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THE CHALLENGES OF ATTITUDINAL CHANGE TO CORPORATE GOVERNANCE IN NIGERIA

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Abstract

Nigeria since her independence in 1960 has had plethora of political problems, evolving around disharmony in national development and myriad of ethnic disintegration nurtured in acrimony, depravation, marginalization and unhealthy sociopolitical competitions. The implication of this is that Nigeria yearns for attitudinal change towards- a good corporate governance which is a process of national development within a structured federal relations. Generally, corporate governance is an intergovernmental relations, requires the function of the constitution which sets out the relationship existing within the tiers of government, in a way that neither government can dictate the decision of the other. However, corporate governance in this context, allows sufficient room for the respective tiers of government to influence, bargain with and persuade each other constitutionally for effective national development in a pluralistic society. Unfortunately, no serious attention had been given to the issue of corporate governance in intergovernmental relations as a factor of national development. It is against the forgoing that this research attempts to examine the attitudinal change toward corporate governance within public and private sector of the economy, with a particular focus on how it has impacted on national development.

Introduction

Nigeria is today being crippled by one of the greatest threat affecting her ability to rapidly transform critical areas of her society along socio-political and economic lines: this threat is centered on the reluctance or refusal of its citizenry to develop right attitudes towards doing things. Consequently, the inability of successive governments to tackle this problem has led to the stigmatization of the average Nigerian home and abroad. Corruption has remained the single greatest impediment to equitable economic development in Nigeria. It has weakened the country and all her efforts to create and facilitates sustainable development. The wide prevalent of

corruption within the Nigerian society demonstrates its complex interconnection with politics, governance and the elite manipulating both the legal and regulatory agencies, thereby leading to unsustainable economic development. This, of course, is the root cause of poverty in the society. Corruption is a complex social, political, and economic phenomenon that impacts on every aspect of Nigerian society with many long-term effects which adversely ignore the rule of law and human rights.

Kofi Anam once said“ Corruption hurts the poor disproportionately by diverting funds intended for development, undermining a government’s ability to provide basic services, feeding inequality and injustice, and discouraging foreign investment and aid. The processes of corruption actually revolve around bribery, money laundering, abuse of power, embezzlement, nepotism and other forms of corrupt practices.

Attitude simply put, refer to opinions or a general feeling about things.

Humans are naturally opinionated.

We form likes and dislikes almost from the moment we first gain consciousness.

Our stances on issues and our attitudes about things are directly linked to our stances on issues and our attitudes about things are directly linked to our innermost thought and feelings. In modern society we are constantly subjected to various advertisements which try to or actually influence or change these thought and feelings.

Ethics on the other hand deal with codes of conduct which guide individual in dealings with one another. Basically, deals with personal behaviour and moral duty and primarily concerned with what is right and wrong. In a work situation for example, it is concerned with principles and practices of moral and good conducts in business life.

Governance:-

Governance is the manner in which power is exercised in the management of a country's economic and social resources for development. The World Bank has identifies three distinct aspects of governance:-

a. The form of political regime: - The process by which authority is exercised in the management of a country's economic and social resources for development.

The capacity of government to design, formulate and implement policies and discharge functions. The term governance is usually used to describe conditions in a country as a whole. It is a term used by international financial institutions in discussing the economic development of Nation.

Governance is often linked with participating development human rights and democratization. It, therefore takes a holistic look at legitimacy of government,. That is, degree of democratization, accountability of political and official elements of government, competence of government to formulate policies and deliver services and respect for human rights and rule of law.

In-line with the submission of Wolfonsohn (1999) Uche (2004) and Akinsulire (2006). Financial scandals around the world and the recent collapse of major corporate institutions in the U.S.A, South East Asia, Europe and Nigeria such as Adelphia, Enron, world Com.

Commerce and recently XL Holidays have shaken investor’s faith in the capital markets and the efficacy of existing corporate governance practices in promoting transparency and accountability.

The Irony of attitude in Nigeria

Why do many Nigerians conduct themselves properly abroad but act unethically any time they come back home? For example, we hear of lecturers that study abroad under convenient

conditions but come back home and subject students to inconveniences. The Nigerian policeman on peace keeping duties abroad is constantly commended by the United Nations for showing high level of professionalism in the conduct of his duties. But once he returns home he immediately resorts to acts of indiscipline. Traders and business men go all the way to China to get Chinese companies to reduce the standard specification of goods sent to them in Nigeria so that they can buy these goods at a **cheaper** price and make extra profits off their fellow Nigeria's, Politicians and government officials also travel out regularly and see the level and overseas, but come back home and find it hard to do the same here even when sufficient fund are provided to do so. Why is it that we find a common Nigerian disappointment at someone who after holding a top government position failed to amass wealth?

Statement of Problem:-

The importance of attitudinal change to corporate governance in Nigeria both in private and public sector cannot be overemphasized. However, the approach and strategies for achieving a value-driven organization deserves zero tolerance to corruption, good governance and value based leadership. A lot of initiative have been pursued in these sectors and Nigeria in an attempt to eradicate corruption such as War Against indiscipline (WAI), campaign against bribery and corruption decree, Cultism in our higher Institutions, sorting of grades by student and exam-malpractice etc. but these have not been successfully because of genuine leadership. Commitment in both private and public sector. Contrary to what is the "Norm" within the last 5 years the Economic and financial Crime Commission (EFCC) under the leadership of Mr. Nuhu Ribadu (Chairman/CEO) has demonstrated that corruption can be curbed and best practiced can be upheld in both private and public sectors in Nigeria once there is a value based leader who is committed to achieving results and wiping out the wrong deeds.

Because of lack of instituted corporate governance standard and controls in most private and public sectors, corruption has in the past been "a way of life amongst corporate leaders, but in the last four years, there has been drastic reduction in the economic and financial crimes usually committed amongst top. Civil servants, politicians, governors, bankers and fraudsters because of some international collaboration to prevent and sanction offenders on money laundering, advance free-fraud (419).

Research Questions

- How has cooperate governance impact on organizational performance?
- How high do employees rate their organization as the best place to work?
- What are the tolerance levels of management/leadership in organizations to corruption?
- Are employees trained on corporate governance during staff induction programme.

This study intends to address these questions as well as identify factors responsible for inability of Nigeria to fully improve to the challenges of attitudinal change to corporate governance in organizations.

Purpose of the Study

- a. To compare public and private organizations and identify how corporate governance have impacted on their organizational performance.
- b. To determine why Nigerian leaders cannot be easily adopt to attitude change to corporate governance.

Justification of the Study

The essence of this study is encapsulated in the review of the past and current efforts made in Nigeria to improve the governance of organizational performances in the private and [public sectors. Since Nigeria attained Independence in October 1, 1960, the nation has contended with corruption in both private and public sectors. It has been also very difficult to attract international investors because of unending corruption, sharp practice and poor governance and this has greatly affected the economy and company performance. This study therefore, attempts to identify the quality of attitudinal change to corporate governance that exists in the private and public sector organizations, it is expected that this study would reveal various challenges and limitations that have led adversely to the organizational performance. The findings of the study will be of immense benefits to all stakeholders in organizations both in the private and public sector and will - serve as a guide towards formulating good governance in organizations.

Statement of Hypothesis

In order to validate the findings from the study, a quantitative analysis were carried out through the use of statistical tools. To this end, the following hypothesis were formulated for testing. Hypothesis 1:

Ho:- Assessments (rating) of companies are independent of their commitment to corporate governance in Nigeria.

Hi:- Assessment (rating) of companies are dependent of their commitment to corporate governance in Nigeria.

Hypothesis 2

Ho:- Assessment (Rating) of companies are independent of their commitment to Organization performance in Nigeria.

Hi:- Assessment (Rating) of companies are dependent of their commitment to organizational performance in Nigeria.

Hypothesis 3:-

Ho:- Assessment (Rating) of companies on corporate governance in Nigeria is independent of the type of company (Private or Public).

Hi:- Assessment (Rating) of Companies on corporate government in Nigeria is dependent of the type of company (Private of Public).

Hypothesis 4:-

Ho:- Assessment (rating) of companies on organizational performance in Nigeria independent of the type of company (Private or Public).

Hi:- Assessment (Rating) of companies on organizational performance in Nigeria dependent of the type of company (Private or Private).

Chi-square (χ^2) statistical analysis was used in testing the entire above hypothesis.

Scope and Limitations of the Study

The study looked at private sector organization both public quoted on the Nigeria stock exchange or privately owned. The study also looked at the Cutix cable Nig. PLC.

Then information about the organizations studied was obtained from the questionnaires completed by the respondents and available information about the organizations from their most recent annual general meeting (AGM) reports.

The assessment of the corporate governance was limited to information obtained from respondents and available data and information about the organizations.

A standard impact measurement protocol for assessing organization on corporate governance does not exist. The study examined among other issues, the following literature review on corporate governance.

Literature review on corporate performance and manpower development.

Literature Review

Nigeria faces an existential crisis located at the nexus of governance and corruption. To fix this problem, first it is necessary to diagnose it properly and then confront it collectively. Few moments are as ripe and right for this as this year of Golden Jubilee of Nigeria. Independence within and outside Nigeria, the question must be: How has a country so richly endowed blown the opportunities for itself and its generations yet unborn so spectacularly? It is not difficult to argue that the fault is not in our star, but in ourselves, that we have such a crisis with corruption and governance. Corruption and bad governance has been the focus of considerable attention, hand-writing and lamentation in and outside Nigeria. Some of the best known public advocacy and international organizations in the world, including the UNODC and Transparency International exist to combat it. It will be difficult to address the problem of corruption and bad governance in Nigeria in isolation of the rest of Africa.

Good government is founded on a tripod of three values: Legitimacy, accountability and capacity. -for example, the legitimacy or credibility of the government is essential both for the revenue generation and service delivery. Credibility is a function of both the nature of the electoral legitimacy or mandate and the fidelity to the norms of political behaviour. There is a logical connect between credibility and accountability. Accountability has both political and institutional dimensions. Politically, it speaks to the ability of people to participate in their government and if necessary, to change it through transparent electoral processes, institutionally, it refers to how far the institutions and mechanisms of government are able to play their roles in ensuring that government operates properly within the law. In many African countries, and certainly in Nigeria, these three essential elements of government had been destroyed by the end of the decade of the 1980s with the result that those who controlled government enabled themselves to deliberately conflate the essential distinction between public and personal resources, get away with this and preclude the possibility of ever being held accountable whether through the legal process of investigations and prosecutions or through the political process of competitive elections.

Writing in 1995, Cameroonian legal scholar, Ndiva - Kale, called this patrimonicide - the crime of exterminating the patrimony. Without this extent, it is impossible to understand the enormity of the challenge we confront with attitudinal change to corporate governance in Nigeria.

For much of the continent, this remains the case in Equatorial Guinea, for instance, an investigation by Senator Carl Kelvin on the permanent Sub-committee of investigations of the U.S Senate in 2004 revealed that the earnings from that country's petroleum were held in account controlled personally by president Obiang and his family. In Riggs Bank alone, this family held over \$700 million through over 60 account in the names of the President, his wife, his son and in-law. President Obiang, who has been in power since 1978, has eviscerated every prospect of

competitive elections or legal accountability within Equatorial Guinea. Around, Africa, democratic government is increasingly fraught and has suffered many recent reversals. In many countries, such as Algeria, Angola, Cameroon, Chad, Eritrea, Egypt, Ethiopia, Equatorial Guinea, Guinea Conakry, Niger Republic, Nigeria, Uganda and Zimbabwe to cite a few examples - electoral competition is at best endangered and has increasingly been replaced by competitive authoritarianism, the instrumentalisation of process and institutions of government to the simultaneous ends of eliminating effective opposition, creating the appearance of minimal electoral legitimacy, precluding electoral alternance and neutering accountability.

A country that cannot Count:-

27 years ago, Chinua Achebe declared that the trouble with Nigeria is simply and squarely a feature of leadership and bad governance and argued that Nigeria are corrupt because the system under which they live today makes corruption and bad easy and profitable. As a supplement to this, I propose shortly to suggest that bad governance in Nigeria thrives because, as a system we have failed to develop the skills or values for counting in a political economy. As I will shortly show all of our cries with corruption and governance come down to this, as a people, we cannot count honestly and there are no consequences for dishonest counting.

Conceptual Clarifications

Perhaps the starting point should be a common definition of the concepts “Corruption” and good governance”. In my view corruption and good governance sit at the opposite ends of the spectrum. While good governance represents the ideal for government, corporation and nations globally, corruption is a scourge that decent people, organizations and governments seek to eradicate. In the simplest of terms, corruption involves the abuse of power for private gain.

Actual acts range from a simple act of bribing someone to avoid a speed fine to serious conduct as the irregular award of tenders or even buying political patronage,

We then want to ask: What will it take to end corruption and to ensure good governance?

Most authorities on the issue of corruption and good governance are adamant that the single most important factor is the human element. In other words we need to address human values and behaviour. Of course having good and preferably, transparent governance and administration system is part of the package.

According to a newsletter published by the Muvla Trust, a water and sanitation Non-Governmental organization, in South Africa 'It is widely accepted that the poor are the ultimate victims of corruption. It is they who suffer the most from poor quality services or goods or non-delivery of goods and services often resulting from corruption.

This takes us to South Africa experience and the role of public protector in combining corruption and promoting good governance in South Africa.

Legal Framework

South Africa has enacted various pieces of legislation in the fight against corruption. These are

The constitution of the Republic of South Africa, act 1996.

Chapter 10 of the constitution sets out the basic values and principles that govern public administration in every sphere of government, organs, of state and public enterprises. The values and principles promote a public administration that is free from corruption and bad governance. The values and principles include that:-

- a. A high standard of professional ethics must be promoted and maintained.

- b. The efficient, economic and effective use of resource be promoted: Public administration be development oriented.
- c. Services should be provided impartially, fairly, equitably and without bias.
- d. Public administration must be accountable; and transparently must be fostered by providing the public with timely accessible and accurate information.

Methodology

Research Design

The objective of the survey is to obtain essential information and insight into the association, correlation and relationships that exist between variables rather than an exact or accurate picture of corporate governance" in Nigeria. In research design, the essence is to structure the investigation in such a way as to identify the variables and their relationships.

A well articulate design is desirable for the objective of data collection that will assists to address the research question as well as test the stated hypothesis.

The research design therefore serves as a veritable guide for data generation, especially primary data.

Method Used in this Research

The research method adopted in this study is the survey method by means of questionnaires only. A survey is used to obtain information which can be analyzed and [pattern formed which lend themselves to interpretation and comparison. In most cases a survey will aim to obtain facts and opinion from a representative selection of the population being research. From that sample the researcher will then be able to present findings as being representative of the population as a while.

Scope of the Study

An important aspect in the decision of thin study is the aspect of scoping. This is important because common agreement and understanding is needed on what and who should be included and excluded in the study. In particular, this refers to the geographical, temporal, content and respondent scopes.

Geographical Scope

For the purpose of this study, the geographical scope in limited to Nigeria only.

Temporal Scope

The reference period for the study refer to month, of which the survey was conducted, been August 2014.

Content Scope

The study includes mainly one survey, namely a questionnaire surveyed and other secondary information's about surveyed organizations from their website and annual reports from companies.

Respondent Scope

The study was designed to survey full time employees of surveyed organization i.e. managerial or non-managerial level staff.

The Study Population

The choice of population for this study was driven by the need to extract informed and relevant information from full time employees of surveyed organization. This is essential in making information assessments, conclusions and recommendations at the end of the research. The

characteristics of the population were determined by limiting the study to full time employees who are integral part of the company. There are over 1000 companies listed with corporate affairs commission both for private and public sector; it is therefore very difficult to study all these companies in order to make informed assessments. A sample size of 5 organizations was selected by simple random sampling of 10 organizations. Organization Sampled are

1. Federal Polytechnic, Oko.
2. Federal College of Education technical Umuze.
3. Curtix Cable Nig. Limited Nnewi.
4. Madona University Okija
5. Chicason group Nigeria Limited.

This sampling procedure was considered quite pertinent as efforts were made to use extra measures that sampling method and caliber of respondents to persuade employees to complete and return the questionnaire.

Data collection:

Primary source of data: primary data was collected using closed- structured questions.

Questionnaire Design:

Closed- structured questionnaires were used to obtain responses form from respondents. To encourage high response rate of respondents' anonymity of respondents were ensured and this was communicated to all respondents before they answered the questions, they were not expected to include their name or other form of identification on the forms.

Secondary Data:

Secondary data or source of information is very vital for any research work as it will help to reconfirm or proffer answers to research questions. Also the five out of the ten surveyed organization listed their historical background, journal reports also served as good source of secondary data. Newspapers and other book were used. The primary and secondary data were comprehensive enough to supply information to make logical and balanced assessment and conclusions on study.

Presentation and analysis of data

This chapter contains analysis on both the quantitative and qualitative data obtained from the questionnaire distributed amongst the employees of the organizations surveyed. The questionnaire was designed to obtained information on corporate governance practices and performance standard in the surveyed organizations. The pilot testing of the questionnaires and the test that only full time employees of the organizations formed the group of respondents serves as a basis for obtaining informed and credible responses for analysis. The impacts of corporate governance on organizational performance were all obtained from the responses in the questionnaire.

Responses to Questionnaire

The response rate to questionnaire distributed was 100%. The response rate was determined using simple calculations as stated below.

$$\text{Response Rate} = \frac{\text{Total no of Responses}}{\text{Total no of questionnaire distributed}} \times 100$$

$$\frac{100}{100} \times 100 = 100\%$$

The 100% response rate was achieved because of the following reasons

1. Prior notification and schedule appointment with respondents on filling of questionnaire.
2. The questionnaires were closed-structure type easy to complete.
3. Anonymity of respondents; none-inclusion of respondents name on questionnaire usually motivates respondents to fill forms and also reduces halo- effect.
4. Completion time per questionnaire ranged between 6- 10 minutes.

Distribution Pattern of Responses:-

The questionnaires each were distributed amongst 10 employees of the organizations that were selected by simple random sampling. The organizations are listed.

Federal Polytechnic OKO 10

Federal College of Technical 10

CURTIX cable Nig limited 10

CHICASON group Nig limited 10

Madonna University OKIJA 10

Discussion of results

This chapter discusses the findings from the data analysis carried out in the preceding chapter and attempt to relate it to findings from other studies in similar areas.

The underlying objects are to establish if the findings were in the line with the existing knowledge or provide an insight into new knowledge or opportunities that will be of interest to corporate organizations and the society. Several issues were examined in this research work as they relate to corporate Governance and Organizational Performance in Nigeria. The core areas that forms the focus of discussion on the findings from the study include the following.

General Information on the surveyed organization and characterization of the respondents and organization surveyed. The assessments of corporate governance in Nigerian organization and the comparison between the public and private organizational performance in Nigerian organization and the comparison between public and private organizations surveyed. The assessment of organizational performance in Nigeria organization and the comparison between public and private organization.

Responses to Questionnaire

The analysis of the responses from questionnaires distributed gives some level of confidence to the data generated from this study despite the obvious limitations to the study of this nature in order to undertake appropriate statistical analysis, a sample size of 50 questionnaires was considered reasonable and manageable. From the analysis of the responses, 100% response rate was achieved and all respondents considered all questions. The implication of the level of response, is that there is every certainty that at least 100% response rate is a rare feat but was achieved because of prior notification and scheduled appointments with respondents all the questions asked were closed. Structured and completion time ranged between 6-10 minutes and ambiguity was addressed by carrying out a questionnaire pilot assessment.

Classification analysis

Public institutions and private institutions/organizations.

Public institutions quoted 50%

Private institutions/organizations 50%

The male and female respondents were 50 person respectively and this should account for very balanced responses. In organizations there are discriminations amongst gender lines, this representation would reveal a true picture of corporate governance in organizations. Usually in Nigeria junior level of staff tend to be more dissatisfied with the organization because of perceived “mistrust” and lack of fairness by the management of their organization as also observed from questionnaire analysis. 100% of the respondents were graduates possessing either a Bachelor’s degrees from Universities or Higher National Diploma from Polytechnic, whilst 35% had master degrees from Universities. 10% of the total populations are professors. With this level of education status, respondents are able to comprehend the questionnaires properly and provide very objective and informed answers. All the respondents are Nigerians who were employed in either public or private institutions /organizations. It is very important to have assessment or rating of Nigerian organizations on corporate governance as a guide or tool for prospective or current stakeholders to make personal or corporate decisions one of the greatest challenges today includes lack of commitment to corporate governance in organizations, and abounding corrupt board of directors VCs and Rectors. Within the last five years in Nigerian higher institution and organizations such as Federal Polytechnic Oko, the governing council had fired the Rector on issues that bordered on governance and also Federal College of Education Technical Umunze had their governing council dissolved because of corrupt practices and self-enriching their pocket. Chicason group, just last year, had a total over hauling of the top management because of issues bordered on corporate governance. Curtix cable in 2005, the “Leadership” that should govern, guide and direct the corporate performance usually connive to enrich themselves and end up killing the sister branch of the organization Addswitch. These organizations no longer exist due to bad and corrupt governance. With the high level of corruption and bribery in Nigeria, the logical conclusions would have been to imagine that corruption levels are high because employees are not informed on such issues. One of the most crucial steps in entrenching good governance is to share or provide information to employees. Beyond providing information, training and evaluation and sanctions to non-compliant employees must be enforced.

Conclusion

The position of this research work is that corrupt practices can only engender national development if Nigerian federal system adopts corporate government where in the constitution is allowed to be the supreme control of all the stakeholders for purpose of responsibility accountability and control in decision making. With this, the public and private sectors relations will bring not only effective control to the government but also will make our government effective, this we will experience national development which is a process of transformation aimed at positive social. Political and economic growth of both the society and individuals. For emphasizes, we conclude by saying that corporate governance is an intergovernmental relations for a federal system, is sine- qua-non for national development because the model is both constitutional, participatory and development engineering for public and private sectors in Nigeria.

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