework of corporate governance in Nigeria. A key member of the committees which drafted the 2003 Code of corporate governance comments as follows:

"Some of us regard the Anglo-Saxon shareholder model of corporate governance as highly competitive and innovative. For example, the UK system and Codes, from the Cadbury Code to the Combined Code, and the OECD principles were significantly consulted when we were drafting the Code".

As another respondent yet observes,
"I would say the World Bank, IMF and the OECD are very influential in shaping corporate governance in Nigeria. However, some of us wanted us to be more stakeholder oriented like Japan, which is considered to suit our environment better. In this regard the efforts of the AfDB is very welcoming"

As another respondent further observes,
"There is a sort of confusion, in terms of which model to follow; but it's like the shareholder model has be covertly imposed"

Corporate governance in sub-Saharan Africa (and, particularly, in Nigeria) seems to be in a flux, due to the impact of the conflicting forces of these agents of convergence. Indeed this is making opinions to continue to differ regarding the content and boundaries as well as the relevance of the theory of corporate governance in developing countries, moreso due of the less developed, unstructured and majorly informal nature of their economies (Yahaya 1998; Yakassai 2001). The divergence of the perspectives on corporate governance in sub-Saharan Africa evidently derives from the impact of these conflicting forces (see Tricker 1996).

On the one hand, survey respondents suggest that conforming strictly to the OECD principles might not be in the best interest of developing market economies. They posit that if indeed globalisation would drive convergence of national system of corporate governance, perhaps it should be allowed to without any significant push by these international organisations and rating agencies. Again if globalisation and the ever increasing global competition for investments mean that only the countries with the 'better' systems of corporate governance would attract investments, perhaps there should have been convincing evidence for this. On the other hand, given the desperation for investments in countries of sub-Saharan Africa, survey evidence suggests that corporate governance may consequently have to follow the direction advocated by actors 1 and 2. However, when developing countries are covertly compelled to conform to the Anglo-Saxon model, this may lead to corporate governance reforms and modifications to existing structures in ways which meet the 'international standards' but do not achieve substantial changes in existing practices. Palepu, Khanna, and Kogan (2002) argue that whilst nations may formally adopt corporate governance systems which resemble those elsewhere, the acceptance of the enshrined principles may significantly lag in their legislations. This brings to bear the extent to which convergence indicates the convergence of principles and philosophies about the corporate character or simply a convergence in terms of structures. Evidence further suggest that companies who simply want to get listed on foreign exchange markets tend to adopt 'international best practices' at the surface level to meet listing requirements, but lack any meaningful embracement of the principle behind the practices, thus maintaining the status quo. This can shed more illumination into the question of "why international organisations have not been effective in promoting good governance in developing countries."

Summary and Recommendations for Practice and Research

This paper suggests that corporate governance in many developing countries, particularly Nigeria, are subject to multiple influences. It has provided a scenario of differing dimensions of corporate governance prescription in the third world. It notes, in the case of actors 1 and 2, that these prescriptions are largely not based on universally accepted principles but essentially on Anglo-Saxon constructions and preferences. Consequentially, they also protect the interests of Anglo-Saxon economies. In this regard, the roles of the World Bank, IFC, IMF, OECD and westernised rating agencies require deeper scrutiny. On the one hand, the World Bank, IFC, IMF and OECD need to truly embrace 'international values' and present their objectives more clearly to convince local sceptics. Also, their approach should be less over-bearing and subduing to local initiatives. Prescribing corporate governance ideologies and covertly transplanting Anglo Saxon corporate governance systems in other jurisdictions have significant implications. From a scholarly sense, it limits our discourse. It eliminates comparative corporate governance research as well as the strengths specific to different national systems of corporate governance. While countries may share some similarities with regards to the basic attributes of good corporate governance, prescribing the scope, extent and parameters of good corporate governance could itself be limiting.

One the other hand, African countries need to exercise cautious disposition in relation to the agenda of these Anglo-Saxon bodies as they engage in their corporate governance development and compliance monitoring activities across developing countries. This paper suggests more indigenous initiatives to shape the corporate governance scenery in order to tackle Africa's specific challenges in such a way that the continent remains internationally competitive with regards to attracting and protecting capital. This paper does not submit that Anglo-Saxon theories are not applicable in the African context, but suggests that rather than prescribe corporate governance ideologies and systems which are more suited to cope with the peculiar challenges of developed economies, countries should adopt practices deemed fit to improve their respective corporate governance systems, irrespective of where those practices come from. In this regard, the paper advocates that indigenous initiatives should also be developed in the area of corporate governance assessments and ratings. The seminal 2007 Mo Ibrahim Index of African Governance by the Mo Ibrahim

Foundation is no doubt a good development. Mo Ibrahim while commenting on the development said;

"We are shining a light on governance in Africa, and in so doing we are making a unique contribution to improving the quality of governance. The Ibrahim Index is a tool to hold governments to account and frame the debate about how we are governed. Africans are setting benchmarks not only for their own continent, but for the world"

What remains is for this innovation to be taken further to encapsulate the governance of African corporations.

Contributions and Conclusion

This paper has added two much needed perspectives (1. the role of the agents of convergence; and 2. sub-Saharan African data based insights into comparative corporate governance research) to scholarly knowledge on the diffusion and translation of governance practices across different institutional contexts, whilst drawing out inferences for the literature on the convergence of national systems of corporate governance. Consequently, it encourages a deeper discourse of the subject, particularly pointing out some translational challenges, and suggests more caution, in the diffusion of corporate governance practices across different institutional environments.

In this regard, it must be noted that Anglo-Saxon corporate governance scholarship implicitly assumes publicly traded firms as the sole subject of analysis, which limits corporate governance discussions to approximately 260 firms in Nigeria and around 60,000 firms world-wide (representing a very low percentage of world's economic activity): thus the notable and influential Anglo-Saxon corporate governance scholarship has limited application as it undermines investigations into the most efficient institutional arrangements for undertaking productive activities (Turnbull 2000). Furthermore, the Anglo-Saxon corporate governance literature often discusses the subject as solely involving a relationship between the firm and its shareholders. According to Bradley, Schipani, Sundaram and Walsh (2000), corporate governance not only transcends the relationship between a firm and its capital providers but also implicates how the various constituencies that define the business enterprise serve,

and are served by, the corporation. They further stressed that seeing corporate governance as predominantly involving shareholders and the firm underestimates the implicit and explicit relationships between the corporation and its employees, creditors, suppliers, customers, local communities, government and the inter-relationships among these constituencies. Turnbull (2000) pointed out another normative overkill which trail Anglo-Saxon corporate governance research. This is the covert assumption that firms generally operate a unitary board system without an influential shareholder. This limits the relevance of much of Anglo-Saxon research because dominant shareholders often act like a supervisory board and they are not uncommon.

Therefore, attempts to describe corporate governance or good corporate governance in the context of developing countries should undoubtedly reflect the above mentioned fundamental concerns over relevance and applicability, given that the notion of terms differs from one context/country to another. Indeed, each governance system developed under different circumstances, thus creating differences in the focus of the respective governance system and the measure of its effectiveness (Rubach and Sebora 1998). It is in this light that Anglo-Saxon theories and principles, based on the peculiarities of highly developed countries, may not be able to prescribe (and determine) the parameters of good corporate governance for developing countries such as Nigeria. The path to achieving good corporate governance may differ from one country to another given that countries face issues which may require specific approaches to address them.

The authors hope that this paper will encourage further research into corporate governance developments in other African jurisdictions where the subject is even at a more infantry state. However, future studies on corporate governance in Africa must account for multiple external influences and potentially conflicting ideological transplantations. In promoting effective corporate governance in Africa, future studies should therefore aim to be profound and account for the complex dynamics of local business relationships and culture and their interactions with governance and opportunism in the African business enterprise. No doubt, this case study has been largely based on Nigeria. As a result the findings of this study are not easily generalisable, given its contextual dimension; however it offers significant analytic

generalisability (see Yin 2003). Finally, as suggested by Steger and Hartz (2005), prescriptions of good corporate governance are not always enough, some further efforts should be made to find out and develop some economic and sociological theories which may add to our understanding of what is really going on.

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Appendix 1: Useful Extracts from the Companies and Allied Matters Act (CAMA) 1990

CAMA is an Act to establish the Corporate Affairs Commission, provide for the incorporation of companies and incidental matters, registration of business names and the incorporation of trustees of certain communities, bodies and associations.

Part VIII

Directors and Secretaries of the company

Chapter 1

Directors

Appointment of Directors

246. (1) Every company registered on or after the commencement of this Decree shall have at least two directors and every company registered before that date shall before the expiration of 6 months from the commencement of this Decree have at least two directors.

(2) Any company whose number of directors falls below two shall within one month of its so falling appoint new directors and shall not carry on business after the expiration of one month, unless such new directors are appointed.

(3) A director or member of a company who knows that a company carries on business after the number of directors has fallen below two for more than 60 day shall be liable for all liabilities and debts incurred by the company during that period when the company so carried on business.

248. (1) The members at the annual general meeting shall have power to re-elect or reject directors and appoint new ones.

249. (1) The board of directors shall have power to appoint new directors to fill any casual vacancy arising out of death, resignation, retirement or removal.

251. (1) The shareholding qualification for directors may be fixed by the articles of association of the company and unless and until so fixed no shareholding qualification shall be required.

252. (1) Any person who is appointed or to his knowledge proposed to be appointed director of a public company and who is 70 or more years old shall disclose this fact to the members at the general meeting.

Removal of Directors

262. (1) A company may by ordinary resolution remove a director before the expiration of his period of office, notwithstanding anything in its articles or in any agreement between it and him.

(2) A special notice shall be required for any resolution to remove a director under this section, or to appoint some other person instead of a director so removed, at the meeting at which he is removed, and on receipt of notice of an intended resolution to remove a director under this section, the company shall forthwith send a copy of it to the director concerned, and the director (whether or not he is a member of the company) shall be entitled to be heard on the resolution at the meeting.

Remuneration and other payments

267. (1) The remuneration of the directors shall from time to time be determined by the company in general meeting and such remuneration shall be deemed to accrue from day

to day.

(2) The directors may also be paid all travelling, hotel and other expenses properly

incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the company or in connection with the business of the company.

(6) A director who receives more money than he is entitled to, shall be guilty of misfeasance and shall be accountable to the company for such money.

(7) The remunerations of directors shall be apportionable.

Disclosure of directors' interests

275. (1) Every company shall keep a register showing as respects each director of the

company (not being its holding shareholding company) the number, description and amount of any shares etc in or debentures of the company or any other body corporate, being the company's subsidiary or holding company, or a subsidiary of the company's holding company, which are had by or in trust for him or of which he has any right to become the holder (whether on payment or not):

Duties of Directors

279. (1) A director of a company stands in a fiduciary directors relationship towards the

company and shall observe the utmost good faith towards the company in any transaction with it or on its behalf.

(3) A director shall act at all times in what he believes to be the best interests of the company as a whole so as to preserve its assets, further its business, and promote the purposes for which it was formed, and in such manner as a faithful, diligent, careful and ordinarily skilful director would act in the circumstances.

Part XI

Financial Statement and Audit

Chapter l

Financial Statements

Accounting records

331. (1) Every company shall cause accounting records to be kept in accordance with this section.

(2) The accounting records shall be sufficient to show and explain the transactions of the company

332. (1) The accounting records of a company shall be kept at its registered office or such other place in Nigeria as the directors think fit, and shall at all times be open to inspection by the officers of the company.

333. (1) If a company fails to comply with any provision of section 331 or 332(1) of this

Act, every officer of the company who is in default shall be guilty of an offence unless he shows that he acted honestly and that in the circumstances in which the business of the company was carried on, the default was excusable.

(2) An officer of a company shall be guilty of an offence if he fails to take all reasonable steps, for securing compliance by the company with section 332 of this Act, or has intentionally caused any default by the company under it.

(3) A person guilty of an offence under this section, shall be liable to imprisonment

for a term not exceeding six months or to a fine of □500 (£2).