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College of Management and Human Potential

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Walden University
2024

Abstract

Corporate Governance Strategies and Survivability of Microfinance Banks in Nigeria

by

Dajau Augustine Dachi

M.Phil., Walden University, 2021

MSc, Ahmadu Bello University, 1997

BSc, Ahmadu Bello University, 1987

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Management

Walden University

May 2024

Abstract

Corporate governance practices are vital for the survival of microfinance banks (MFBs) in Nigeria. MFBs perform a crucial role in providing financial services to underserved communities and contributing to the country's economic development. As a result, it is essential to comprehend the governance mechanisms that support their resilience and sustainability. A qualitative exploratory multiple-case study was conducted, and 20 in-depth interviews occurred with industry experts who are directors of 20 MFBs located throughout Nigeria. I used Braun and Clarke's model in the deductive data analysis leading to coding, categorization, and themes identification. The results indicate that a robust corporate governance structure, characterized by effective board oversight, risk management practices, and stakeholder engagement, is essential to the survivability of MFBs. The research also emphasizes the significance of regulatory compliance, transparency, and accountability in enhancing stakeholder trust and confidence, vital for the long-term sustainability of MFBs. This study contributes to the existing literature by providing empirical evidence on the governance strategies that are effective in the Nigerian context, offering practical implications for policymakers, regulators, and practitioners aiming to bolster the resilience of the microfinance sector. Furthermore, the research proposes a governance framework tailored to the unique operational dynamics and challenges faced by MFBs in Nigeria, serving as a blueprint for enhancing their governance mechanisms and ensuring their continued contribution to financial inclusion and economic development, which has potential implications for positive social change.

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Dedication

I dedicate this dissertation to Almighty God, who gave me the initiative to start the program and enablement/guidance throughout. This study is also dedicated to my late parents, Dajau Danaat and Mrs. Agnes Noeshe Dajau, who initiated the idea of putting me in school and funded my education. To my family members, especially my children, Tuamsen Dean Dajau and Senmial Clare Dajau, for the sacrifices you made in missing my full attention and company during the program.

Furthermore, this study is dedicated to all those who pursue higher education as a springboard for enhancing their positive social change endeavors. I encourage you to continue promoting positive social change.

Acknowledgments

I acknowledge the Almighty God for good health and the ability to meet the demands of this study, family issues, and employment obligations throughout the program. I cannot forget the encouragement and support of Mrs. Tokunbo Martins (former director of Central Bank of Nigeria) for this study. I pray that the Almighty God will reward her abundantly for her uncommon positive leadership style.

In addition, I appreciate the learning opportunities provided by the Central Bank of Nigeria, especially with respect to the negotiation with Walden University to obtain a 25% discount on tuition fees for all its employees studying at Walden University. Special thanks to my excellent and prompt Chair, Dr. Karina Kasztelnik, who has been a wonderful enabler and an astute mentor in this program; Dr. Jose Perez for his fast feedback and encouragement towards my study; and my university research reviewer, Dr. Anton Camarota for the valuable feedback and comments to ensure that my study conforms to the Walden University's standards. I acknowledge the good rapport and encouragement I had with my professors at Walden University, too numerous to mention their names here, to whom I remain highly indebted.

I cannot forget to acknowledge the support of my family members and children, especially Naanshen Martha Daden and Senmial Clare who kept on reminding me of the deadlines to submit my assignments on Wednesdays, Fridays, and Sundays during the coursework. The duo were also my timekeepers for making sure I ate at the right times and made sure I did not sit down for too long at a time during the program. Thank you all.

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Chapter 1: Introduction to the Study

Effective corporate governance strategies and oversight on management by the board of directors is crucial for the survival of any organization. The major problem militating against profitability and ongoing concern of microfinance banks (MFBs) in Nigeria has been weak corporate governance practices (Abdullahi & Othman, 2021; Central Bank of Nigeria [CBN], 2018; Da Costa & Martins, 2019). Microfinance institutions globally play strategic roles in socioeconomic development and well-being of the active poor who are predominantly self-employed and engaged in micro-entrepreneurship activities that positively impact the gross domestic product (GDP) of a country (Murad & Idewele, 2017). In Nigeria, MFBs play a very important role in the development of the Nigerian economy, as they provide finances to small and medium-scale enterprises (SMEs), which are the engines of growth for the Nigerian economy.

Previous studies revealed that MFBs in Nigeria have been facing a series of challenges, mainly due to a weak risk management framework and corporate governance practices compounded by COVID-19 pandemic in 2020, which have impacted negatively on their survival, leading to withdrawals of their operating licenses and liquidations (Abdullahi & Othman, 2021; Ekpenyong & Nnamocha, 2019). Although researchers have investigated corporate governance issues in MFBs in Nigeria, there is no literature using qualitative research methods to explore the experiences of directors of MFBs on the reasons for weak corporate governance militating against profitability and ongoing concern of their institutions (Okoye & Siwale, 2017; Rasel &Win, 2020: Shetima & Dzolkarnaini, 2018).

This study arises from the frequent mass failures of MFBs in Nigeria. The research that needs to be better understood is the perspectives of and strategies employed by managers of MFBs to ensure their survival. The mass failures of MFBs in Nigeria need further investigation of their existing governance strategies. Thus, the purpose of this qualitative exploratory multiple-case study is to explore the experiences of members of the boards of directors regarding how they understand corporate governance standards and implementation strategies to mitigate failures and ensure the survival of MFBs in Nigeria. The study may contribute to positive social change because sound and profitable MFBs can provide finance to SMEs for their development, job creation, and employment opportunities, thereby improving the social status and living standards of the citizenry. Following this introduction is the background of the study, the problem statement, purpose of the study, research question, conceptual framework, nature of the study, definition of terms and assumptions, scope and delimitations, limitations, and a summary of the chapter.

Background

MFBs were set up in Nigeria by the Central Bank of Nigeria in 2005 to meet certain economic objectives such as the provision of diversified and affordable financial services to active poor people to enable them to develop long-term sustainable entrepreneurial activities, mobilization of savings for intermediation, creation of employment opportunities to uplift the standard of living of poor people, enhance participation of the poor in socioeconomic development and resource allocation process, provision of avenues for the administration of micro credit programs of the government, and to render payment services to individuals and various tiers of government (CBN, 2005). Earlier research on the operations of MFBs, especially as relates to corporate governance practices, showed that mass failures of the MFBs coupled with weak risk management frameworks negatively impacted the profitability and survival of MFBs in Nigeria (CBN, 2018; Da Costa & Martins, 2019). Reports indicate that weak corporate governance practices leading to ineffective oversight on mostly unskilled executive management, weak capacity management, and unethical practices by members of the board of directors, led to the failure of the first batch of 224 MFBs in 2010 and subsequently (CBN, 2018; Okeke et al., 2019).

The summary of studies on failures of MFBs in Nigeria from 2010 to 2020 shows that more than 415 (or 47.48%) of MFBs in Nigeria have failed and their operating licenses have been revoked due to their failure to meet the operating requirements of the CBN (CBN 2013; NDIC 2018, 2020). The withdrawal of the banking licenses of the failed MFBs led to the loss of jobs, loss of depositors' funds, and loss of public confidence in the microfinance banking subsector. A total of 83,415 depositors received only N2.97 billion ($7.15 million USD) as insurance compensations (Chijioke, 2019) because depositors with amounts more than N200,000 ($481 USD) lost their excesses because the Nigeria Deposit Insurance Corporation (NDIC) was expected to pay only a maximum of N200,000 to depositors of MFBs in liquidation until the assets of the liquidated banks are sold off, which mostly were not enough to pay all depositors fully.

The reports of earlier studies show that from 2005 to 2020, after the establishment of MFBs in Nigeria, most of the objectives for their establishment were not met (World

Bank Group, 2017). For instance, the contribution of MFBs to the national credit intermediation, especially to SMEs, has not been very impressive mainly due to poor corporate governance practices, high cost of loan-able funds, weak risk management framework, and mission drift (Laher & Proffitt, 2020; Yusuf et al., 2018). Thus, the purpose for which the MFBs were set up, which was mainly for the provision of finance and other financial services to active poor people, micro entrepreneurs, and SMEs have not been achieved.

The SMEs rely on MFBs for their loans, advisory services, and their performance, having failed to access finance from conventional banks for their operations and survival due to a lack of capacity and asset-based collateral (Okafor, 2020). The N62.51 billion ($150.63 million USD) or 0.32% of total loans granted to SMEs by conventional commercial banks as of December 2020 (CBN, 2020) was not enough to meet the needs of the SMEs to positively impact the real economy of the country. Thus, the N768.71 billion credits granted by the MFBs to SMEs as of December 2020 (CBN, 2020) underscore the importance of MFBs to SMEs and the Nigerian economy.

Despite that, the total credits granted by the MFBs was a mere 3.87% of the total national credits to the Nigerian economy as of December 2020 (CBN, 2020), which is far below the 20% policy projection in 2005 for 2020 (CBN, 2005). Rasel and Win (2020) found that current studies on microfinance institutions had fragmented findings, concentrated on quantitative research methods, used limited corporate governance variables, and ignored other stakeholders that have an impact on the operations of microfinance institutions. The authors recommended further research using qualitative research methodology to explore the lived experiences of managers for a deeper understanding of governance practices in microfinance institutions. Chenna et al. (2020) asserted that effective corporate governance strategies in microfinance institutions in Nigeria were still shallow, thus necessitating the need for further research using alternative methods, such as the qualitative method in this study, to deepen research on the soundness and survival of microfinance institutions in Nigeria.

The World Bank Group (2017) analyzed the status of MFBs in Nigeria and found that MFBs had not been well managed due to operational and regulatory challenges; thus, the objectives of setting them have not been fully achieved, as they are unable to serve their depositors adequately. The World Bank Group recommended further analysis to identify appropriate measures for their management to ensure their survival. According to Okeke et al. (2019), attempts by existing studies to establish the relationship between corporate governance and firm performance were inconclusive because of contrasting findings of some of the studies, resulting in few studies on corporate governance and performance of MFBs in Nigeria, and thus, requiring further studies to establish a universally proven conclusion on the role/impact of corporate governance practices on performance of MFBs in Nigeria.

More studies need to be done to establish the link between corporate governance, profitability and survival of MFBs in Nigeria (Alobari et al., 2019), as strong and sustainable microfinance institutions will provide finance for microentrepreneurs for rural economic growth and positive social change (Tchuigoua, 2018). The purpose of this qualitative exploratory multiple-case study is to explore the experiences of board of director members regarding how they understand corporate governance standards and implementation strategies to mitigate failures and ensure the survival of MFBs in Nigeria. The findings of the study may bring a policy change to holistically address the persistent problems militating against the survival of MFBs in Nigeria. Practitioners and owners of MFBs may also find the finding in the study valuable.

Problem Statement

One of the devastating problems facing the MFBs in Nigeria is poor corporate governance practices in addition to poor business models, under-capitalization, and inadequate regulatory supervision, which resulted in the failure of 415 MFBs between 2010 and 2020 (Abdullahi & Othman, 2021; CBN, 2013, 2018; NDIC, 2018, 2020; Okeke et al., 2019; World Bank Group, 2017). Researchers who have explored the issue of survival in microfinance institutions have highlighted a lack of corporate governance strategies as a key barrier. For example, Da Costa and Martins (2019) found that corporate governance practices alongside other factors impact the performance or profitability of MFBs.

With the current threat to their survival, the objective of setting up MFBs to provide microcredits and financial services to poor people who cannot access traditional banking services for their social needs is being threatened (Mader, 2018). The social problem is the mass failures of MFBs in Nigeria due to poor corporate governance practices and insufficient oversight by members of the board of directors, resulting in a negative impact on their profitability and survival, leading to revocation of the operating licenses of more than 415 (47.48%) of them by the CBN between 2010 and 2020 (CBN, 2013; NDIC, 2018, 2020; Okeke et al. 2019). Thus, the operational threats to the survival of MFBs in Nigeria may reverse gains made by programs that aim to tackle poverty and income inequality in the country. The specific research problem is the lack of information that many members of the board of directors may be failing to apply corporate governance strategies to ensure survivability of MFBs in Nigeria.

Purpose of the Study

The purpose of this qualitative exploratory multiple-case study was to explore the experiences of members of the board of directors regarding how they understand corporate governance standards and implementation strategies to mitigate failures and ensure the survivability of MFBs in Nigeria. The study sought an explanation of the cause of failures in corporate governance practices that negatively impact the going concern of many MFBs in Nigeria despite the various efforts by the CBN in nurturing and mentoring them to remain stable and provide finance to the SMEs for real economic development.

A sample of 20 MFBs located in either the north central, northwestern, southwest, and southeast regions of the country that meet the selection criteria were purposely selected for the study, while the participating officials were those who have experienced the phenomenon and could relate their experiences. A sample size of 20 participating MFBs was considered appropriate and adequate because of the homogeneity among the population, such as having similar business models, regulatory standards, and market niches. Data collection was done using semistructured and open-ended interview questions.

Owners and senior leadership of MFBs who currently lack strategies for corporate governance practices may find the study relevant to their operations and adaptation as recommended in the study. Governments and regulatory agencies in Nigeria could use the findings of the study to inform the development of appropriate regulatory frameworks and guidelines that will support effective supervision and capacity-building assistance for MFBs in Nigeria. The study may enhance the current literature on microfinancing, create opportunities for further research on microfinancing, or reveal best practices for corporate governance that would guarantee the safety, soundness, and survivability of microfinance institutions.

Research Questions

The exploratory research question for this study was: How do members of the board of directors of MFBs in Nigeria describe their experiences of corporate governance standards and implementation strategies to mitigate failures and ensure the survivability of their institutions? Being a vital component of any type of research, a research question is a question related to a research topic that needs to be answered after data analysis and interpretation (Pecher et al., 2020). Ravitch and Carl (2016) posit that the research question plays the role of guiding the researcher in specifying the goals and boundaries of a study. Pecher et al. (2020) argued that a good research question explains the research writing for full understanding of the research topic, objective, and scope of the study. Creswell and Creswell (2018) provided two forms of research questions in qualitative research study: central and associated subquestions.

The goals intended to be achieved in this study, as an element of the research question, include the exploration of the experiences of board of director members, understanding the corporate governance standards, implementation strategies derived from their mission statements, levels of compliance with regulatory standards, and challenges, strengths, weaknesses, opportunities, and threats to the banks' going concern. The findings and recommendations of the study may influence policy formulation by the government to further strengthen the microfinance subsector, while owners and bank leadership may leverage the recommended strategies and strive to ensure the soundness and survivability of their institutions to aid economic growth, thereby contributing to positive social change.

Conceptual Framework

This study is grounded in a multitheoretical approach to the concept of microfinance governance, incorporating economic-based agency theory and three management-based theories of stewardship, stakeholders, and resource-based theories (Rahman et al., 2019). Arising from the limitations of agency theory as a sole theory of corporate governance thereby requiring more stringent regulatory frameworks by policy makers, Rahman et al. (2019) reviewed and adopted the multitheoretical approach to leverage the complementary effect by implementing a wider range of governance mechanisms and processes as new dimensions for microfinance governance to align the interest of management and all stakeholders. The four theories are the most appropriate theories to frame a study on corporate governance practices in the Nigerian microfinance banking subsector.

Agency theory was founded by Ross and Mitnick in 1973 (Mitnick, 2006; 2013; 2019) and is a concept that separates owners of a business from managers of the business (Jensen & Meckling, 1976; Laher & Proffitt, 2020). Agency theory has been described as the most widely used conceptual framework to analyze corporate governance (Paniagua et al., 2018).

The second concept that grounded this study is stewardship theory, based on the work of Davis et al. (1997) who argued that relying solely on economic-based agency theory is not in the best interest of the organization because it does not holistically address the other parties that can affect life and operations of the organization. Thus, the authors advocated for another theory to explain relationships based upon other noneconomic variables such as stewardship, which encourages collegiality among managers toward the attainment of common objectives of the organization for the benefit of shareholders, managers, and employees (Davis et al. 1997).

The third theory that grounded this study is Freeman 1984's stakeholder theory. Freeman (2010) popularized the stakeholder concept in 1984 after realizing that, in their efforts to understand the business environment, managers fail to consider the interests of the numerous groups and individuals who can affect or be affected by the operations of organizations. Freudenreich et al. (2020) asserted that the essence of business is for value creation, which involves different activities by individuals or groups in the business value chain. The authors discussed dual value creation perspective from a business model perspective and stakeholder theory perspective and averred that it is not possible to operate a successful business model without aligning the interest, stakeholder relationship, cooperation, and mutual benefit engagement of the internal and external stakeholders.

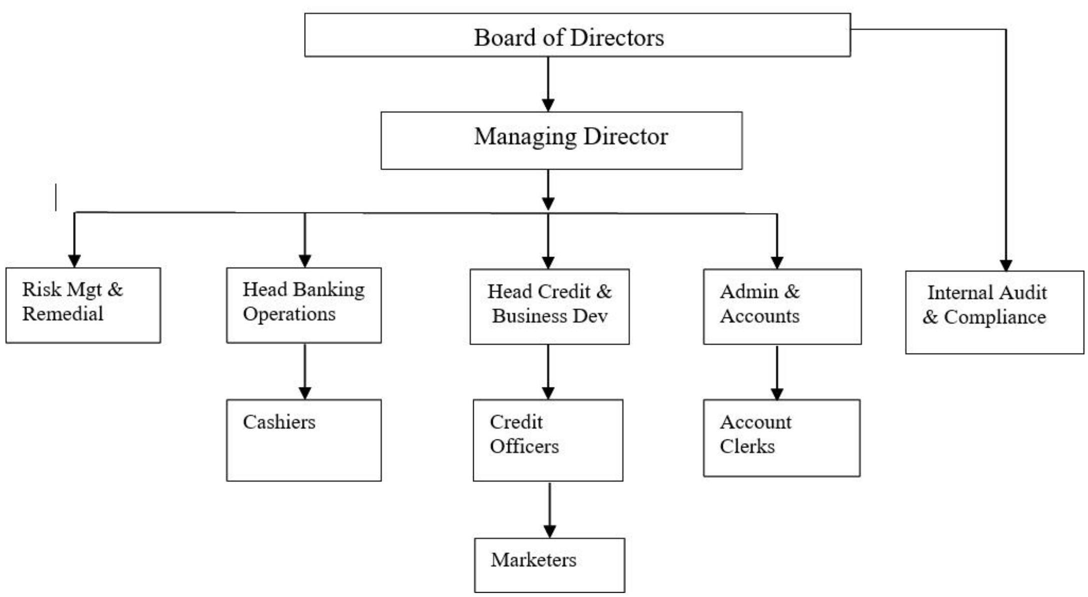
Freudenreich et al. (2020) listed the group of stakeholders who have a joint purpose in a business model for value creation and survivability as customers, business partners, employees, financial stakeholders, and societal stakeholders. The stakeholders for MFBs in Nigeria include shareholders (capitalists) other financial suppliers (financial system), SMEs (customers), regulators, employees, the community, and government (CBN, 2013).

The fourth theory is Wernerfelt (1984)'s resource-based theory. Wernerfelt explained that the resource position of a firm could determine its strength and weaknesses. Wernerfelt reported that there is a relationship between the profitability and resources of a firm. The author listed the resources of a firm including brand name, insider knowledge of technology, skilled personnel, trade contacts, machinery, efficient procedures, capital, and customer patronage.

Asserting the convergence of resource-based theory and stakeholder theory, Freeman et al. (2021) argued that leveraging stakeholders as resources enhances the chance to achieve sustainable competitive advantage. The authors posited that both theories are concerned with leadership and management of the firm, as both theories proffer new ideas about strategy. Another similarity is that both theories are about people and profit of the organization. The four theories were used as a lens to explore corporate governance strategies that should be adapted or adopted by managers of MFBs in Nigeria to ensure profitability and survival of their institutions. More detailed reviews of agency, stewardship, stakeholder, and resource-based theories are discussed in Chapter 2, integrating how the links of the various constructs could address the problem of failure of directors to apply appropriate corporate governance practices to ensure the survivability of MFBs in Nigeria. Figure 1 illustrates the conceptual model of corporate governance in a typical MFB.

Figure 1

The Conceptual Model of Corporate Governance in a Typical MFB



Nature of the Study

The purpose of this qualitative exploratory multiple-case study is to explore the experiences of members of board of directors regarding how they understand corporate governance standards and implementation strategies to mitigate failures and ensure survival of MFBs in Nigeria. The phenomena of interest in this study are the various problems affecting the performance and survivability of MFBs in Nigeria, including the poor corporate governance strategies and practices by their directors. Thus, the study is set to answer the question on how members of board of directors describe their experiences and perceptions of corporate governance practices while ensuring profitability and survivability of their institutions. To address the research question in this qualitative study, the approach was an exploratory multiple-case study. This approach is based on the work of Fidel (1984) who asserted that the design was flexible and that data collection and analyses are largely determined by the subject matter. A qualitative research design, rather than quantitative, was appropriate for the study because the research method is driven by the research question.

The exploratory nature of the study involved the researcher as the anchor of data collection from multiple interview protocols with purposively selected sample of members of the board of directors of the participating MFBs in Nigeria to obtain their different perspectives, experiences, and understanding of corporate governance practices in their institutions (Amsbary et al., 2021). An embedded multiple case study approach draws on multiple methods of data collection and involves multiple data sources to reach a comprehensive perspective of the topic under consideration, including opportunities for inductive and deductive data analysis (Chung, 2019; Creswell & Creswell, 2018; Granikov et al., 2020).

A multiple case study research design was chosen for this study rather than narrative research, phenomenological research, grounded theory, or ethnography (Creswell & Creswell, 2018) because of the many advantages it provides. Gustafsson (2017) identified the benefits of multiple-case study design in the ability for the writer to analyze the data within each situation and across different situations. Deductive data analysis allows the research to bring out participants' meanings, emergent design, reflexivity, and holistic accounts of research participants (Ravitch & Carl, 2016).

A multiple case study takes a holistic view of the phenomenon, uses multiple data sources, and can lead to the extension of existing theory (Halkias & Neubert, 2020). Chowdhury et al. (2020) found that research studies on microfinance have often implemented quantitative methodology to measure the impact of different corporate governance variables on firm performance. Chowdhury et al. recommended the use of a qualitative case study for in-depth, rigor, detailed inquiry, more robust findings, and holistic understanding of the meanings by readers.

The multiple-case study approach enables researchers to examine phenomena in their natural settings (Shiells et al., 2020). Thus, this study explored the differences and similarities of cases in participating MFBs in Nigeria. To achieve triangulation and trustworthiness in data analysis and findings, data were collected from multiple sources for deep understanding of the case, including semistructured interviews, field notes, and documents reviews (Creswell & Creswell, 2018; Fusch et al., 2018). Fusch et al. (2018) posited that triangulation is an important concept in data analysis for qualitative empirical research studies, as it increases confidence, trustworthiness, reliability, and validity of the data if the results are consistent. Participant recruitment was based on the criteria for inclusion and exclusion, which was set before the selection of participants (Patino & Ferreira, 2018).

Definitions

The terms used in this study that may have multiple meanings are:

Board of directors: Bank directors are persons appointed by the shareholders to manage companies on behalf of the shareholders. A board of directors is made up of appointed directors who delegate the execution of their responsibilities to senior management executives but take responsibility and provide oversight on the management executives. The board of directors of MFBs in Nigeria is made up of executive and nonexecutive directors (NEDs).

Code of corporate governance: Corporate governance codes are a set of standard principles, systems and processes, and best practices regarding the behavior and structure required of the board of directors of firms (El-Mahdy, 2019). Corporate governance codes provide the guidelines on how the affairs of a company should be conducted to add value and achieve its set goals and objectives. The code of corporate governance for MFBs in Nigeria provides the minimum standards that the banks should comply with (CBN, 2018). However, MFBs are encouraged to aspire to higher standards.

Corporate governance: Naciti et al. (2021) defined corporate governance of a company as all the rules and processes on which decisions are based and the roadmap for achieving strategic objectives, including the periodic procedure to evaluate performance against set goals. The Cadbury Report defined corporate governance as the system by which companies are directed and controlled (Keasey et al., 2005). Tjahjadi et al. (2021) asserted that effective corporate governance is measured by the board size, educational qualifications of the board members, senior management executives, and financial performance indicators.

Microfinance banks (MFBs): In Nigeria, an MFB is a private-owned company licensed by the CBN to provide microfinance services, such as savings, loans, domestic fund transfers, and other financial services needed by the economically active poor people who are traditionally not served by conventional financial institutions (CBN, 2005). Some common features that distinguish MFBs from other formal financial institutions include the smallness of loans granted and/or savings collected, the absence of asset-based collateral, simplicity in operations, and unique business model/market niche. One major challenge with governance in Nigeria MFBs is the choice of inappropriate business model for micro financing, referred to as *mission drift* (Laher & Proffitt, 2020; Mia et al., 2019). A profitable MFB is one that operates above its break-even point, survives on its cashflow, grows its capital and that of its members, and continuously serves its intended customers (Said et al., 2019). Sound and profitable microfinance institutions will ensure their going concern and provide finance for microentrepreneurs for rural economic growth and positive social change (Tchuigoua, 2018).

Senior management executives: A team responsible for the day-to-day operations of the organization and made up of the chief executive officer (CEO) and other executive directors (EDs) who are appointed by the board of directors and subject to ratification by the shareholders.

Survivability: For an MFB, this means the bank will continue to operate as a going concern for a long time toward achieving its vision and mission, while maintaining the economic, social, and environmental welfare of society (Tjahjadi et al., 2021).

Assumptions

Assumptions are aspects of research that are facts implicit or explicit in the research but not in the researcher's control, although the researcher relies upon them to draw conclusions (AbuRaya & Gomaa, 2020). Assumptions need to be stated for the researcher and the readers. There were four main assumptions in this study. The first was that the research participants would be knowledgeable and experienced in the operations and corporate governance matters of their banks, having been in that position for at least 3 years. Ravitch and Carl (2016) proffered that research subjects in interviews should be the appropriate set of people who can provide the necessary rich and deep information needed to answer the research questions. Three questions should be considered while selecting participants for qualitative research interview: (a) the people to be included and the reasons for including them given the goals and specific research questions, (b) the knowledge of the participant on the phenomenon of interest, and (c) whether there are specific experiences, roles, perspectives that need to be explored during the interview.

The second assumption was that research participants would respond truthfully and accurately to the interview questions. Directors may have been tempted to exaggerate the positive aspects of their corporate governance practices to obtain good scores from the researcher. The third assumption was that I would be able to obtain the minimum sample of data to achieve data saturation to ensure credible findings. The fourth assumption was that the interview questions for the study would be carefully crafted to adequately explore participants' perspectives of corporate governance practices and to answer the research question.

Scope and Delimitations

Delimitations are the limits researchers themselves define to set the boundaries of the scope of a study to achieve the objectives (Theofanidis & Fountouki, 2018). Delimitations could be concerning the population and sample, geographic region, or other boundaries (Walden University, n.d.). This study focused on corporate governance practices by directors of MFBs in Nigeria. To participate in the study, an MFB and its board members must have met the inclusion criteria to limit the scope of the study and focus on the specified participants (see Patino & Ferreira, 2018).

For example, an institution must have been licensed by the CBN and had operated as an MFB for 10 years, as at the end of 2020, directors must have been on such positions for at least 3 years, the appointment of which must have been approved by the CBN as required in the regulations (CBN, 2013). For feasibility, the study was concentrated on a sample size of 20 MFBs out of a target of 257 registered MFBs in focused regions as of December 31, 2020. Saunders et al. (2015) provided three situations when sampling becomes a valid alternative: the impossibility of involving the whole population, cost implications, and time constraints. The 20 samples were selected from the north central, northwestern, southwest, and southeast regions of the country. Full details of the procedure of obtaining data from different sources such as interviews, observations, field notes, and document reviews have been provided to enable replication by other scholars in similar studies, thereby achieving transferability. The reason for focusing on the MFBs in the purposively selected regions is to achieve a comprehensive geographical spread of the sample nationwide and to ascertain if the different sociocultural and economic characteristics of the different regions affect or influence their operations and survivability. The data gathered from the different banks were analyzed separately and reported to ensure transferability before integrating the findings from the different banks.

Sampling MFBs from various regions will allow me to compare corporate governance practices by MFBs in different regions to identify practices that ensure the survivability of these banks and those that potentially do not. The MFBs that are not involved in this study may also benefit from the findings if corporate governance strategies that enhance profitability are adopted by them. I recommend further studies that would include all the MFBs in Nigeria irrespective of their years of being in operations for generalization of the findings.

Limitations

Limitations are potential weaknesses in a study that are out of the control of a researcher (Queirós et al., 2017). Transferability, dependability, and generalizability are essential issues on limitations inherent in a qualitative research focus (Queirós et al., 2017). Inherent in the qualitative research method is a potential for personal and study participant bias that may lead to prejudiced perspectives in study findings (Berger, 2015). I anticipated that limitations to this study may include my personal bias based on the many occurrences of reported failures of MFBs in the country, which has the potential for me to assume that the result may be as already witnessed even before the perspectives and experiences of the managers of these banks are gathered and analyzed. Such personal assumption may affect the analysis of the data. However, with achievement of transferability, data saturation, and verbatim transcription of the recorded interviews, my personal bias was eliminated.

Other limitations may include those of study participants, sample size, and geographical constraints (Berger, 2015; Boddy, 2016; Malterud et al., 2016). The articles used were restricted to published peer-reviewed journals written in the English language and few government publications, thus excluding other articles that are not peer-reviewed and other studies not written in English language that might be relevant. Future research may consider these exclusions by empirically reviewing other corporate governance practices across other cultures not included in this study.

Responses from study participants may reflect views that are in the best interest of their banks or that undermine their possible job inexperience in a self-reporting situation (Boddy, 2016). Another limitation is that the study results may not be generalized to all states in Nigeria because the study will be limited to select states. However, triangulation in conducting qualitative multiple-case study research enhances validity through convergence of findings, sources, or methods and supports research that focuses on in-depth and complex questions, as divergence in data and its subsequent reconciliation may add credibility to the study and uncover unseen factors, leading to clearer definitions and theoretical elaboration (Farquhar et al., 2020). Accordingly, for methodological and data triangulation (multiple sources of data), I also obtained and reviewed published audited annual financial statements of participating MFBs to mitigate the limitations.

Significance of the Study

The significance of this study is that it may fill the current gap represented by a lack of understanding of corporate governance strategies that should be implemented by members of the board of directors of MFBs in Nigeria to prevent further bank failures by ensuring their profitability and survivability. This study also evaluated how corporate governance best practices embedded in agency theory, stewardship theory, stakeholder theory, and resource-based theory are holistically employed to achieve the overall operational objectives of setting up MFBs. Additionally, this study explored how MFB board members in Nigeria describe their perspectives and experiences regarding the various corporate governance constructs in their pursuit for profitability and going concern of their institutions. The study may fill the reported gap of research studies using the qualitative research method to explore the experiences of directors of MFBs regarding the issues of poor corporate governance practices (Okoye & Siwale, 2017; Rasel & Win, 2020; Shetima & Dzolkarnaini, 2018). This study also suggests solutions for improvement in corporate governance practices to ensure profitability and survivability of MFBs in Nigeria.

Significance to Practice

This study is significant in that it may be valuable to senior leadership of MFBs in Nigeria to enhance the profitability and going concern of their institutions. Governments and regulatory agencies in Nigeria could use the findings in the study to inform the development of appropriate regulatory frameworks and guidelines that will support effective supervision and capacity-building assistance to the MFBs in Nigeria. Other local and foreign donor agencies that are willing to assist in the development of microfinancing in Nigeria may find this study valuable.

Significance to Theory

The study may contribute to literature and new theory on microfinancing, especially with regards to the use of qualitative methodology in microfinance research, which has been dominated by quantitative methodology in Nigeria (Chowdhury et al., 2020). For a more comprehensive generalization of findings on corporate governance practices in MFBs in Nigeria, further research that would include all the MFBs in Nigeria irrespective of their years of being in operation is recommended.

Significance to Social Change

The study may contribute to positive social change because existing MFBs will continue to provide microloans and means of livelihood for the less privileged and poor groups. Sound and surviving MFBs can finance SMEs, which are drivers of economic growth for any economy (National Credit Regulator, 2011). Apart from providing finance to SMEs and individuals, MFBs also provide other financial services such as training on financial record keeping to their clients (Khan, 2020).

As directors of MFBs apply insights from the study findings to improve their corporate governance practices and ensure profitability and survival of their institutions, MFBs may thrive and continue to serve the unbanked population that cannot engage the commercial banks thereby enhancing financial inclusion at the lower end of the economic spectrum. Additionally, surviving MFBs may engage in corporate social responsibility activities within the communities where they operate, leading to an improved standard of living for the community and society in general.

Summary and Transition

Chapter 1 of this study introduced the topic of the study and highlighted the failures of corporate governance practices that led to the collapse of giant and small companies globally and locally while focusing mainly on the MFBs in Nigeria. Next, I gave the background of the study, which was influenced by the mass failures of MFBs, leading to the revocation of their operating licenses by the CBN. The revocation of the operating licenses affected 415 MFBs between 2010 and 2020 and resulted in loss of customers' deposits and public confidence in the microfinancing subsector of the economy. In addition, Chapter 1 stated the problem statement, purpose of the study, research question, conceptual framework grounded in agency theory, stakeholder theory, stewardship theory, and resource-based theory, the nature of the study, and definitions of terms. The study stated assumptions of matters that are implicit in the study but not in the control of the researcher. The scope and delimitations of the study, limitations, and significance of the study to practice, theory, and social change were also stated.

Chapter 2 will provide the literature search strategies and conceptual framework. Included in Chapter 2 will be the literature review, summary, and conclusion, which will briefly describe how the study will fill the gaps in the literature thereby extending knowledge.

Chapter 2: Literature Review

Introduction

The specific research problem is the lack of information that many members of the board of directors may be failing to apply corporate governance strategies to ensure profitability and survivability of MFBs in Nigeria. Previous studies revealed that the microfinance banking sector in Nigeria is facing a series of challenges, mainly arising from weak corporate governance practices and risk management frameworks (CBN, 2018). Weak corporate governance has negative impacts on the survivability of MFBs, leading to withdrawal of the operating licenses and liquidation of 415 (or 47.48%) MFBs between 2010 and 2020 (CBN, 2018; Da Costa & Martins, 2019; Ekpenyong & Nnamocha, 2019; NDIC, 2018, 2020; Okeke et al., 2019; Okoye & Siwale, 2017, Uchenna et al., 2020). The problems of MFBs in Nigeria were further compounded by the 2020 COVID-19 pandemic (Abdullahi & Othman, 2021).

There is a gap in the literature of qualitative research methods used to explore the experiences of directors of MFBs in Nigeria to understand the reason behind their poor financial performance that is militating against their survival (Okoye & Siwale, 2017; Rasel &Win, 2020; Shetima & Dzolkarnaini, 2018). The weak performance and mass failures of MFBs in Nigeria need further investigation and appraisal of existing corporate governance strategies and practices. The purpose of this qualitative exploratory multiple-case study was to explore the experiences of board of director members regarding how they understand corporate governance standards and implementation strategies to mitigate failures and ensure the survival of MFBs in Nigeria. The literature review discusses the conceptual framework, key concepts of corporate governance mechanisms and firm performance, evolution, reforms, and implementation of corporate governance standards and codes by MFBs in Nigeria, and summary and conclusion.

Literature Search Strategy

A literature search strategy involves searching for relevant peer-reviewed articles relating to a research topic (Khurshid et al. 2021). For this study, I searched different databases for relevant articles relating to my topic on corporate governance practices in MFBs in Nigeria. The main database where I searched for peer-reviewed articles was the Walden University library. Other database sources included Google Scholar, EBSCO, ABI/INFORM, Thoreau Multi-database, Emerald Insight, and databases A-Z. Search terms such as *purposeful sampling, qualitative study, multiple case study, interviews, triangulation*, and *saturation level* were used. The keywords used in getting relevant literature for the study included *microfinance banks, corporate governance, corporate governance theories (agency theory, stewardship theory, stakeholder theory, and resource-based theory), profitability and survivability, bank failures, corporate governance codes*, and *corporate governance mechanisms*.

The peer-reviewed academic journals I searched were mostly limited to current academic journals on corporate governance practices published within 5 years. However, journal articles older than 5 years were used sparingly, especially in the conceptual framework and other theories. In addition, publications from government regulatory agencies, such as the CBN, U.S. Securities and Exchange Commission, Nigeria Deposit Insurance Corporation, World Bank Group, Organization for Economic Cooperation and

Development (OECD), and International Monetary Fund, were also used. To verify if academic journals were peer-reviewed, I used Walden University's library Ulrich's Periodical Directory to confirm.

Conceptual Framework

This study is grounded in a multitheoretical approach (Christopher, 2010) to the concept of microfinance governance, incorporating economic-based agency theory and three management-based theories of stewardship, stakeholders, and resource-based (Rahman et al., 2019). Due to the limitations of agency theory as a sole theory of corporate governance and the need for more stringent regulatory frameworks by policy makers, Rahman et al. (2019) adopted the multitheoretical approach to leverage the complementary effect by implementing a wider range of governance mechanisms and processes as new governance dimensions for microfinance institutions to align the interest of management and all stakeholders. The four theories are the most appropriate theories to frame a study on corporate governance practices in the Nigerian microfinance banking subsector and were used as a lens to explore the corporate governance strategies and practices that should be adapted or adopted by the board of directors of MFBs in Nigeria for survivability of their institutions.

Agency theory was founded by Ross and Mitnick in 1973 (Mitnick, 2006; 2013; 2019) and is a concept that separates owners of a business from managers of the business (Jensen & Meckling, 1976; Laher & Proffitt, 2020). Agency theory has been described as the most widely used conceptual framework to analyze corporate governance (Paniagua et al., 2018). Agency problem lies in the fact that managers (agents) tend to maximize their wealth at the expense of the interest of the principals if the managers are not adequately compensated and constantly monitored by the principals (Miller & Sardais, 2011). Keay (2017) asserted that a major problem with agency theory is how the principal will make sure that agents maximize the wealth of the principal rather than the wealth of the agents. Therefore, making the board members accountable for their actions is a major issue in corporate governance. To reduce the problem in agency theory and enhance firm performance, Jensen (1993) suggested that managers and board members should own significant shares in a company to establish common interests between the directors and shareholders. Although the widening interest gap between the principal and agent, both utility maximizers, could be narrowed by providing appropriate incentives for the agent, it is naturally impossible for the agent to make optimal decisions for the principal viewpoint at zero cost to the principal or the agent (Jensen & Meckling, 1976). Erwan et al. (2018) found that conflicts of interest differ in different firms and countries and that government regulation is an effective alternative in curtailing bad corporate governance in firms.

The second concept that grounded this study is stewardship theory, based on the work of Davis et al. (1997), who argued that economic-based agency theory should not be the only theory to rely upon in an organization because it does not holistically address the other parties that can affect the life and operations of the organization. Thus, the authors advocated for another theory to explain relationships based upon other noneconomic variables such as stewardship, which encourages collegiality among managers toward the attainment of common objectives of all stakeholders (Davis et al., 1997).

Although Anderson et al. (2007) acknowledged the dominance of agency theory in literature on corporate governance of firms, the authors found that the board of directors and institutional investors have engaged in strategic partnership with management for collaboration for a common goal and responsibilities for success of the firm, reminiscent of the stewardship model rather than the agency model. Belle (2017) asserts that stewardship theory emphasizes business ethics and manager/ownership collaboration for the overall objectives and going concern of the organization. Although some scholars (Anderson et al., 2007; Belle, 2017; Davis et al., 1997) have agreed that the hybrid of agency and stewardship theories is good for modern organizations, Keay (2017) argues that board members should still be responsible for their decisions even if their role is gradually being regarded as that of stewardship.

The third theory that grounded this study is Freeman's (1984) stakeholder theory. Freeman (2010) popularized the stakeholder concept in 1984 after realizing that, in their efforts to understand the business environment, managers fail to consider the interests of the numerous groups who can influence the operations of the organizations. Freudenreich et al. (2020) asserted that the essence of business is value creation, which involves different activities by individuals or groups in the business value chain. The authors discussed dual value creation from a business model perspective and stakeholder theory perspective and averred that it is not possible to operate a successful business model without sufficient stakeholder relationships such as aligning the interest, cooperation, and mutual benefit engagement of the internal and external stakeholders. Many related publications have put stakeholder theory on the management science ecosystem (Fares et al., 2021).

Leonidou et al. (2020) identified stakeholder theory from the perspective of engaging stakeholders to enhance innovation management and entrepreneurship development. The authors concluded that engaging the various stakeholders can create value for the organization, including social interactions, knowledge, and human capacity that can enhance the success of the business to remain competitive. Jimenez et al. (2021) acknowledged the importance of stakeholder theory in the relationship between local businesses and stakeholders where external stakeholders, especially the community where the business is located, mobilize local support to bail out businesses in crises to ensure their survival. Freudenreich et al. (2020) listed customers, employees, communities, and financiers as the groups of stakeholders who have a joint purpose in a business model for value creation. The stakeholders for MFBs in Nigeria include shareholders (capitalists), other financial suppliers (financial system), SMEs (customers), regulators, employees, the community, and the government (CBN, 2013).

Wernerfelt (1984) propounded the resource-based theory in 1984 and explained that resource position of a firm is the determinant of its strengths and weaknesses and found a positive correlation between profitability and firm resources. Wernerfelt listed the resources of a firm to include brand name, technology, skilled personnel, business relationships, equipment, seamless procedures, share capital, and customer patronage. Freeman et al. (2021) asserted the convergence of resource-based theory and stakeholder theory and argued that leveraging stakeholders as resources enhances the chance to achieve sustainable competitive advantage. According to Freeman et al. (2021), both resource-based and stakeholder theories are concerned with leadership and management of the firm such as proffering new ideas about strategy, suggesting that both theories are about people and profit of the organization. Freeman et al. (2021) reported that both resource-based theory and stakeholder theory have been criticized and questioned as to whether they qualified as theories. The greatest potential for resource-based theory and stakeholder theory is when they are combined. Zhang et al. (2021) asserted that resource-based theory is a vital concept and an influential theory in corporate governance; for a source to be sustainable as a competitive advantage for superior performance, the resource "must be valuable, rare, inimitable, and non-substitutable" (p. 501).

For MFBs in Nigeria, the applicable resources include skilled personnel (including the directors and senior executive management), insider knowledge of technology, efficient procedures, capital, and customer patronage. Thus, to remain competitive, firms will strive to have attractive profit-yielding resources and to ensure that such resource positions are difficult for competitors to emulate and catch up (Wernerfelt, 2010).

The relationship between owners of MFBs and managers of these banks is better understood in agency theory, as the theory expects managers/directors to ensure the maximization of the wealth of their principals without self-interest (Jensen & Meckling, 1976). Given the necessary incentives, managers (agents) of MFBs would act in a way that enhances shareholders' wealth. Offering attractive incentives to managers will retain experienced managers, thereby leading to maximal performance and survivability of the MFBs.

Employing the concept of stewardship in the governance of MFBs will encourage collegiality, motivation, and mutual trust among executive management and directors toward the attainment of common objectives of all stakeholders (Davis et al. 1997). Shareholders' returns will be enhanced when managers and employees of MFBs take ownership of their jobs and perform maximally with the ultimate objective of presenting good stewardship scorecards for the overall benefit of the organization.

Aligning the interests and engagement of all the internal and external stakeholders in the microfinancing subsector in Nigeria will bring about collaboration among the stakeholders toward the realization of the overall objectives of establishing the banks. Using the stakeholders' theory approach in corporate governance decisions by engaging interested parties such as suppliers, customers, employees, communities, and government will promote a common goal and bring about high performance leading to competitive advantage (Bridoux & Stoelhorst, 2022). The practice of the stakeholders' theory approach by directors of MFBs in Nigeria was evaluated during the data gathering.

In addition to the reported suboptimal performance of directors of most MFBs in Nigeria (Abdullahi & Othman, 2021; CBN, 2018; Da Costa & Martins, 2019), other scarce resources of MFBs include skilled personnel, distinct brand names, efficient banking software to interface with the financial system mainstream, efficient procedures, capital, and customer patronage. Capabilities and innovation are among the intangible resources that MFBs need to survive in a competitive banking industry. Data gathering and analysis in this study revealed the available resources for the MFBs and the extent of utilization of the available resources.

Literature Review

Overview of Concepts of Microfinance Banking in Nigeria

Microfinance institutions, the world over, play strategic roles in socioeconomic development and well-being of the active poor people most of whom are self-employed and engaged in micro-entrepreneurship. The combined activities of small-scale trading, minor mechanics, and small farmers can positively impact the gross domestic product of both developed and developing countries (Murad & Idewele, 2017). The concept of micro financing became more popular after Muhammad Yunus established the Grameen Bank in 1976 in Bangladesh (Mia, 2019; Pomi, 2019; Shamim, 2019). The micro financing model experimented on by Muhammad Yunus has been globally adopted/adapted and has become an effective strategy for poverty alleviation among the poor who do not have the capacities to access credits from conventional big banks (Ekpenyong & Nnamocha, 2019; Mia, 2019; Pomi 2019). The importance of micro financing for economic development and financial inclusion became a global phenomenon after the United Nations (UN) declaration of 2005 as the international year of micro credit, with many microfinance institutions established in Africa using the Grameen Bank model to fill the gaps in micro credits and other financial services (Chomen, 2021).

In response to the UN's international year of micro credit, the Central Bank of Nigeria introduced the Microfinance Policy, Regulatory, and Supervisory Guidelines in

Nigeria in April 2005 (CBN, 2005). The introduction of micro financing policy in Nigeria led to the establishment of many MFBs, standing at 874 as of December 31, 2020 and still counting (CBN, 2020), to meet the yearnings for micro-credits by the SMEs. The realization that microfinance banking is another way to close the resource gaps in the Nigerian economy and expand the financial inclusion made the CBN to adopt microfinance banking as the main source of credit facilities and other financial services for micro-entrepreneurship development in Nigeria (Afolabi, 2016; CBN, 2005).

MFBs play a very important role in the development of the Nigerian economy, as they provide finances to SMEs, which are the growth engines of the Nigerian economy (Khan, 2020; Ozili, 2020). MFBs also provide credit facilities to many of the poor and vulnerable people who are not able to access credits facilities from the big conventional banks to alleviate poverty in the country (Ayeni & Adekunle, 2021).

Khan (2020) examined the impact of MFBs in the development of SMEs in Damaturu, Yobe State of Nigeria, and found that MFBs can play a very important role in the development of SMEs despite the high interest rate of borrowing from MFBs. Government providing an enabling environment to the MFBs such as tax holidays and intervention funds to reduce the borrowing interest rate for SMEs to access more loans from MFBs to accelerate the economic growth of the country would further enhance the positive role of MFBs in Nigeria.

Akingunola et al. (2018) assessed the role of sustainable MFBs in financing SMEs in Ogun State, Nigeria, and found a positive relationship between microcredit and business expansion. Using the data from the CBN, Adeola and Evans (2017) found that the total loans granted and lending rates by commercial and MFBs have positive impacts on financial inclusion, suggesting that micro-financing should be at the front burner for promoting financial inclusion in Nigeria.

Babarinde (2022) examined the impact of the credit portfolio of MFBs on the social well-being and living standard in Nigeria and found that loans granted by MFBs have statistically significant and positive relationship with the standard of living in Nigeria, proxied by the GDP per capita income. Khan (2020) examined the impact of MFBs in the development of SMEs in Damaturu, Yobe State of Nigeria, and found that sustainable MFBs play an important role for the development of SMEs in creating job opportunities leading to improvement in positive social change and living standard of the citizenry.

Concept of Corporate Governance

Different authors have defined corporate governance differently. Yusuf et al. (2018) stated that corporate governance involves the responsibilities of managers of organizations regarding four major things: strategy policy formulation, entrenchment of ethical values, transparency in corporate reporting, and accountability. Yusuf et al. (2018) argued that an elaborate corporate governance framework could enhance a firm's market discipline, transparency, and competitiveness in the Nigerian financial system.

Tingle (2018) referred to corporate governance practice as complying with and implementing certain legal structures and practices with the objective of successful business outcomes. According to Erena et al. (2021), corporate governance involves directing and controlling the affairs of a firm through effective interplay of governance mechanisms such as shareholders' role, board independence, board effectiveness, internal audit effectiveness, and disclosure and transparency.

Beekes et al. (2016) referred to the regularly cited definition of corporate governance by OECD and highlighted the generally agreed elements stipulated by OECD (2004) including protection of shareholders' rights, equitable treatment of shareholders, adequate disclosure practices, market discipline and transparency, policy formulation, and monitoring implementation by an effective board of directors. The code of corporate governance issued by the Basel Committee on Banking Supervision of the Bank for International Settlement (BIS) in 2014, stipulates that comprehensive corporate governance strategies is said to be in place when all the corporate governance mechanisms are appropriately constituted and effective (BIS, 2014).

Effective corporate governance practices are characterized by transparency and quality in governance, disclosure and market discipline, self-evaluation by the board of directors, compliance with regulatory code of corporate governance standards, sufficient internal control procedures, regular external audit functions, effective internal and external communication, and compliance with other relevant standards that are not regulatory requirements by the governance code but are best practices or above the ones contained in the governance codes (Baldacchino et al., 2020).

Effective risk management framework, code of ethics and professionalism, presence of female directors on the board of directors, independent audit committee, and appropriate board size with specified tenures adds to the value of the firm and management in addition to improving firm performance, establish good rapport with all stakeholders, and enhance transparency and market discipline (CBN, 2018; Crisostomo & Girao, 2019; SEC, 2014). Shabir and Omar (2016) recommended a holistic approach to the concept of corporate governance to include management, finance, accounting, business law, business ethics, economics, and other corporate necessities such as accountability, transparency, disclosure, social responsibilities, fairness to shareholders, and other stakeholders.

Although governance has always been considered a major issue at global forums for economic development for a long time, corporate governance standards and practices became more important considerations in corporate leadership and regulatory requirements after the global financial crisis (GFC) of 2008 to 2009 (El-Mahdy, 2019; Osemeke & Adegbite, 2016; Yusuf et al., 2018). Corporate scandals and frauds at prominent global organizations such as Enron, Tyco International, WorldCom, etc. that wiped out $8 trillion from the U.S. market alone, further drew global attention to transparency and effectiveness of corporate governance (El-Mahdy, 2019; Yusuf et al., 2018).

The GFC of 2008 and 2009 compounded the problem of failures in corporate governance in developed and developing economies (Hallerberg & Markgraf, 2018). Adegboye et al. (2019) reported that the GFC negatively impacted both big and small financial institutions in Nigeria just like in other countries. Consequently, corporate governance strategies became priority considerations for policy formulation and implementation in response to the GFC. Alobari et al. (2019) found that good corporate governance practices impact profitability of MFBs positively, and recommended adequate recapitalization of MFBs in Nigeria for higher profitability and survivability. In addition, Yusuf et al. (2018) reported that weak corporate governance practices in many Nigerian banks have negative impacts on their performance. Hermuningsih et al. (2020) found a positively significant improvement in firm performance resulting from effective corporate governance practices; and argued that agency conflict would be reduced if corporate governance strategies are in place.

In another study of 253 microfinance institutions across countries in Africa and the Middle East, South Asia, East Asia, and the Pacific, Eastern Europe and Central Asia, and Latin America, and the Caribbean, Tchuigoua (2018) found positive links between effective corporate governance practices and profitability of the firms.

In Nigeria, MFBs have their unique operating model, market, clientele, stakeholders, and organizational structures (CBN, 2013). Rahman et al. (2019) adopted the concepts of corporate governance grounded in agency theory, stewardship theory, stakeholder theory, and resource-based theory as the most applicable for management in micro financing. According to the authors, the multitheoretical approach takes care of the various internal and external factors impacting microfinance institutions. Thus, the concepts for this study will include agency theory on which microfinance governance is generally grounded in addition to stewardship theory, stakeholder theory, and resource-based theory, which are considered as the most crucial and appropriate governance theories for MFBs.

Corporate Governance Theories

Corporate governance is founded on theories such as agency theory, stewardship theory, stakeholder theory, resource-based theory, transaction cost theory, and political theory (Abdullah & Valentine, 2009; Rubi, 2021; Yusoff et al., 2012). As stated earlier, the corporate governance theories relevant to this study are agency, stewardship, stakeholders, and resource-based theories.

Agency Theory

The relationship between shareholders and directors of an organization is a contractual relationship between principal and agent conceptualized in agency theoretical perspective considered to be the most dominant perspective of corporate governance. The separation of ownership from management leads to agency theory concept which creates a knowledge gap resulting in information asymmetry (Jensen & Meckling, 1976; Laher & Proffitt, 2020). Paniagua et al. (2018) posited that the widely adopted conceptual framework to analyze corporate governance is agency theory. However, Bernstein, et al. (2016) asserted that although there is more adaptation of agency theory than stewardship theory in appraising corporate governance, the main problems with agency theory in corporate governance are conflict of interest, information asymmetry, opportunistic behaviors of agents, and agency costs for external audit functions.

Agency problem lies in the fact that managers (agents) tend to maximize their wealth at the expense of the interest of the principals thereby creating a conflict of interest if the managers are not adequately compensated and constantly monitored by the principals (Cole & Schneider, 2020; Miller & Sardais, 2011). Rasel and Win (2020) recommended constant supervision of management by directors to guard against insider abuses that could be detrimental to the overall objectives of profitability and survivability of microfinance institutions.

Hermuningsih et al. (2020) explain that agency conflict arises when owners of businesses emphasize profits through dividends in contrast with the interests of the managers who may have different priorities. Keay (2017) asserted that the main challenge in agency theory is ascertaining how the principals can ensure that the agents act in the interest of the principal rather than in the interest of the agents. Thus, holding members of the board of directors accountable for their actions is one of the main issues in corporate governance. Laher and Proffitt (2020) found that agency problems are common both in for-profit and not-for-profit organizations, suggesting that agency theory is appropriate to use as the lens to explore corporate governance practices in small financial institutions such as MFBs. To reduce agency theory problem, Jensen (1993) suggested that managers and directors should own substantial shares in the firm to establish common interests between the directors and shareholders.

Although the widening interest gap between the principal and agent who are both utility maximizers could be narrowed by providing appropriate incentives for the agent, it is naturally impossible for the agent to make optimal decisions for the principal viewpoint at zero cost to the principal or the agent (Jensen & Meckling, 1976). Erwan et al. (2018) found that conflicts of interest differ in different firms and countries and that government regulation has an effective alternative in curtailing bad corporate governance in firms.

From the review of the literature on agency theory above, it can be concluded that putting an effective mechanism in place to supervise the activities of the agent is vital to protect the interest of the principal, while the main agency problem is information asymmetry, including conflict of interest and agency costs. Agency problem could be reduced through effective board oversight on management, adequate compensation, effective government regulation, and holding of shares by managers and directors of the company (Erwan et al., 2018; Jensen, 1993; Rasel & Win, 2020).

However, there are inconsistent accounts as to who founded agency theory. For example, Anderson et al. (2007) asserted that the debate on the problem of agency theory began with Berle and Means (1932) seminal work on separation of ownership from control. The authors argued that Jensen and Meckling (1976) only referred to the combined cost of monitoring managers by shareholders and incentives to managers. Although Mitnick (2006) argued that there is no standard citation to the origin of agency theory, Ross and Mitnick (1973) have been cited as founders of agency theory, while some writers (e.g., Laher & Proffitt, 2020; Squires & Elnahla, 2020) have cited Jensen and Meckling (1976) as founders of agency theory.

Stewardship Theory

Another corporate governance theory with common objective with agency theory is Davies et al. (1997)'s stewardship theory, as both the executives and directors strive to ensure that the organization succeeds for the benefit of shareholders and management. Stewardship theory is based on the work of Davis et al. (1997) who argued that relying solely on economic-based agency theory is not in the best interest of the organization because it does not holistically address the other parties that can affect life and operations of the organization. Thus, the authors advocated for another theory to explain relationships based upon other non-economic variables such as stewardship which encourages collegiality among managers towards the attainment of common objectives and benefit of all stakeholders in the organization. This argument was supported by Schillemansa and Bjurstrom (2020) who agreed that agency and stewardship theories are appropriate for the study of governance of autonomous agencies because the theories have been developed in different fields of social science such as economics, political science, public administration, organization theory; and have been of great assistance to scholars in analyzing governance-related issues, such as in this study.

Although Anderson et al. (2007) acknowledged the dominance of agency theory in literature on corporate governance of firms, the authors found that board of directors and institutional investors have engaged in strategic partnership with management for collaboration for a common goal and responsibilities for success of the firm, reminiscent of stewardship model rather than agency model. Belle (2017) asserted that stewardship theory emphasizes more on business ethics and manager/ownership collaboration towards the common objective of profitability and survival of the firm. Although some scholars (Anderson et al., 2007; Belle, 2017; Davis et al., 1997) have agreed that the hybrid of agency and stewardship theories is good for modern organizations, Keay (2017) argued that the board members will still be accountable for their actions even if their role is gradually being regarded as that of stewardship.

The establishment of a common goal, strategies, and partnership between directors and management executives conceptualized in stewardship theory would enhance value creation and going concern of MFBs in Nigeria.

Stakeholder Theory

Stakeholder theory considers the interest of all internal and external stakeholders of the organization including individuals, groups of individuals, communities, organizations (private and government), or any persons that can influence or be influenced by the activities of the organization. Freeman (2010) popularized the stakeholder concept in 1984 after realizing that, in their efforts to understand the business environment, managers failed to consider the interest of the numerous groups whose decisions can affect the operations of the organization or vice visa. Freudenreich et al. (2020) asserted that the essence of business is value creation, which involves different activities by individuals or groups in the business value chain. The authors discussed dual value creation perspective from business model perspective and stakeholder theory perspective; and averred that it is not possible to operate a successful business model without sufficient stakeholder relationships such as aligning the interest, cooperation, and mutual benefit engagement of internal and external stakeholders

Freudenreich et al. (2020) listed customers, employees, communities, financiers, and government as the group of stakeholders who have common interests and goal for value creation and going concern of a business organization. The stakeholders for MFBs in Nigeria include shareholders (capitalists) other financial suppliers (financial system), SMEs (customers), regulators, employees, the community, and government (CBN, 2013).

Many related publications have put stakeholder theory on the management science ecosystem (Fares et al., 2021).

Leonidou et al. (2020) view stakeholder theory from the perspective of engaging stakeholders to enhance innovation management and entrepreneurship development. The authors concluded that engaging the various stakeholders can create value for the organization including social interactions, knowledge, and human capacity that can enhance the success of the business to remain competitive. Jimenez et al. (2021) acknowledge the importance of stakeholder theory in the relationship between local businesses and stakeholders where external stakeholders, especially the community where the business is located, mobilize local support to bail out businesses in crises to ensure their survivability. The community banking system in Nigeria in the 1990s leveraged community stakeholder support to survive (Dauda & Oladoyin, 2009; Okoye & Okpala, 2000). Community stakeholder support is still relevant in the operations and survival of MFBs in Nigeria especially those located in rural communities where an MFB is the only financial institution.

Resource-Based Theory

A resource, tangible or intangible such as firm capabilities, skills, know-how, and efficient business process, are scarce inputs and crucial for business success and competitive advantage. Wernerfelt propounded the resource-based theory in 1984 (Wernerfelt, 1984) and explained that the resource position of a firm is the determinant of its strengths and weaknesses because there is a positive relationship between profitability and the resources of a firm. The author asserted that, to remain competitive, firms should strive to have attractive profit-yielding resources and to ensure that such resource positions are difficult for competitors to emulate and catch up. Wernerfelt listed brand name, technology, skilled personnel, business relationships, equipment, seamless procedures, share capital, and customer patronage as the resources of a firm.

Freeman et al. (2021) asserted the convergence of resource-based theory and stakeholder theory and argued that leveraging stakeholders as resources enhances the chance to achieve sustainable competitive advantage. According to Freeman et al. (2021), both resource-based and stakeholder theories are concerned with leadership and management of the firm such as proffering new ideas about strategy, suggesting that both theories are about people and profit of the organization. Zhang et al. (2021) asserted that resource-based theory is an influential theory in corporate governance. The authors posited that, for a source to be sustainable as a competitive advantage for superior performance, the resource "must be valuable, rare, inimitable, and non-substitutable", (p.501). However, Freeman et al. (2021) reported that both resource-based theory and stakeholder theory have been criticized and questioned as to whether they qualified as "theories". The authors concluded that the greatest potential for resources-based theory and stakeholder theory is when they are combined.

For MFBs in Nigeria, the applicable resources include skilled personnel (including the Directors and senior executive management), technology, efficient procedures, share capital, and customer patronage. The application of the resource-based concept as a business management strategy by managers of MFBs in Nigeria would enhance their overall performance and competitiveness.

The concepts that support this study are Agency theory, Stewardship theory, Stakeholder theory, and Resource-based theory. The logical connection between the concepts presented and my research problem, research purpose, and nature of my study is the relevance of the theories to corporate governance issues in MFBs in Nigeria, which is the main subject of this study. The concept of agency theory has been widely used in the literature on corporate governance and the methodology and research design for the study (Laher & Proffitt, 2020). Accordingly, the logical connections between the framework and the problem of my study are the issues in the actions or inactions of directors who are the agents of shareholders of MFBs, and other stakeholders who are affected or can influence the operations of the banks. Schillemansa and Bjurstrom (2020) argued that agency, stewardship, stakeholder, and resource-based theories are appropriate for the study of the governance of autonomous agencies because the theories have been developed in different fields of social science such as economics, political science, public administration, organization theory; and have been of great assistance to scholars in analyzing governance-related issues.

Table 1

Summary of the Key Elements of Each of the Theories Grounding This Study

Theory	Key elements
Agency theory	• Management is different from owners of business, • Adequate management incentives leading to retention of experienced management leading to survivability. • Maximization of shareholders' wealth without pursuing self-interests
Stewardship theory	• Collegiality, motivation, and mutual trust among executive management and directors. • Common objectives of management and board members for the overall organizational performance for the benefits of shareholders, managers, and employees. • Enhancement of shareholders' returns when managers and employees take ownership of their jobs with optimal performances. • Ultimate aim of presenting good stewardship scorecards resulting in profitability and going concern of the firm.
Stakeholder theory	• Engagement and collaboration of internal and external stakeholders towards realization of the overall objectives of the firm. • Promotes corporate social responsibility, and brings about favorable corporate performance, • Leveraging the synergy resulting from the dynamics of different groups of stakeholders. • Enhanced competitive advantage and longevity.
Resource-based theory	• Exclusive use of both tangible and intangible resources at the disposal of the firm, • Use of existing capabilities and innovations to the advantage of the firm, • Skilled personnel, brand names, efficient banking software, efficient procedures, capital, and customer patronage could enhance the competitive advantage and survivability of microfinance banks.

Given the qualitative method for this study and the choice of multiple case study approaches to explore the experiences of board members of MFBs, management-based stewardship theory, stakeholders' theory, and resource-based theory are appropriate for the study. Thus, the logical connection between the purpose of this study and the concept presented is the exploration of the experiences of the managers of MFBs in Nigeria. The connection of the concepts with the nature of multiple-case study is seeking to understand individuals, groups, and phenomena in their natural settings and what their actions mean to them (Ravitch & Carl, 2016) in the management of MFBs.

Corporate Governance Mechanisms and Their Impact on Firm Performance

Corporate governance mechanisms are policies and rules put in place to tackle corporate governance problems (Urban, 2019). For efficient corporate governance mechanisms, Urban advocates for establishment of a common purpose by all stakeholders, putting the right managers in the right place, and providing the managers with appropriate and adequate incentives. For Lugwig and Sassen (2022), corporate governance mechanisms include board diversity, board independence, board size, board committee, the role of CEO, ownership concentration, and transparency.

Erena et al. (2021) examined five main corporate governance mechanisms, including shareholders' role, board independence, board effectiveness, internal audit effectiveness, and transparency. The authors found a strong significant positive impact of shareholders' role, board independence, and transparency in all transactions of the firm. Adegboye et al. (2019) empirically explored the impact of overall corporate governance mechanisms including board size, board independence, board meetings, board ownership, board activeness, and board committee on firm performance in the face of weak institutions in Nigeria; and found that larger board size, larger board committees, and large executive involvement have a detrimental effect on the firm performance, implying that a weak corporate governance structure is detrimental to higher financial performance.

Agbim (2019) provided six components of corporate governance that are necessary in both small and large firms: board composition, board size, board gender diversity, shareholding, CEO duality, and board Committees, while Adesanmi et al. (2018) included board independence as another corporate governance mechanism to that of Agbim. Corporate governance mechanisms are divided into internal group that is related to management, and external group that is derived from external market and organizations cannot change them (Elgharbawy & Abdel-Kader, 2016; Lugwig & Sassen, 2022).

Wamba, et al. (2018) examined whether the effect of governance mechanisms on the performance of microfinance institutions (MFIs) is different depending on their legal status in Cameroon and found a significant relationship between some specific governance mechanisms and microfinance institutions performance and compliance with governance variables per the legal framework of microfinance institutions leads to their efficiency. The study further revealed that, at the global level, very few governance variables have strong influence on the performance of MFIs, reporting that out of 20 corporate governance mechanisms, only eight have strong impact on performance of MFIs, while the use of different mechanisms in accordance with the rules and regulations for MFIs will enhance their performances.

Agbim (2019) investigated whether corporate governance is associated with only large firms with their attendant agency problems and found that private family businesses adopted family ownership and informally constituted board structures with strong inter-relationship between the family and the business. The author reported that the challenges in corporate governance, globalization, and business growth strategy issues apply to both private family businesses and large firms. The result of the study by Agbim (2019) suggests that effective corporate governance practice is also important in small-size institutions such as MFBs in Nigeria for their profitability and survivability.

Board Size

Board size indicates the number of directors on a board of directors. A board of directors is the highest organ of a company that is responsible for short and long-term strategic decision making, policy formulation, and smooth operations of the company (Hermuningsih et al., 2020). Almutairi and Quttainah (2019) recommended that the strategies to be formulated by the board should be in writing and accessible to all shareholders, especially major shareholders for their review and assessment. The board of directors is also responsible for providing oversight on executive management to ensure implementation of the policies formulated. The board of directors of a MFB is made up of persons appointed by the shareholders to manage a bank on behalf of the shareholders and are responsible for formulating strategy goals and monitoring the implementation of the set goals by management (CBN, 2018; Yusuf et al., 2018). Ozili (2020) reported that board of directors is the most researched corporate governance mechanism in the literature on corporate governance in Nigeria, while the other governance mechanisms in organizations are given less attention.

In Nigeria, the sizes of the board of directors of financial institutions, including MFBs are regulated depending on the category of the institution, especially the MFBs. For example, the Regulatory and Supervisory Guidelines for MFBs in Nigeria (CBN, 2013) and the Code of Corporate Governance for MFBs (CBN, 2019) stipulate a minimum of five and a maximum of seven members for the board of a unit MFB. For State MFBs, which are authorized to open branches in all States of the federation, the minimum number is five members and a maximum of nine, while MFBs with national authorization should have a minimum of seven and a maximum of 12 board members.

The Code of Corporate Governance for Banks and Discount Houses in Nigeria (CBN, 2014) stipulates a minimum of five and a maximum of 20 members on a board. The other two corporate governance codes: the Nigerian Code of Corporate Governance (FRCN, 2018) and Code of Corporate Governance for public companies in Nigeria (SEC, 2014) did not specify the number of board members. Rather, the two Codes advocate for a sufficient board size to effectively manage the company relative to the scale and complexity of its operations. In addition, the SEC Code (2014) recommended that the board should be composed of people with diverse experiences, integrity, independent, and active.

Adesanmi et al. (2018) recommended a reasonable board size for faster decision-making. Kivaya et al. (2020) recommended a board size that would not be too large or too small depending on the size of the MFB. The authors advanced reasons for moderate board size in MFBs given the cost implication for large board size, but to strike a balance to avoid biased or weak decisions at the board level.

Shetima and Dzolkarnaini (2018) found a positive and significant relationship between board size and microfinance institutions' performances. This agrees with the findings of Adesanmi et al. (2018) who found a positive and significant relationship between board size, board independence, and returns on assets (ROA) of both manufacturing and banking companies. The finding of Adesanmi et al. (2018) on the relationship between board size and financial performance is in contrast with the findings of Beekes et al. (2016) who found no significant relationship between corporate governance and the size of firm. Alobari et al. (2019) also found no significant relationship between board size and profitability of MFBs in Nigeria but found a correlation between corporate governance and profitability. Haris et al. (2019) found a positive impact of board composition, board independence, and director compensation on bank profitability, but found a negative impact on the frequency of board meetings, presence of foreign directors, and audit committee independence.

Beekes et al. (2016) recommended a holistic approach to corporate governance assessment by involving all stakeholders; including the protection of shareholders' rights, equitable treatment of shareholders, adequate disclosure practices, market discipline through transparency, and effective board of directors to provide a combined relationship on financial performance. Pintea and Fulop (2015) recommended the use of multidimensional variables of corporate governance mechanisms such as board size, board composition, board committees, CEO duality, ownership structure/concentration, and manager's compensations and incentive schemes, to give a better picture of the relationship between corporate governance and firm performance.

Oteng-Abayie et al. (2018) examined the effects of several governance mechanisms such as board size, board audit committee, frequency of board meetings, and corporate social responsibility on the level of technical efficiency and productivity growth of rural and community banks in Ghana and found that board size, frequency of board meetings, and corporate social responsibility have significant influence on rural and community banks' efficiency, suggesting that good corporate citizenship also enhances firm performance. The findings support the various literature on this subject which provides evidence of a positive relationship between the level of corporate governance and bank crises irrespective of the size of the bank (Adesanmi et al., 2018; Haris et al., 2019; Shetima & Dzolkarnaini, 2018).

Board Composition

The most important corporate governance mechanism is the board composition, (Wessels et al., 2016; Yusuf et al., 2018), which is made up of executive and NEDs. In assessing board composition, consideration is given to the possession of industry-related qualifications and experiences of the board members. Kivaya et al. (2020) found that board composition has a positive and significant relationship with the financial performance of microfinance institutions. The findings by Kivaya et al. agree with the findings by Gadi et al. (2015) who found that there is a significant relationship between returns on assets (ROA) and board composition and the composition of board committees. Effective boards and board committees would result in efficient board oversights, leading to optimal performance and survival of MFBs in Nigeria (Alobari et al., 2019).

A board composition should have more outside directors than EDs (CBN, 2019; Haris et al., 2019; OECD, 2004). The regulatory framework for MFBs in Nigeria (CBN, 2013) stipulates that at least two of the board members, apart from the CEO, should have a minimum of eight years of banking or related financial industry experience (p.20). Osho and Ogodor (2018) found a negative and significant relationship between board composition and returns on capital employed (ROCE) even though there was an impact of CEO succession plan, outside directors, and annual strategy retreat on the ROCE, suggesting that the board composition may be used to mitigate the principal-agent problem associated with corporate governance.

Board Independence

Board independence is appraised by the absence of external influence on the board's decisions. The number of independent directors on a board of directors can influence the independence of a board. Kivaya et al. (2020) found a positive but insignificant relationship between board independence and profitability of microfinance institutions. Similarly, Uwalomwa et al. (2018) found that board independence and board size have a positive correlation based on the quality of financial reports. Even though Souther (2021) acknowledged the disagreement among scholars on the relationship between board independence and firm performance, the author discovered consistent relationship between an independent board and higher firm value. Al-Saidi (2020) observed contradictory findings by different researchers on the relationship between board independence and firm performance. For example, the author found a negative effect of board independence on firm performance based on only Tobin's Q in their study of non-financial listed firms in the Kuwaiti Stock Exchange.

Jiraporn and Nimmanunta (2018) investigated how board independence and managerial influence each other and found that the board with high level of independence as stipulated by regulation had higher management standard compared to those that were not compelled by government regulation to enhance board independence. The finding in the study underscores the import of regulatory intervention on board independence relating to management and the positive impact in reducing problem of agency theory.

Board Gender Diversity

Darko et al. (2016) found that the presence of female representation on the board has positive impact on performance. Okoye et al. (2017) observed that the lack of board independence in Nigerian microfinance institutions and low level of female directors on the board are some of the challenges militating against the survival of MFBs in Nigeria. Uchenna et al. (2020) asserted that the lack of female directors on the board of many MFBs in Nigeria contributed to the problems of corporate governance of MFBs because the lack of female directors deprives the board of the knowledge of the needs of most of their customers who are women micro-entrepreneurs, as women understand the needs of their fellow women better.

Ararat and Yurtoglu (2021) found that female directors bring higher firm value when they are part and parcel of governance especially when the number is significant and are actively involved in board committee process. Ararat and Yurtoglu (2021) also found that female directors who are members of controlling families in businesses influence higher firm values, just as the presence of female independent directors increases profitability. The study further found that the presence of female directors on boards and board committees facilitates the production of higher-quality financial statements, improved compliance with capital market laws and regulations, and improves market disciplines and transparency in stock price risk ratings. On the contrary, Shetima and Dzolkarnaini (2018) found a negative insignificant correlation between female directors and microfinance institutions' performances.

CEO Duality

CEO duality is a situation where the board chairperson doubles as the CEO (Goergen et al., 2020). Supporters of CEO duality have argued that CEO duality can lead to faster policy formulation and implementation of strategies and prevention of rivalry between the CEO and the board chairperson (Goergen et al., 2020; Pintea & Fulop, 2015). On the contrary, Hermuningsih et al. (2020) asserted that CEO duality can affect a company's performance negatively because of the inherent conflict of interest in the model. Wijethilake and Ekanayake (2020) found that concentration of power in the hands of one executive can lead to excess responsibility in the hands of the person resulting in inefficiency and poor firm performance.

Arguing against CEO duality, Laher and Proffitt (2020) assert that the Agency theory suggests that the roles of the board chairperson and that of the CEO should be carried out by different individuals. Da Costa and Martins (2019) reported the general opposition to CEO duality by researchers on the grounds that the people who are responsible for the performance of the company are the same people who would evaluate its efficiency, which can result in compromise and underperforming. Kivaya et al. (2020) found that board size and board duality have negative significant relationship with profitability of MFBs. In Nigeria, an example of an institution with CEO duality, as provided by an Act of Parliament, is found in the Central Bank of Nigeria where the CEO is also the board chairperson (Nigeria, 2007).

Board Committees

Board committees free the board from the problems of coordination and communication that may occur in meetings with larger board members (Dato et al., 2018). Tai (2015) found that board committees are significant variables affecting efficiency, but a high number of board committees showed a negative relationship with firm efficiency measured by ROA. The authors advocated for a reasonable size of board committees to reduce their costs and improve efficiency. By regulation, all MFBs in Nigeria are expected to have a minimum of four board committees including risk management committee, audit committee, board governance and nomination committee, and board credit committee (CBN, 2019). However, a unit or state MFB is given the option to combine the functions of risk management committee and audit committee into one committee.

Crisostomo and Girao (2019) stressed the importance of effective audit functions in corporate governance and believe that noncompliance with audit standards casts doubt on the validity of internal control procedures, and weakens the level of transparency and accounting information of the company. Yusuf et al. (2018) found that audit committees had positive insignificant impact on profitability of banks in Nigeria. The findings of

Kuye et al. (2020)'s study showed that a significant relationship exists between audit committees and performance, as compliance with the corporate governance code enforced by audit functions, and responsibility for the successful application of governance code, contributes to the growth and survivability of firms.

Dato et al. (2018) examined the relationship between microfinance institutions' performance and board committees in Ethiopian microfinance institutions and found significant relationship between financial and outreach performance in microfinance institutions. In addition, (Dato et al., 2018) found that board committees assist to achieve efficient operations in terms of cost of operations and wider area of operations.

Ownership Structure (Shareholders' Role)

Ownership structure shows the paid-up shareholdings of shareholders of a company. Shareholders/owners of shares of MFBs in Nigeria could be communities, families, individuals including directors, associations/cooperatives, NGOs, or institutional investors (CBN, 2013). The voting powers of shareholders are determined by the number of shares held and such powers could be used to influence the decision of management of the company (Almutairi & Quttainah, 2019). Darko et al. (2016) concentrated on the roles of three corporate governance mechanisms: board of directors, ownership structure, and audit committees to examine the relationship between corporate governance and firm performance; and found that ownership concentration and female representation on the board have positive impact on performance. Tchuigoua (2018) found no correlation between ownership type and earning quality in microfinance institutions although there was evidence of effectiveness in governance practices, leading to higher earnings in different operational areas of the institution.

Agbim (2019) investigated whether ownership structure and board structure influence the financial and nonfinancial performance of private limited liability firms and found that family ownership and an informal board structure is a vital corporate governance mechanism for improving financial and nonfinancial performance of private family businesses especially when the founder is the CEO and the chair of the board or when the CEO is a competent descendent of the founder. Agbim (2019) asserted that the overlap of ownership and board chair in a private family firm does not pose governance challenges, as private family businesses rely more on social and family controls such as informal family meetings which are different from a contractual governance structure.

Gupta and Mirchandani (2020) focused on the impact of two ownership structures: for-profit MFIs (banks and non-banks financial institutions [NBFIs]) and not-for-profit MFIs (NGOs and cooperatives/credit unions). The authors found that, in addition to the traditional principal-agent conflicts based on agency theory, microfinance institutions also have conflicts between those who provide funds with social motive and those who provide commercial funds. On whether a microfinance institution's ownership structure and corporate governance influence its social performance, Gupta and Mirchandani (2020) found that not-for-profit MFIs such as NGOs and cooperatives have a stronger focus on social goals, have higher customer outreach, less cost per borrower, and higher operating self-sufficiency because they have more female borrowers with smaller loan size than for-profit MFIs. Ownership structure of licensed MFBs in Nigeria is dominated by private investors with commercial motives as their main goals.

Disclosure and Transparency

Disclosure is the presentation of all information about the status and activities of the company. capital structure, detailed reports to stakeholders, accounting and risk management issues, clear strategies/goals, timelines, and deliverables, a summary of company's performance, level of compliance with regulations and governance standards, directors' interest including current accounts and loan to or from the company, and related party transactions (SEC, 2014).

Baldacchino et al. (2020) asserted that corporate governance transparency is the first step to gaining public trust and confidence, as openness in communication, respect, fairness, cordial and honest relationship between the board and management of the company, evaluation of the performance of the board, adequate explanation for non-compliance with code of corporate governance, sufficient regulatory enforcement, market discipline can engender public confidence. Tadele et al. (2018) argued that good governance, regulation, and market discipline reduce information asymmetry and allow for information flow between stakeholders and organizations.

In a study of over 5,000 listed companies in 23 countries to find the relationship between corporate governance, companies' disclosure practices, and market transparency, Beekes et al. (2016) found frequent complementary relationships between corporate governance and disclosure for all countries, suggesting that firms with corporate governance strategies disclose frequently to the market.

Code of Corporate Governance: Evolution, Reforms, and Compliance in Nigeria

Corporate Governance Codes are set of standard principles, systems and processes, and best practices required of managers of the companies (El-Mahdy, 2019). The agitation for corporate governance reforms began in the 1990s due to the apparent weaknesses in the Anglo-American corporate firms, including high-profile corporate failures arising from abuse of powers by managers of the failed companies (Keasey et al., 2005). The report of the Cadbury Committee established in 1991to provide transparency in corporate governance provided guidelines aimed at increasing accountability of executives, avoidance of CEO duality, putting the appropriate board committees, and the provision of functional board audit committees (Keasey et al., 2005; Magdas & Fulop, 2019).

Another occurrence that warranted corporate governance reforms was the devastating effect of the global financial crises of 2007 and 2008 including corporate scandals and fraud cases that led to the crashes of multi-national corporations. The crashes of multi-national corporations wiped out $8 trillion from the U.S. market alone due to lack of transparency in governance practices, resulting in wide loss of public confidence in the financial system (Baldacchino et al., 2020; El-Mahdy, 2019). The loss of public confidence in the financial system led to the introduction of corporate governance legislation in the U.S. (The Public Accounting Reform and Investor Protection Act) commonly referred to as the Sarbanes-Oxley (SOX) Act of 2002 to restore public confidence. El-Mahdy (2019) reported that the SOX provisions had increased the number of board meetings, increased the percentage of outside directors, improved corporate governance practices, and improved the level of expertise of the audit committee; thereby enhancing financial reporting transparency and enterprise risk management.

In Nigeria, there are multiple corporate governance codes for different industries in the country. Prominent among the various corporate governance codes include the Nigerian Code of Corporate Governance (FRCN, 2018), Revised Code of Corporate Governance for Public Companies in Nigeria (SEC, 2014), Code of Corporate Governance for Banks and Discount Houses in Nigeria (CBN, 2014), and Code of Corporate Governance for MFBs in Nigeria (CBN, 2018). The Revised Code of Corporate Governance for Public Companies in Nigeria issued by Securities and Exchange Commission (SEC) enlarged the standard requirements to improve on transparency, accountability, and corporate governance practices/behavior and compliance with international best practices (SEC, 2014). The SEC code applies to all companies listed on the Nigerian Stock Exchange (NSE). The code of corporate governance for public companies is divided into parts and sets minimum standards for compliance by public companies in Nigeria. The minimum standards include the responsibilities and duties of the board, composition and structure of the board, officers of the board including the chairperson, the chief executive officer, EDs, NEDs, and independent NEDs.

With regards to multiple directorships, or board interlocks (El-Mahdy, 2019), the SEC Code (2014) prohibits dual membership of directors of companies in the same industry, neither can more than two members of the same family be on the board of a public company at the same time. This provision of the code supports the arguments against board interlocks to avoid conflicts of interest, breach of confidentiality, and misappropriation of corporate opportunities (SEC, 2014). The provision of the code of corporate governance for banks and discount houses are similar with the provisions of the code of corporate governance for public companies with respect to responsibilities of board and management, board size and composition, CEO duality, board meetings and frequencies, board evaluation, rights of stakeholders, report of conflicts of interest, and ethical consideration and professionalism. The only difference is that the code of corporate governance for banks and discount houses specified the minimum number of board committees that should be in place.

The implication of the requirement of the SEC (2014) code that the Code applies to all companies listed on the Nigerian Stock Exchange is that any deposit money bank (DMB) or MFB that is listed on the NSE will have more than one governance code to comply with: the one peculiar to its industry and the one issued by SEC, by virtue of its listing on the stock exchange, and the Nigerian Code of Corporate Governance. Osemeke and Adegbite (2016) argued that complying with multiple governance codes by one institution will bring confusion if there are conflicts with the provisions of the different governance codes. However, the SEC (2014) code stipulates that where there is a conflict between its code and the provisions of any other codes, the code with stricter provisions shall prevail.

The emphasis of this study is on the code of corporate governance for MFBs in Nigeria. The corporate governance code is expected to be implemented by directors and senior management executives of MFBs for the soundness and survivability of their institutions. In summary, the Code of Corporate Governance for MFBs in Nigeria provides the minimum standards for compliance, including the size and composition of the board of directors, the responsibilities of the board of directors, board committees/meetings, separation of powers, appointment, tenure, board appraisal, rights and functions of shareholders, rights of other stakeholders, equity ownership, disclosure and integrity in reporting, risk management, ethics, professionalism and conflict of interest, and sanctions (CBN, 2018).

With the standards, as contained in the various Codes of Corporate Governance for companies in different industries in Nigeria including that of MFBs, it has been argued that the problem of poor corporate governance practices is due to non-implementation of the governance standards by board members and senior management executives (Yusuf et al., 2018). The responsibility for compliance with the codes lies with the board of directors of the companies (CBN, 2014, 2019; SEC, 2014). Ozili (2020) linked corporate governance failures to non-compliance by firms and politicians, conflicting corporate governance codes and guidelines, and inadequate enforcement mechanisms by the government.

Corporate Governance Strategies and Survivability of MFBs in Nigeria

Survivability is the ability of a microfinance institution to remain a going concern with adequate share capital to provide the needs of its customers and other stakeholders (Said et al., 2019). According to Okoye et al. (2017), the ability of an institution to be financially self-sufficient while meeting the requirements of its customers in compliance with regulations, is financial sustainability. The authors reported that an investigation revealed that the impact of corporate governance has not been significant on the survival of MFBs in Nigeria because corporate governance at the microfinance subsector is still at its rudimentary stage in Nigeria. The authors recommended more improvement in corporate governance practices with the regulatory authorities enforcing strict implementation of corporate governance codes by all MFBs, while ensuring appropriate sanctions for failure to comply.

Uchenna et al. (2020) investigated the relationship between corporate governance and survivability of microfinance institutions in Nigeria and discovered a positive relationship between board size and survivability. The authors concluded that corporate governance strategies and practices in microfinance institutions in Nigeria were still shallow, thus necessitating the need for further research using alternative methods such as qualitative method to deepen research on the viability of microfinance institutions in Nigeria. Alobari et al. (2019) examined the relationship between financial performance, MFBs survivability, and the role of corporate governance especially with regards to board size and composition in MFBs in operations in Southeast Nigeria and found a relationship between corporate governance and profitability but that more studies need to be done to establish the link between corporate governance, profitability, and survivability of MFBs in Nigeria.

Okoye and Siwale (2017) evaluated the impact of regulatory requirements towards the achievement of effective corporate governance in microfinance institutions in Nigeria and Zambia and reported that, although weak corporate governance practices in microfinance institutions necessitated policy regulation and government intervention in MFBs in Nigeria, the regulatory requirements have brought negative outcomes in board compositions, ownership requirements, resulting in differing governance implications. In addition, Okoye and Siwale (2017) asserted that the certification training program sponsored by the CBN for directors on board of MFBs was not feasible with the quality of members on the board of microfinance institutions, coupled with inadequate regulatory supervision especially on risk management in microfinance institutions in both Nigeria and Zambia.

Ogunsanwo et al. (2020) examined the impact of corporate governance and credit policy on delinquency management of MFBs in Southwest Nigeria, with emphasis on Board size, board composition, credit standard policy, and credit terms and found that credit standard has a positive and significant effect on loan portfolio at risk, implying that credit policy has impact on loan delinquency management of MFBs. In another study, Okeke et al. (2019) examined the relationship between corporate governance and organizational efficiency of selected MFBs in Anambra state, Nigeria, and found that attempts by existing studies to establish the relationship between corporate governance and firm performance were inconclusive because of contrasting results of some of the studies. The authors reported the dearth of research on corporate governance and performance of MFBs in Nigeria, thus requiring further studies to establish a universally proven conclusions on impact of corporate governance practices on performance of MFBs in Nigeria.

Pasquale et al. (2015) reviewed global corporate governance practices in microfinance institutions and found that corporate governance, which is crucial for the survival of microfinance institutions, was one of the least emphasized in the microfinance sector. The authors recommended further search using qualitative approach to explore directors' perspectives and experiences concerning governance practices in their institutions. Rasel and Win (2020) reviewed extant research studies on corporate governance in microfinance institutions and found that current studies on microfinance institutions had fragmented findings; concentrated on quantitative research methods with limited corporate governance variables thereby ignoring other stakeholders that have an impact on the operations of microfinance institutions. The authors recommended further research using face-to-face interview approach for deeper understanding of governance practices in the microfinance institutions, and to consider other factors such as board squabbles and management conflicts.

Iqbal et al. (2019) analyzed the relationship between corporate governance and financial performance for MFIs in 18 Asian countries based on five measures on board size, board diversity, CEO/chairperson duality, female CEO, and ownership type, while using accounting-based measures (return on assets, return on equity, portfolio yield, and operating expense ratio) to assess their performance. The study found statistically significant relationships with most of the financial performance measures proxied by return on assets (ROA), return on equity (ROE), portfolio yield (PY), and operating expense ratio (OER).

Chowdhury et al. (2020) focused on the methodological dilemma in microfinance research and found that research studies on microfinance are dominated by quantitative methodology to measure the impact of different corporate governance variables on firm performances. Chowdhury et al. recommended the use of qualitative case study for in-depth, rigor, detailed inquiry, more robust findings, and holistic understanding of the meanings by readers. Ozili (2020) focused on the state of corporate governance research in Nigeria and found that most research articles on corporate governance concentrated on non-financial firms and focused on a single mechanism such as the board of directors thereby ignoring other governance mechanisms in organizations such as the CEO and top management characteristics, ownership, regulatory styles, comply-or-explain, and other stakeholders. Ozili (2020) recommended further research on corporate governance's impact on the performance of financial institutions, especially microfinance institutions, the survival of which is crucial for the provision of finance to SMEs.

The identification of gaps related to previous literature on MFBs are some of the reasons for this qualitative research which may put to rest the contrasting results of some studies, most of which used quantitative methods to merely establish a relationship between governance and performance without identifying the real causes of dwindling fortunes of MFBs in Nigeria. Thus, this study will further identify how members of board of directors of MFBs in Nigeria describe their experiences and strategies for corporate governance practices, in the face of mass failures of MFBs, to ensure the profitability and survivability of their institutions.

Challenges of MFBs in Nigeria

Previous research on the operations of MFBs in Nigeria revealed that poor corporate governance practices, including weak risk management frameworks, incompetence of the unskilled executive management, weak capacity, weak oversight, and unethical practices by members of the board of directors negatively impacted the profitability and going concern of MFBs in Nigeria (Abdullahi & Othman, 2021; CBN, 2018; Da Costa & Martins, 2019; Yusuf et al., 2018). Poor corporate governance practices leading to collapse of MFBs in Nigeria led to the failure and revocation of the operating licenses of more than 415 (or 47.48%) of them from 2010 to 2020, spanning just11 years. This resulted in loss of jobs and public confidence in the microfinance banking subsector (CBN, 2013; NDIC, 2018, 2020; Okeke et al. 2019). Other challenges of MFBs in Nigeria include poor infrastructure and unfriendly institutional environment, inadequate capitalization, high cost of loanable funds, and high ratios of non-performing risk assets, leading to delinquencies of credit portfolio and bankruptcies (CBN, 2018; Chikalipath, 2017; Dikko & Alifiah, 2020; Ogunsanwo et al.,2020; World Bank Group, 2017).

Abdullahi and Othman (2021) reviewed the role Islamic microfinance institutions in Nigeria play in the provision of financial services to poor people and underprivileged through non-interest, equity-based products/services, and found that microfinance institutions in Nigeria have been facing a series of challenges, mainly in the risk management framework and corporate governance practices coupled with the 2020 COVID-19 pandemic that impacted negatively on their survival. Adeola and Evans (2017) reported that the reluctance of conventional banks to granting credit facilities to the informal sector further put pressure on MFBs who cannot meet the high demand for loan facilities from the informal sector thereby compelling the informal sector to resort to very expensive private borrowings from money lenders, resulting in high cost of credit facilities with a negative consequence on financial inclusion in Nigeria. Dikko and Alifiah (2020) investigated the effect of bank recapitalization on the performance of the banking sector and measured the moderating effect on corporate governance, using both financial and non-financial measures to evaluate performance and found that bank recapitalization has a significant relationship with the performance of the banking sector. Thus, lack of adequate capital has been one of the challenges facing the banking industry in Nigeria especially the MFBs.

Da Costa and Martins (2019) reported lack of robust organizational structure and effective board oversight in the operations of MFBs in Nigeria. The authors found that organizational structure, board composition, strategy policy formulation/implementation, and corporate governance practices impact a firm’s performance and profitability. Thus, a robust organizational structure with effective board oversight is required to survive in the competitive market. Corporate governance challenges in MFBs in Nigeria are like the position in Uganda where Ssekiziyiyu et al. (2018) reported that microfinance institutions in Uganda have board of directors in place but not effective, that there were no fully constituted board committees, that shareholders’ rights were sometimes not respected, while accountability failures were common.

Lack of conducive institutional environment is another challenge for microfinance institutions. Chikalipath (2017) explored the impact of institutional environment, such as business freedom, freedom from corruption, and labor freedom on the performance of 291 microfinance institutions in 34 sub-Saharan African (SSA) and found evidence that a strong institutional environment has a positive impact on the performance of microfinance institutions in SSA. The findings also showed a positive and significant relationship between business freedom and microfinance performance, suggesting that business freedom promotes performance of microfinance institutions and reduction in transaction costs and better business conditions. The analysis of the status of MFBs in Nigeria by the World Bank Group (2017) to identify their challenges, regulation, and supervision, found that MFBs had not been well managed due to corporate governance issues and internal control inconsistencies leading to inability to serve their customers and other stakeholders well. Thus, the objectives of setting them have not been fully achieved.

A low level of financial literacy is another challenge for microfinance institutions as found by Premarathne and Abeysekera (2019) who used a qualitative multiple-case study approach to answer three research questions arising from the low level of financial literacy in Sri Lankan microfinance institutions (MFIs): how do MFIs provide financial literacy; why do MFIs provide financial literacy to their clientele; and what are the constraints of delivering financial literature and the strategies to overcome the challenges? The study found that channels of delivering financial literacy are social mobilization programs, seminars, training programs, community committees, and credit societies.

According to the authors, the reason for providing financial literature to the clients is to enhance human capital, protect the clients, social and economic empowerment, development, and going concern of firms in the industry. The authors reported that the constraint in providing financial literature is the lack of interest in training and language/racial barriers. The authors argued that the constraints and barriers could be addressed by community sensitization, motivation, and regulatory framework.

Code of Corporate Governance for MFBs in Nigeria

The CBN issued a separate code of corporate governance for MFBs in Nigeria in 2018 (CBN, 2019). The MFBs are in three categories: unit MFBs, authorized to have one branch only; State MFBs, authorized to have branches in the State it is located or Federal Capital Territory; and national MFBs, authorized to have branches nationwide. All branch expansions are subject to prior written approval of the CBN. The focus of this study is on corporate governance standards practices and implementation by directors of MFBs in Nigeria and how their performances influence the profitability and survivability of their institutions.

The provisions in the code of corporate governance for MFBs are like the code for public companies and that of banks and discount houses in respect of responsibilities of the board, CEO duality, board/CEO appointments and tenures, board/board committee meetings, annual board appraisal, rights of shareholders/stakeholders, shareholders association, transparency and integrity in reporting, conflicts of interest, and ethics and professionalism. There are a few differences with respect to the minimum number of board committees, which is increased from three in the Codes for other industries to four for MFBs, including board risk management committee, board audit committee, board governance and nominations committee, and board credit committee. In addition, the board size and compositions differ according to the category of MFB. For example, the Regulatory and Supervisory Guidelines for MFBs in Nigeria (CBN, 2013) and the Code of Corporate Governance for MFBs (CBN, 2019) stipulate a minimum of five and a maximum of seven members for the board of a unit MFB. For State MFBs, the minimum number is five members and a maximum of nine, while MFBs with national authorization should have a minimum of seven and a maximum of 12 board members.

If all the good standards as stipulated in the Code of Corporate Governance issued by the CBN are implemented by the board and senior management executives of MFBs, profitability and ongoing concerns of MFBs will be ensured. This study explored the perspectives of directors of MFBs and their constraints to implementing the governance standards provided by the CBN (CBN, 2019) for effective management of their institutions.

Gap in Literature

The purpose of this qualitative exploratory multiple-case study was to explore the experiences of members of board of directors regarding how they understand corporate governance standards and implementation strategies to mitigate failures and ensure the survival of MFBs in Nigeria. To achieve this objective, some members of the boards of a sample of 20 MFBs that met the inclusion criteria were purposely selected for interviews to explore how the board members describe their experiences and strategies for corporate governance practices to ensure the soundness of their institutions. The selection for interviews was based on participants' willingness, availability, who have been as a director for at least three years, and after obtaining their informed consents (Saunders et al., 2015). The participants were also the appropriate set of people who could provide the necessary rich and deep information needed to answer the research questions (Ravitch & Carl, 2016)

Although some researchers have investigated the issues with corporate governance practices in MFBs in Nigeria (Abdullahi & Othman, 2021; Okoye & Siwale, 2017; Uchenna et al., 2020), no study has used qualitative research method to holistically explore and to provide the understanding of the experiences and corporate governance strategies used by members of the board of directors of MFBs in the management of their institutions (Rasel & Win, 2020; Shetima & Dzolkarnaini, 2018). In addition, no research on corporate governance practices in MFBs in Nigeria appears to have adopted Rahman et al. (2019)'s multitheoretical conceptual approach to the concept of microfinance governance, incorporating economic-based agency theory and three management-based theories of stewardship, stakeholders, and resource-based theories as was adopted in this study.

What was not yet known that needed to be better understood about the perspective and strategies employed by managers of MFBs to ensure their survival were depicted in this study, including the identification of the current missing elements in the existing literature on corporate governance concept in the microfinance banking subsector in Nigeria. This study may address these gaps by using qualitative research methodology with an embedded multiple-case study grounded in a multitheoretical approach to explore the experiences and strategies that some banking directors need to implement for effective corporate governance to ensure the profitability and survivability of MFBs in Nigeria.

Summary and Conclusions

The aim of the proposed literature review in this study was to present arguments about the current state of knowledge and practice of corporate governance by managers of MFBs in Nigeria. The literature search strategy and conceptual framework based on a multitheoretical approach comprising agency theory, stewardship theory, stakeholder theory, and resource-based theory have been provided in Chapter 2 of the study. In addition, a literature review of the concepts of corporate governance, corporate governance mechanisms, firm performance, and survivability of MFBs in Nigeria was presented.

The frequent mass failures of MFBs in Nigeria are common knowledge. What needed to be better understood was the perspective and the existing governance strategies employed by managers of MFBs to ensure survivability of their institutions. In addition, the current gap of absence of study that has used qualitative research method to holistically explore the understanding of the experiences and corporate governance strategies used by members of the board of directors of MFBs necessitated the need for this exploratory qualitative multiple-case study using a multitheoretical conceptual approach to the concept of microfinance governance, incorporating economic-based agency theory and management-based theories of stewardship, stakeholders, and resource-based theories.

In addition to identifying and highlighting the challenges of MFBs in Nigeria, this study also evaluated compliance with the Code of Corporate Governance for MFBs in Nigeria provided by the CBN with regard to board size and composition, the responsibilities of board of directors, board committees/meetings, separation of powers, board appraisal, rights and functions of shareholders, rights of other stakeholders, equity ownership, disclosure and integrity in reporting, risk management, ethics, professionalism and conflict of interest, and sanctions.

The study may contribute to positive social change because sound and profitable MFBs can provide finance to SMEs for their development and creation of job and employment opportunities thereby improving social status and living standard of the citizenry. Chapter 3 of this study presented the research design and rationale, the role of the researcher, instrumentation, data collection, issues of trustworthiness, and ethical procedures.

Chapter 3: Research Method

The purpose of this qualitative exploratory multiple-case study was to explore the experiences of board of director members regarding how they understand corporate governance standards and implementation strategies to mitigate failures and ensure survival of MFBs in Nigeria. Although researchers have explored the effects of poor corporate governance practices on performance of microfinance institutions, no known research has used qualitative research methods to explore the corporate governance experiences of leaders and managers of MFBs in Nigeria to showcase good corporate governance practices that can be adopted or adapted by MFBs in the country to maintain their going concern (Rasel &Win, 2020; Shetima & Dzolkarnaini, 2018). The weak performance and mass failures of MFBs in Nigeria needed further appraisal of their existing governance strategies. For this study, I collected data from interviews conducted with board members of participating MFBs that have operated for 10 years as of 2020. This chapter discusses the research design and rationale, methodology, instrumentation, procedures for recruitment, participation, and data analysis. In addition, issues on trustworthiness and ethical procedures are discussed, with a summary of the chapter and transition.

Research Design and Rationale

The exploratory research question for this study was: How do members of the board of directors of MFBs in Nigeria describe their experiences of corporate governance standards and implementation strategies to mitigate failures and ensure survivability of their institutions? The approach to address this qualitative study was a multiple-case study based on the approach of Stake (1995) who introduced qualitative research method in a case study and further asserted that multiple-case studies can be used in dissertation research in which the doctoral student is the research administrator, the data collector, and analyst, under the guidance of a chair and committee (Stake, 2013). A case study explores and provides an in-depth understanding of a contemporary phenomenon within a specified boundary and period. Burkholder et al. (2016) described a single case study as a study that entails a deep analysis of events, situations, or organization within a defined boundary and time frame, while a multiple-case study involves the study of individuals, groups, or organization within each situation and across different situations revealing specific individual characteristics, similarities, what is common to them, and their differences.

Fidel (1984) argued that qualitative research design is flexible and that data collection and analyses are largely determined by the subject matter. The design in this study included interviews with board of director members of participating MFBs in Nigeria to improve understanding of the practices by which corporate governance ensures the profitability and survivability of their institutions. An embedded multiple-case study approach draws on multiple methods of data collection and involves multiple data sources to create comprehensive insight into the topic being investigated (Chung, 2019; Granikov et al., 2020). A qualitative multiple-case study research design was chosen for this study because of the many advantages it provides, including the ability to use multiple data sources, analyze the data within each situation and across different situations, and take a holistic view of the phenomenon, which can lead to the extension of existing theory (Creswell & Creswell, 2018; Gustafsson, 2017; Halkias & Neubert, 2020). A multiple-case study provides opportunities for inductive and deductive data analysis, and deductive analysis allows the research to bring out participants' meanings, emergent design, reflexivity, and holistic account from research participants (Creswell & Creswell, 2018; Ravitch & Carl, 2016).

According to Shiells et al. (2020), the multiple-case study approach enables researchers to examine phenomena in their natural settings. Thus, this study explored the differences and similarities of cases in participating MFBs in Nigeria in their natural settings. For triangulation purposes, data were collected from multiple sources, including semistructured interviews, field notes, and document review for comprehensive analysis and to ensure trustworthiness of the data and findings (see Creswell & Creswell, 2018; Fusch et al., 2018).

Role of the Researcher

The researcher plays an important role in any research process. Burkholder et al. (2016) described the researcher as the main anchor for collection of instruments in a case study, especially in qualitative research. The role of the researcher in data collection is to maintain quality such as data validity, reliability, completeness, precision, integrity, and timeliness. Burkholder et al. (2016) specified the role of the researcher in qualitative study as responsible for conducting the interviews, administering the surveys, reviewing, and analyzing documents in addition to supervising all activities relating to the study, as their physical presence is more required than that of quantitative research. Saunders et al. (2015) posited that it is the role of the researcher to provide a commitment that participants will remain anonymous throughout the research project and that all information collected from participants would be used for the study only.

The difference between the researcher in their natural self and the role of the researcher as an interviewer trying to explore the lived experiences of participants to answer a research question is complex and should remain distinct throughout the research process (Collins & Stockton, 2022). Even though a researcher is the instrument in a qualitative study, the role of the researcher should include respect and accommodation of different opinions and ideas of participants even if the researcher is not in agreement with such ideas and beliefs (Collins & Stockton, 2022).

My potential personal bias in this study could emanate from the many reported cases of failures of MFBs in the country, which had the potential for me to assume that the result may be as already reported and witnessed even before the perspectives and experiences of the managers of these banks are gathered and analyzed. Such personal assumptions may affect the analysis of the data and validity of the findings. However, with the achievement of transferability, data triangulation, verbatim transcription of the recorded interviews, and member checking, my personal bias was eliminated. To avoid bias resulting from personal feelings, opinions, and undue influence in a research project, Burkholder et al. (2016) suggested that researchers should use journaling, triangulation of data, and member checking. Bias during data collection or analysis is a threat to trustworthiness. The researcher should be unbiased, creative, and open-minded throughout the research process (Ravitch & Carl, 2016). Biases are managed by making sure the results of the study are what the participants reported and not what the researcher thinks the results should be.

Triangulation is an important concept in data analysis for qualitative empirical research studies, as it increases the confidence, trustworthiness, reliability, and validity of the data if the results are consistent (Fusch et al., 2018). For methodological and data triangulation (multiple sources of data), I obtained and reviewed published audited annual financial statements of participating MFBs in addition to interviews, field notes, and observations. Ethical issues in data collection irrespective of data collection technique included respecting the privacy, dignity, confidentiality, objectivity, and rights of participants to withdraw from the research process, or the right to refuse to answer any of the questions asked (Saunders et al., 2015). A researcher should ensure they obtain the informed consent of participants in a study and provide necessary assurances that ethical consideration will be maintained throughout the study.

Ethical issues relating to confidentiality in this study were handled by making sure the interests of all participants were protected while handling sensitive information, especially information about their business interests, to avoid any harm to the participants and their organizations. If there was a need for publication of unpublished materials, the consent of relevant authorities would have been obtained before publication. In addition, all sensitive information collected during data gathering were stored in a safe place and accessible only to me and will be kept for at least 5 years (Ravitch & Carl, 2016). Respect for participants' privacy and protection of their identity are necessary steps to address ethical issues relating to confidentiality throughout the study process. The confidentiality of participants in this study was further assured because no third-party transcriber or translator was required in the study; only the researcher and Walden University faculty/staff viewed the raw data during the data gathering and analysis.

In this study, I had no personal relationship with any of the participants who were unknown to me before the interviews. Thus, I had no control over them to influence responses during data collection. All necessary steps were taken to avoid potential bias resulting from conflicts of interest and personal prejudice. The research was conducted in full compliance with Walden University research standards and best practices, especially regarding obtaining participants' informed consent before the interview and confidentiality of data while respecting the rights of the participants to withdraw from participating in the research in line with research ethics principles in qualitative study (see Rossi et al., 2022).

Methodology

The methodology for this study was a qualitative multiple-case study designed to explore the experiences and understanding of board of director members regarding corporate governance standards and implementation strategies to mitigate failures and ensure profitability and survivability of MFBs in Nigeria. The motivating factors in qualitative research are the uniqueness, dependability, credibility, transferability, and trustworthiness expected in qualitative methodology. The advantages in qualitative research methods include its natural setting, the researcher as key instrument, multiple sources of data, inductive and deductive data analysis opportunities, insights into participants’ meanings, emergent design, reflexivity, and holistic account of the phenomenon (Creswell & Creswell, 2018).

In addition to the advantages of a qualitative single case study, a multiple case study gives a deeper understanding of the topic holistically, enables comparison of the different cases, and enables the researcher to analyze the data within each situation and across different situations and possible generalization of findings and conclusion (Chung, 2019; Granikov et al., 2020; Gustafsson, 2017; Halkias & Neubert, 2020). In this study, the multiple cases were the different participating MFBs in Nigeria.

Participant Selection Logic

In this qualitative multiple-case study, I recruited members of the board of directors of MFBs for individual interviews. Interview guides and protocols were developed to address the problem and to answer the research question. Interview guides are prepared to ensure that the same basic lines of inquiry are pursued with each person interviewed, refocus the interview questions to align with the research question, and include a list of main questions directly related to the research questions, potential follow-up questions, and probes; thereby facilitating a deeper response from research participants (Patton, 2014; Roberts, 2020; Rubin & Rubin, 2012).

A sample of 20 MFBs that met the inclusion criteria were purposely selected for the interviews with some members of the boards of directors of participating MFBs. The board of directors of a MFB in Nigeria is made up of the NEDs and the EDs headed by the CEO. Thus, any reference to members of the board of directors in this study includes the executive and NEDs. The selection for interviews was based on participants’ willingness, availability, and after obtaining their informed consent (Saunders et al., 2015). The participants in the interviews were the appropriate set of people who could provide the necessary rich and deep information needed to answer the research questions (Ravitch & Carl, 2016). Ravitch and Carl suggested three questions to be considered while selecting participants for qualitative research interviews: 1) the people to be included and the reasons for including them given the goals and specific research questions; 2) the knowledge of the participant on the phenomenon of interest; and 3) whether there are specific experiences, roles, perspectives that need to be explored during the interview.

Apart from the institutional inclusion criteria that a MFB must have operated for at least 10 years, the participating board members must have been in director's position for at least three years, the appointment of which must have been approved by the CBN as required by regulations (CBN, 2013, 2018). The assessment criteria for appointment as ED and/or CEO for a MFB in Nigeria is a minimum of eight years post-qualification experience out of which, at least five years must have been in financial service industry and at least three years at senior management level. In addition, a prospective appointee must show evidence of Microfinance Certification Program issued by the Chartered Institute of Bankers of Nigeria (CBN, 2013, P.21). Any board member that met the above-outlined criteria was part of the sample in the study.

The reason for selecting a sample size of 20 out of a population of 257 registered MFBs in the selected regions in Nigeria as of December 31, 2020, was to achieve feasibility for the study. Saunders et al. (2015) provide three situations when sampling becomes a valid alternative: the impossibility to involve the whole population; cost implications; and time constraints. The 20 samples were selected from either the north central, northwestern, southwest, and southeast regions of the country to achieve a good representation of the different regions that make up Nigeria, as their sociocultural and economic characteristics differ for each region. Additionally, the rate of failures of MFBs in the north central, and northwestern appear different than those observed in the southwest, and southeast regions (CBN, 2018). Sampling MFBs from all regions allowed me to compare corporate governance practices by MFBs in different regions to identify practices that make for survivability in these banks and those that potentially do not.

The saturation level is reached when additional data analysis will not bring new themes to a study (Halkias & Neubert, 2020). Data saturation level enhances the breadth and depth of the study and depends on the heterogeneity and homogeneity among the population (Guest et al., 2006; Mason, 2010). MFBs in Nigeria, though have different sizes, have homogeneous business models; the same market focus and clientele, same recapitalization requirement, same minimum regulatory standards, and same code of corporate governance (CBN, 2013; 2019). With these similarities and equal opportunities, their levels of complexities of operations, and challenges are not significantly different. Thus, the data from the sample of 20 MFBs were a good representation of other MFBs, thereby achieving a saturation level.

Regarding data collection tools, I designed and facilitated an expert review of a researcher-administered semistructured key informant interview guide. Interviews were recorded using a voice recorder while upholding all ethical standards stipulated for research that involves human subjects. Triangulation is an important concept in data analysis for qualitative empirical research study, as it increases the confidence, trustworthiness, reliability, and validity of the data if the results are consistent (Fusch, et al., 2018). Triangulation in conducting case study qualitative research enhances validity through convergence of findings, sources, or methods, and supports research that focuses on in-depth and complex questions, as divergence in data and its subsequent reconciliation may add credibility to the study and uncover unseen factors, leading to clearer definitions and theoretical elaboration (Farquhar et al., 2020). Accordingly, for purpose of methodological and data triangulation, I obtained and reviewed published audited annual financial statements of participating MFBs.

Instrumentation

Tools for data collection are the instruments/devices used in collecting data for research. In the interview method of data collection, the main instruments include an interview schedule, voice recorder, field notes, and qualitative data analysis (QDA) software for automated coding. Research instruments are described as questions, prompts, or protocols referring to the procedure including planning, implementation, and reporting to increase transparency, replicability, and credibility in qualitative research (Closa, 2021; Ravitch & Carl, 2016).

Interview guides are the list of main questions directly related to the research questions, potential follow-up questions, and probes (Roberts, 2020). Roberts reported that the use of an interview guide is a requirement of Institutional Review Boards and human subject review committees, which requires research projects to follow a prescribed protocol within human subject interviews. An interview guide, which can even be shared with participants to reduce stress and make the process more transparent, helps keep both the interview and the subject focused and facilitates a deeper response from research participants (Rubin & Rubin, 2012). Seidman (2012) asserted that interview guide can be used as a reference of what needs to be addressed within the interview.

For this qualitative study, the instrumentation for data collection was the interview schedule containing open-ended questions and interview guides, each of which was linked to an element of the theoretical constructs (Appendix A), which guided the data gathering and analysis to answer the research question. In addition to the professional review of my qualitative interview questions by the Doctoral Methodology Advising, two field experts were engaged to review the content validity of the interview questions and reliability. At the beginning of the interview, the interviewees were informed that the interview would be recorded and transcribed. The interviewees were also informed that they had the right to decline to any question and that their identities will not be disclosed in the research process.

Research participants were interviewed, and specific data points were included responses to semistructured and open-ended clear interview questions to members of board of directors regarding their experiences of corporate governance practices to ensure the profitability and survivability of MFBs in Nigeria. Open-ended questions allow the interviewee to elaborate upon answers as the questions are not fixed or asked in each order requiring a yes or no response (Rubin & Rubin, 2012). Other data points include information from observations and field notes taken on the behavior of participants, and document reviews (Creswell & Creswell, 2018). Interview questions were also centered on practices regarding activeness in operations, compliance with extant regulatory code of corporate governance and internal control standards, rendition of statutory returns to the supervising regulators, and their assets base, as well as the challenges, weaknesses, and opportunities for the banks. Qualifications and experiences of board members, board size, board composition and competencies and diversity, leadership and management structure, oversight, and ethical practices were also identified during the interviews and document reviews. Qualifications and experiences of board members, leadership and management structure, and frequency of board oversights are resources and capabilities available to the participating organizations and linked to the resource-based theory, which was assessed during document reviews and demographic information gathering and analysis. The data gathering was through the interview questions each of which was already linked to an element of the conceptual framework as indicated in Appendix A.

Data Collection Procedure

Data collection is the systematic approach to gathering and measuring information from a variety of sources to get a complete and accurate picture of an area of interest (Ravitch & Carl, 2016). Two types of statistics data are primary and secondary data. Primary source of data is the first-hand source that had not been previously used by someone else, while the secondary sources are those which had been collected by someone for a different purpose. Ravitch and Carl (2016) provided the methods of data collection in qualitative research to include interviews, observations, field notes, focus groups, review of documents, questionnaires, and participatory methods of data collection.

Interview has been described as the main mode of collecting data for qualitative research study because of its depth of personal interaction with research participants, reliability and primary nature (Ravitch & Carl, 2016). Individual interviews are easy to manage unlike in the focus group where it might be difficult to manage a group, and unexpected conflicts among group members may arise. However, the partial and subjective characteristics of the interview in qualitative research are the major demerits of the interview method of data collection. The main difference between focus group and individual interviews is the interaction when participants ask each other questions or debate each other (Nili et al., 2014). Another difference between the two methods is the steps involved in focus group which is different from individual interview.

To achieve data triangulation, I reviewed published audited annual financial statements of participating MFBs. Fusch et al. (2018) posited that triangulation is an important concept in data analysis for qualitative empirical research study, as it increases confidence, trustworthiness, reliability, and validity of the data. The participant recruitment was based on the criteria for inclusion, which was set before the selection of participants (Patino & Ferreira, 2018). The alignment of the data collection methods with the interview questions was of primary focus to ensure that the choice of data collection method and the interview questions were aligned with the conceptual framework of the research study.

Procedure for Recruitment, Participation, and Data Collection

The participant's recruitment was based on the criteria for inclusion, which were set before the selection of participants (Patino & Ferreira, 2018). The criteria for inclusion for my study were demographic and geographic. To participate in the study, a MFB and the board member must meet the inclusion criteria to limit the scope of the study and focus on the specified participants (Patino & Ferreira, 2018). For example, the bank must have been licensed by the CBN and have operated as a MFB for 10 years as of the end of 2020, directors must have been on such position for at least three years, the appointment of which must have been approved by the CBN as required in the regulations (CBN, 2013).

Recruitment of interviewees occurred by notice or phone calls. For document analysis, the annual audited financial statements of the participating banks were analyzed to ascertain the trends of their profitability for at least 3 years. Following the completion of data collection, I transcribed the data and analyzed them using qualitative data analysis (QDA) software, NVivo 12. Data analysis process included the initial reading of the data through division into segments up to collapsing them into themes.

Interview method of data collection was the main source of data in this study. Interviews, which are one of the key naturalistic research methods (Rubin & Rubin, 2012) that gain a lot of insights into participants' experiences and personal opinions on the phenomenon of interest have a lot of advantages over other methods of data collection, such as focus groups, observational data collection, etc. For example, an interview is a face-to-face, direct communication, provides in-depth understanding between the interviewer and the interviewee, and is a primary source of data suitable for qualitative research (Ravitch & Carl, 2016). The interviewer understands the client's feelings, emotions, and behavior completely because the interviewee shares his/her experiences and meanings of the phenomenon of interest; enables the researcher to obtain detailed information; facilitates easy flow of information; and more flexible as more classification can be made during the interview; and the method is cheaper compared to questionnaire (Guest et al., 2017; Rubin & Rubin, 2012).

Given my choice of approach, the data collection tools that is most appropriate to consider was interview, observation, field notes, and document analysis. Interview method of data collection has some disadvantages such as time and expertise required from the interviewer; limitation on the number of people to be interviewed; the interviewee may hide some information if they lack confidence in the interviewer; language barrier; etc. (Rubin & Rubin, 2012). However, most of the disadvantages were anticipated and strategies were put in place to manage them during the interviews.

Interview guides included a list of main questions directly related to the research questions, potential follow up questions, and probes (Roberts, 2020). Interview guides are required for both semistructured and extensive interviews of individual participants or focus group (Roberts (2020). Interview guide helps keep both the interview and the subject focused and facilitates a deeper response from research participants (Rubin & Rubin, 2012). Seidman (2012) asserted that an interview guide can be used as a reference of what needs to be addressed within the interview. Rubin and Rubin (2012) suggested that interview guide can even be shared with participants to reduce stress and make the process more transparent. To focus on the objectives of the research, which is to answer the research question, the interview for my study had a guide of the sequence and what to be addressed in the interview, which was conducted in person, or teleconferencing.

The semistructured interviews in person or via teleconferencing with the shortest time lasting 23 minutes and the longest time lasting one hour and 10 minutes, with open-ended questions on participants' experiences concerning corporate governance practices in their institutions was anchored by the researcher. Information about participants' experiences was gathered from the personal interviews. Participants experiences, including capabilities and skills, are resources available (resource-based theory) to the participating organizations that can enhance operational effectiveness (through the agent's skills and experiences), which were gathered from the interview questions linked to resource-based theory and agency theory.

The data collection procedure and analysis involved intra-case and inter-case analyses, use of a purposeful sampling technique with all the selection criteria stated, and adherence to researcher's reflexivity to avoid biases as required in qualitative multiple-case inquiry. The use of multiple case studies has the benefits of the ability for the researchers to analyze the data within each situation and across different situations (Gustafsson, 2017).

The interview information was supplemented with demographic questions that captures age, length of service in the bank, grade of staff, and educational qualification. In addition, field notes which provide the context for the interviews themselves (Laureate Education, 2017) were maintained, while ensuring that the interviews were focused to avoid digression. Both interview data and field notes had the same level of confidentiality protection. All sensitive information including field notes collected during the data-gathering exercise were stored in a safe place and accessible only to me. The hard manuscripts relating to the data gathering process were kept in a file cabinet under lock and key, while the soft copies were in password-protected folders in my laptop. Nobody has access to my laptop. The protected data were to ensure respect for participants' privacy and protection of their identity which are necessary steps to address ethical issues relating to confidentiality throughout the study process.

All the data from the interviews were digitally recorded and transcribed by the researcher. The frequency of data collection events depended on the rate of responses by participants for the interview sessions. There were no returns for follow-up visits by the researcher and/or to clarify uncertainties in any aspect of the interview process, as the few uncertainties were clarified through telephone calls. All the details of how participants are recruited and exited are explained in the study.

Data Analysis Plan

Data analysis is the systematic scrutiny of the data at various stages and throughout the research process (Ravitch & Carl, 2016). Qualitative data analysis may start from the coding process through division into segments, and categories and collapsing into themes. A category is created by bringing several of important codes that share attributes, meaning, and intent (Rubin and Rubin, 2012). Categories can be about objects, processes, or differences. Rubin and Rubin (2012) describe themes as "statement of ideas presented by participants during interviews that summarize what is going on, explain what is happening, or suggest why something is done the way it is" (p.118). Themes are developed as you continue to engage with your data through the analysis strategies as well as through the writing process.

The key elements/stages of data analysis that are consistent with my qualitative research approach are coding, categorization, and theming (Hicks & Peng, 2019). The coding process started with the initial reading of the data through division into segments up to collapsing into themes. Categories were created by bringing several of important codes that share attributes, meaning, and intent. Categories can be about objects, processes, or differences. Thus, Ravitch and Carl (2016) advised that researchers should be unbiased, creative, and open-minded. In my data analysis, codes were developed, categories were identified, and then I collapsed the categories into themes. The summary element of data analysis was the statistics and tables. Labeling and organizing qualitative data to identify various themes and their relationship is the process of coding. A code can be a word or phrase that explains or describes what is going on in the data (Saldana, 2016).

The choice of a coding method in qualitative research depends on the nature and goals of the study, one or two methods of coding could be enough depending on the complexity of the process of the study and the phenomena in the data (Saldana, 2016). The descriptive coding method was most appropriate for my data analysis because I had multiple types of data such as interview transcripts, field notes, and documents. Thus, my coding decisions was derived from the method/design of my study (Saldana, 2016).

Two categories of methods of coding qualitative data are automated coding and manual coding. Manual coding was very tedious and time-consuming, as it took a long time to analyze interview questions and responses and prone to errors, delays, and cost. When compared to manual coding, automated coding using Qualitative Data Analysis (QDA) Software is time-saving and can handle and manage large amounts of qualitative data, increase flexibility, reduce costs, and faster validation (Mattimoe et al., 2021). The QDA Software which was also used in this study was NVivo 12 designed to assist users organize, analyze, store, and retrieve data to find insights in qualitative data such as interviews (Mattimoe et al., 2021). The main advantages of automated coding over manual coding are the speed/timeliness, ability to handle large volumes of documents with ease, accuracy, flexibility, validity, and cost-saving (Lewis, 2004; Mattimoe et al., 2021; O'Kane et al., 2021).

Issues of Trustworthiness

Four criteria that can be used to evaluate the trustworthiness of a research study are Credibility, transferability, dependability, and confirmability (Shenton, 2004). Daniel (2018) provided the TACT framework which details the elements of trustworthiness, auditability, credibility, and transferability (TACT), the combination of which enhances rigor in qualitative research. In this study, I followed the strategies for ensuring trustworthiness in qualitative research projects, including credibility, transferability, dependability, and confirmability (Cope, 2014; Shenton, 2004). I ensured compliance with the eight criteria of quality in qualitative research, such as worthy topic, rich rigor, sincerity, credibility, resonance, significant contribution, ethical consideration, and meaningful coherence (Tracy, 2010), while adhering to the Walden University checklist for quality dissertation and leveraging the resources at the Center for Research Quality.

The trustworthiness of research could be ensured if the strategies such as the adoption of research methods that is well established. I developed early familiarity with the culture of participating organizations while seeking letters of cooperation before the first data collection dialogues took place. Member checking relating to the accuracy of the data were carried out with all the participants (Houghton et al., 2013; Liao & Hitchcock, 2018; O'kane et al., 2021; Shenton, 2004; Tuckett, 2005).

Credibility

Credibility refers to high-quality and trustworthy information and whether readers of such information can believe what the source is telling them. Thus, credibility is the degree of trust researchers give to a source depending on the context in which it was published. Daniel (2018) and Ravitch and Carl (2016) equate credibility in qualitative research to internal validity in quantitative research. According to Closa (2021), compliance with research protocols including planning, implementation, and reporting enhances transparency, replicability, and credibility in qualitative research.

To ensure credibility in this study, data was collected from multiple sources including interviews, observation, field notes, and document review. Interview guides and protocols were developed to address the problem and answer the research question. Interview guides are prepared to ensure that same basic lines of inquiry are pursued with each person interviewed, refocus the interview questions to align with the research question, and include a list of main questions directly related to the research questions, potential follow-up questions, and probes; thereby facilitating a deeper response from research participants (Patton, 2014; Roberts, 2020; Rubin & Rubin, 2012).

A sample of 20 MFBs that met the inclusion criteria was purposely selected for the interviews which were with some members of the boards of directors of participating MFBs subject to their willingness, availability, and after obtaining their informed consents (Saunders et al., 2015). The participants in the interviews were the appropriate set of people with deep knowledge of the phenomenon and could provide the necessary information needed to answer the research question.

Transferability

Transferability is the extent to which the findings of one study can be applied to other solutions. The equivalent of Transferability in qualitative research is external validity in quantitative research (Amin et al., 2020; Daniel, 2018; Ravitch & Carl, 2016; Shenton, 2004). An elaborate and extensive description of the research process is the main strategy to achieve transferability in qualitative study (Houghton, 2013; Ravitch & Carl, 2016). In this study, full details of the procedure of obtaining data from different sources such as interviews, observations, and field notes were provided. How the data would be processed and analyzed to arrive at the findings was also provided to enable replication by other scholars in similar studies.

MFBs in Nigeria, though have different sizes and are located in different regions with slightly different cultures, they have homogeneous business models, same market focus and clientele, same recapitalization requirement, same minimum regulatory standards, same code of corporate governance, and same national regulator (CBN, 2013;

2019). With these similarities and equal opportunities, the transferability of data from the different regions became seamless, as their levels of complexities of operations, and challenges were not significantly different.

Dependability

Dependability criteria in qualitative research means that the data collected is reliable and can be depended upon to answer the research question with feasible replication by other researchers. Dependability in qualitative research is reliability equivalent to quantitative research (Amin et al., 2020; Ravitch & Carl, 2016; Tuckett, 2005). Good sources of materials, quality of data, and researcher's experience enhance dependability in qualitative research (Daniel, 2018).

In this study, full details of sources and documentation of the research process were provided to enable replication by other scholars in similar studies. The use of data from different sources, and the deployment of QDA software ensured the triangulation and dependability of the research process (Houghton et al., 2013; O'Kane et al., 2021).

Confirmability

Confirmability is ensuring reflexivity and assurance of objectivity by the researcher to avoid potential bias. Confirmability, the equivalent of objectivity in quantitative research (Amin et al., 2020; Ravitch & Carl, 2016; Tuckett, 2005). Being human, researcher's biases were inevitable. However, strategies such as member checking for reconfirmation of the accuracy of information provided by participants after transcription of the interviews were carried out to enhance confirmability (Amin et al., 2020; Burkholder et al., 2016). The problems of researcher's bias were further reduced as steps were taken to ensure that the research findings were the results of the experiences and ideas of the participants (Shenton, 2004). In addition, all the details of the data collection process (recorded or written) were secured for verification by other researchers.

Ethical Procedures

Ethical consideration and confidentiality of information are key to gaining the confidence of the participants. Thus, effective communication with the participants and adequate assurances should be given to all participants to solicit and obtain their full cooperation and collect complete information from them. Ethical concerns could be about respect for dignity and diversity, rights, confidentiality, and avoidance of harm to participants (Ravitch & Carl, 2016; Patton, 2015).

The absence of regulated and formalized guidelines for ethical research conduct which caused considerable harm to individuals and groups necessitated ethical regulation, such as institutional review board (IRB) committees at universities and other ethics committees at various kinds of organizations to serve as safeguards (Ravitch & Carl, 2016). IRB committees are responsible for reviewing research proposals and overseeing ongoing research projects to ensure that researchers always have the welfare of participants in mind and not cause any harm to the research participants. All ethical considerations have already been put in place, hence the IRB approval for this study.

Ravitch and Carl (2016) argued that complying with various codes of ethics within specific fields and consideration of consent forms and confidentiality issues are central to research ethics. Ravitch and Carl (2016) explained that harm could be anything that exposes participants to adverse consequences including breach of confidentiality, asking participants to do what was not made known to and consented by them before the research process, and bad representation of participants capable of ridiculing them.

In this study, all the extant ethical procedures for Walden University especially the IRB standards were strictly complied with. For example, the rights of participants to withdraw from the interview process were explained to the participants, the confidentiality of the data and other documents/information to be used were assured to the participants.

Summary

In Chapter 3 of this study, I discussed the research design and rationale, and the methodology as derived from the research question. The role of the researcher, participants' recruitment procedures, and data collection and analysis has been presented. In addition, ethical procedure and the four criteria for trustworthiness, including credibility, transferability, dependability, and confirmability were presented. In Chapter 4, I present the analysis and the result of the study.

Chapter 4: Results

The purpose of this qualitative exploratory multiple-case study was to explore the experiences of board of director members regarding how they understand corporate governance standards and implementation strategies to mitigate failures and ensure the survival of MFBs in Nigeria. The exploratory research question for this study was: How do members of the board of directors of MFBs in Nigeria describe their experiences of corporate governance standards and implementation strategies to mitigate failures and ensure the survivability of their institutions? Although researchers have explored the effects of poor corporate governance practices on the performance of microfinance institutions, no known research has used qualitative research method to explore the corporate governance experiences of leaders and managers of MFBs in Nigeria.

This study addressed the social problem of mass failures of MFBs in Nigeria mainly arising from issues in corporate governance oversight by board of director members, resulting in a negative impact on their profitability and leading to the revocation of their operating licenses by the CBN. To address the research question and the purpose of the study, I conducted a qualitative exploratory multiple-case study with 20 participants who were board of director members of participating MFBs that had operated for 10 years as of the end of 2020. I prepared semistructured interview questions (Appendix A) for individual interviews. In addition, probe questions were used to clarify uncertainties arising from responses to the main questions. This chapter will discuss the research setting, demographic information of participants, data collection, data analysis, evidence of trustworthiness, study results, summary, and transition to Chapter 5.

Setting

I recruited 20 participants who met the inclusion criteria. Initially, I obtained a list of licensed MFBs from the website of the CBN and sent letters seeking permission to conduct research to one director each of 58 MFBs that had met the inclusion criteria of (a) an institution must have been licensed by the CBN, and (b) operated as a MFB for 10 years as of the end of 2020. Twenty-three of the banks responded with letters of expression of interest to participate in the research. I sent the approved informed consent form to each of the 23 MFBs that I received letters of interest to participate in the interview. However, only 20 (or 86.96%) directors who had earlier consented were able to participate in the interview. In addition to the professional review of my qualitative interview questions by Walden University doctoral methodology advising, two field experts reviewed the content validity of the interview questions and reliability. At the beginning of the interview, each interviewee was informed that the interview would be recorded on a voice recorder. The interviewees were also informed that they had the right to decline to answer any question and that their identities would not be disclosed in the research project.

Demographics

The 20 participants in the interviews were board of director members of MFBs in Nigeria, made up of NEDs and EDs, who had met the inclusion criteria of (a) participating directors must have been in such position for at least 3 years, which I considered appropriate to provide necessary rich and deep information needed to answer the research questions, and (b) their appointment must have been approved by the CBN as required by regulations. Five of the participants were female, while 15 of them were male participants. Participants had various qualifications ranging from a minimum of first degree equivalent to a PhD. The demographic information and other relevant characteristics of the participants are detailed in Table 2.

Table 2

Participant Demographic Information

	Gender	Highest education	# years on the board	Authorization status	# of employees
P1	Male	MSC	8	State	60
P2	Male	MBA	4	Unit	26
P3	Male	BSC	4	Unit	15
P4	Male	PhD	3	National	758
P5	Female	PGD	10	Unit	14
P6	Female	BSC	4	Unit	26
P7	Male	BSC	7	Unit	23
P8	Male	MBA	15	State	52
P9	Male	HND	10	Unit	34
P10	Female	MBA	4	State	219
P11	Male	MBA	7	Unit	45
P12	Male	HND	4	State	253
P13	Male	PhD, Prof.	3	Unit	34
P14	Male	PhD	3	Unit	35
P15	Female	HND	4	State	54
P16	Male	HND, PGD	3	State	65
P17	Male	MBA	7	Unit	10
P18	Female	MBA	3	State	63
P19	Male	MBA	10	State	32
P20	Male	M. Phil	5	Unit	10

Data Collection

After I received the notification of approval to conduct research from the Walden University IRB (No. 03-31-23-0647769) on June 20, 2023, I forwarded the approved consent form to 23 participants who had earlier expressed their interest to participate in the research. The sample of 23 participants were selected from north central, northwest, southwest, and southeast regions of the country to achieve a good representation of the different regions that make up Nigeria; as sociocultural and economic characteristics differ for each region. All participants were requested to indicate their consent by replying to the emails with the words "I consent" if they understood the study and wish to volunteer. Data collection commenced immediately using semistructured and open-ended interview questions, field notes, and document review after I received the informed consent from the participants.

A qualitative multiple-case study research design was chosen for this study because of the many advantages it provides including the ability to use multiple data sources, analyze the data within each situation and across different situations, and take a holistic view of the phenomenon, which can lead to the extension of existing theory (see Creswell & Creswell, 2018; Gustafsson, 2017; Halkias & Neubert, 2020). The multiple-case study provides opportunities for inductive and deductive data analysis, and deductive analysis allows the research to bring out participants' meanings, emergent design, and reflexivity and enables researchers to examine phenomenon in their natural settings and create a holistic account from research participants (Creswell & Creswell, 2018; Ravitch & Carl, 2016; Shiells et al., 2020). An embedded multiple-case study approach draws on multiple methods of data collection and involves multiple data sources to create comprehensive insight into the topic being investigated (Chung, 2019; Granikov et al., 2020).

Individual interviews, which is one of the key naturalistic research methods (Rubin & Rubin, 2012) that gain a lot of insights into participants' experiences and personal opinions on the phenomenon of interest, were the main source of data in this study. Of the 20 interviews conducted, six were done face-to-face, and 14 were conducted via teleconferencing because of distance and cost implications. Individual semistructured interviews were conducted with the directors of the participating banks. The interview process started with the first participating director on July 20, 2023, and ended with the last participant on September 25, 2023. All the interviews were conducted at a time chosen by the participants convenient for each of them. An interview guide was used to follow a prescribed protocol within the human subject interview and used as a reference of what needs to be addressed within the interview process. I thanked every participant at the end of each interview for creating time for the interview. The average time for the one-on-one audio recorded interview with each participant in person or via teleconferencing was 46.45 minutes, with the longest one taking 1 hour 10 minutes, while the shortest interview lasted 23 minutes.

All the interviews were recorded on a voice recorder and transcribed verbatim using Otter Pro Voice Meeting transcription software. After the verbatim transcription of the recorded interviews, I used the technique of member checking by emailing each participant their respective interview transcript for them to review for reconfirmation of the accuracy of information provided to eliminate bias resulting from personal feelings, opinions, and undue influence (see Amin et al., 2020; Burkholder et al., 2016). A few instances of feedback were received with a few editorial amendments.

Data Analysis

Data analysis is the systematic scrutiny of data at various stages and throughout the research process. The key elements/stages of data analysis consistent with this qualitative research approach are coding, categorization, subcategorization, and collapsing them into themes (Hicks & Peng, 2019). I used Braun and Clarke's (2006) steps in data analysis: (a) familiarization with data, (b) generation of initial codes, (c) themes search, (d) themes review, (e) themes definition, and (f) producing the report (p.87). The coding process started with listening to the recorded interviews and reading all the transcripts several times to further gain insights into participants' meanings, feelings, and emotions. The coding process involved labeling and organizing the data to identify various themes and their relationship.

Based on the qualitative multiple case-study design methodology for this study, two levels of analyses were involved: within-case analysis and cross-case analysis (see Tsortanidou et al., 2023). The within-case analysis was the individual case/bank analysis wherein the transcripts were separately analyzed inductively using a data-driven approach to identify codes, categories, and emerging themes from the data on an individual case basis. The cross-case analysis was to explore convergence across the cases from combined codes, categories, and themes. Thus, the first level of data analysis started with the within-case analysis to examine what was experienced by an individual single participant in their bank, followed by the cross-case analysis that identified the common experiences across different participating banks.

After immersing myself in the data and deeply understanding the data collected from the fieldwork, categories and subcategories were created by bringing several important codes that share attributes, meaning, and intent. The coding process involved three cycles of recoding and recategorization to reduce the number of codes, categories, and themes to reasonable numbers. Due to the large number of participants (20) and the number of interview questions (22) because of the four theoretical frameworks involved in this study, I arrived at 12 categories, several subcategories, and 10 themes. Categories can be about objects and processes that have similarities or groups within the phenomenon of interest, while themes are statements of ideas presented by participants during interviews that summarize what is going on and explain what is happening in their banks (Rubin & Rubin, 2012).

Based on the nature and goals of this study, I used the descriptive coding method because of the multiple types of data such as interview transcripts, field notes, and documents (Saldana, 2016). Two methods of coding, manual and automated coding using QDA software, were used in this study. NVivo QDA software was selected and used in the coding in this study because of its ability to organize and analyze to find insights in qualitative data such as interviews, ability to audit qualitative research, efficiency, and time saving (Houghton et al., 2013; Mattimoe et al., 2021).

Evidence of Trustworthiness

Four criteria that can be used to evaluate the trustworthiness of a research study are credibility, transferability, dependability, and confirmability (Shenton, 2004). Shenton shifted from the positivist paradigm by replacing the terms internal validity, external validity, reliability, and objectivity with credibility, transferability, dependability, and conformability, respectively, to suit qualitative research. In this study, I followed the strategies for ensuring trustworthiness in qualitative research projects.

Credibility

Credibility refers to high quality and trustworthy information and whether readers of such information can believe what the source is telling them considering factors such as the author's experience, date of source publication, and bias. Thus, credibility is the degree of trust researchers give to a source depending on the context in which it is published. I spent sufficient time in the field to gain a deep understanding of the phenomenon under investigation to enhance the credibility of this study (Houghton et al., 2013). In addition, I complied with research protocols including planning, implementation, and reporting that were transparent and can be replicated. For purposes of triangulation, multiple methods of data, including interviews, observation, field notes, and document review sources were used to arrive at a deep understanding of the phenomenon under investigation, thereby ensuring vigor and credibility in the study (Daniel, 2018; Farquhar, 2020). Furthermore, I had early rapport with research participants followed with member checks relating to the accuracy of the data at all levels of the research process to achieve credibility and gain public confidence for the results of the research.

Interview guides were prepared to ensure that same basic lines of inquiry were pursued with each person interviewed, refocus the interview questions to align with the research question, and included a list of main semistructured and open-ended interview questions directly related to the research questions; follow-up questions/probes were employed to facilitate deeper response from research participants (see Patton, 2014; Roberts, 2020; Rubin & Rubin, 2012). A sample of 20 members of the board of directors of MFBs who met the inclusion criteria were purposely selected for the interviews conducted subject to their willingness and availability and after obtaining their informed consent (see Saunders et al., 2015). Having met the inclusion criteria, the participants in the interviews were considered to be appropriate with deep knowledge of the phenomenon and could provide the necessary information needed to answer the research questions (see Ravitch & Carl, 2016).

Transferability

Transferability is the extent to which the findings of one study can be applied to other solutions. Different researchers have equated transferability in qualitative research to external validity in quantitative research (Amin et al., 2020; Daniel, 2018; Ravitch & Carl, 2016; Shenton, 2004). Elaborate and extensive description of the research process is the main strategy to achieve transferability in a qualitative study (Houghton, 2013; Ravitch & Carl, 2016). To keep track of the codes as they were identified, I used a code book to keep me organized throughout the data analysis process. Roberts et al. (2019) advocated for the use of codebook development that provides clear descriptions of the coding processes and could be replicated by other researchers in similar studies to achieve transferability in qualitative data analysis. In this study, full details of the procedure of obtaining data from different sources such as interviews, field notes, and document reviews were provided. Records of how the data were processed and analyzed to arrive at the findings were kept to enable replication by other scholars in similar studies.

MFBs in Nigeria, though have different sizes and located in different regions with slightly different cultures, they have homogeneous business models, same market focus and clientele, same recapitalization requirement, same minimum regulatory standards, same code of corporate governance, same challenges, and same national regulator (CBN, 2013; 2019). By regulation, 80% of the products of MFBs represented by their loan portfolio composition irrespective of their region of locations are supposed to be micro-loans to micro-enterprises or individuals (CBN, 2013). With these similarities and equal opportunities, the findings/data in one bank can be applied to different banks and regions thereby ensuring transferability, as their levels of complexities of operations, and challenges are not significantly different.

Dependability

Dependability criteria in qualitative research means that the data collected is reliable and can be depended upon to answer the research question with feasible verification by other researchers. Dependability in qualitative research is reliability equivalent to quantitative research (Amin et al., 2020; Ravitch & Carl, 2016; Tuckett, 2005). For Drost (2011), dependability is reliability which is the extent to which measurements are repeatable when different persons perform the measurements, on different occasions, and under different conditions.

In this study, I used good sources of materials, good quality of data, and provided full documentation to enable audit trail and reflexivity to ensure the dependability of the research (Daniel, 2018). In addition, the use of data from different sources and deployment of QDAS in the coding process was also a strategy to achieve triangulation and dependability of the research process (Houghton et al., 2013; Korstjens & Moser, 2018; O'Kane et al., 2021). Full details of sources and documentation of the research process was provided to enable replication by other scholars in similar studies. The main aim of the data collection and analysis was to answer the research question of how members of the board of directors of MFBs in Nigeria describe their experiences and corporate governance strategies to ensure survivability of their institutions. Ravitch and Carl (2016) recommended that researchers should detail how their research methods will answer the research question(s). Roberts (2020) proffers that the initial interview question should be directly and closely aligned with research question.

Confirmability

Confirmability is ensuring reflexivity and assurance of objectivity by the researcher to avoid potential bias. Confirmability, the equivalent of objectivity in quantitative research (see Amin et al., 2020; Ravitch & Carl, 2016; Tuckett, 2005), provides the feasibility and the degree of authentication of used data from multiple sources, findings, and interpretation by other researchers (Cope, 2014; Korstjens & Moser, 2018). Being human, researcher's biases are inevitable. Thus, strategies such as member checking for reconfirmation of the accuracy of information provided by participants after transcription of the interviews were carried out (Amin et al., 2020; Burkholder et al., 2016).

The problems of researcher bias were reduced because steps were taken to ensure as far as possible that the research findings are the results of the experiences and ideas of the participants, which is evident by the verbatim accounts of different participants. Shenton (2004) recommends the use of triangulation which involves the use of more than one method to collect data on the same topic as a way of assuring the validity of research results. In addition, Houghton et al. (2013) recommended provision for audit trail, and reflexivity as major strategies to achieve confirmability in qualitative research. In this study, the interviews were recorded and transcribed verbatim, including providing quotes from participants especially on major emerging themes (Cope, 2014). In addition, all the details of data collection process (recorded or written) were secured for verification by other researchers. Even though the researcher was the instrument in this study, the role of the researcher included respect and accommodation of different opinions and ideas of participants even if the researcher was not in agreement with such ideas and beliefs (Collins & Stockton, 2022).

Results

The purpose of this qualitative exploratory multiple-case study was to explore the experiences of members of board of directors regarding how they understand corporate governance standards and implementation strategies to mitigate failures and ensure survival of MFBs in Nigeria. The exploratory research question for this study was: How do members of the board of directors of MFBs in Nigeria describe their experiences of corporate governance standards and implementation strategies to mitigate failures and ensure the survivability of their institutions? To retrieve answers to the research question from the data collected, I followed the steps of Van Kaam (1994) framework as modified by Moustakas and reviewed by Galinha-de-Sa and Velez (2022). The steps included reading all the transcribed data to identify codes; re-reading for reduction and elimination; categorization, subcategorization; theme identification; refining by re-coding, re-categorization which was done three cycles while merging some codes, categories, and themes; and finally providing the individual participant's verbatim expression from the transcript to capture their meanings and experiences. The 10 themes that emerged from the data are highlighted in this section of the study.

Board Oversight and Executive Management

Interview question: What is your perspective and experience with corporate governance practices in your bank and the level of collegiality, motivation, and mutual trust among executive management and directors? With this question, my main aim was to assess the directors' experiences with the various corporate governance mechanisms and also the level of collegiality, motivation, and mutual trust among executive management and directors towards the attainment of common objectives of their banks. The individual responses to the interview question are detailed below:

Table 3

Summary of Participants Response on Directors' Oversights and Role of Executive Management.

Code	Description	Examples
Board oversight and executive management	Directors' perspectives and experiences of corporate governance mechanisms; directors' qualifications, contribution to deliberation at board meetings, conflict of interests; director-related non-performing loans and profitability of the bank. Participants reported their experiences of low quality of education of board members, weak oversight, non-performing director-related loans, conflict of interests, inactive board committees, and the impact on profitability of their banks. Participants also relayed their experiences about the expensive lifestyles and mission drift by most executive managements of MFBs, such as purchase of exotic cars, gigantic office buildings, frequent changes in leaderships, and inability to implement board directives, which impact their profitability negatively.	P17: "The board committees is where I will tell you that we have a deficiency. Some of the board members have resigned and because of the size of the bank, we did not have the required and adequate number of directors to man all the various committees required or as enshrined in the corporate governance guidelines. So the only active board committee that we have is the credit committee and then the F&GPC, that is the finance & general purpose committee." P20: "The only committee that was a little bit active was the credit committee. … our directors and their families had credits that are not settled, sitting allowance was not fixed, the issue of board members' interference with the daily operational procedures of the bank. That crippled a lot of things and has caused many damages and losses to the bank, leading to its distress." P2: "Currently in Nigeria, some of the board members of MFBs cannot even write, so such people cannot contribute meaningfully in decision making at board meetings and this can affect the implementation of good corporate governance practices in our bank." P4: "Some of the big names in microfinance banking industry have also been liquidated because of corporate governance issues in the past. For instance, one of the big MFBs with a national license went down in 2018 as a result of poor corporate governance. Their top was too heavy and when the top became too heavy, certain things went wrong. They were unable to find their feet even when CBN brought in monitoring team to look at how the bank can be revived, the bank died. So, these are some of the challenges we are facing in the industry." P15: "One major problem in our board is the level of exposure of our directors is not that strong. If you are not too exposed, going to meet other people outside becomes very difficult. I know some board members whose levels of exposures are low but they have been on the board because of their contributions to the bank. When it comes to the level of exposure that, at least, they should be confident in going to make approaches outside, you will discover that is not working as expected." P19: "The relevance of the bank hinges on who is in charge of the government to appoint good quality individuals on the board." "There are some directors that are not supposed to be given to a microfinance bank. … Some will have substandard and inadequate certificates, those that have not gone to school but jumped into their House of Assembly will be the ones that will now come and get those positions. So when they consider the cost they have incurred to reach the office like this, they will come with the sole intention of recovering what they have invested during the electioneering campaigns." P4: "I don't know how those qualifications of the board members translate into efficiency and effectiveness of a system in the sense that how do they transfer their own expertise, apart from policies and documentations? … How do they really transfer those competencies to the employees and the performance of the bank?" P2: "Generally, most of the challenges of MFBs has to do with the directors, especially with regards to insider-related loans. Some directors on the boards of MFBs see themselves as tin gods, where they can do and undo and control the management of the bank since they are directors and therefore consider themselves owners of the banks" if you are owing a bank and you are not paying, how would you go after the customers that are owing the bank?' P11: "Where you have a director who borrowed money as loan and after struggling to pay for some time, hoping that he/she will pay your whole money, but later he/she said that he/she need some waivers. Whatever you are waiving for him/her, you are waiving out of your profit which has negative impact on your profitability." P19: "As outlined by the CBN microfinance banks' policies, which the Board should not have less than two people that have made career in banking. But as is the case now, I am the only person with such required qualification since I have been in the bank." P11: "The operations or personality of a microfinance bank differs from that of a

Code	Description	Examples
		commercial bank. That difference needs to be clearly made. … If you bring someone with experience from commercial bank to a board of microfinance bank. He/she will still take time to learn operations in microfinance banking. For example, some MDs/CEOs that came from commercial banks when the policy for microfinance bank was enacted had their banks closed because they wanted to repeat what was being done in the commercial banks." P3: "One of the major reasons for failures of MFBs we witnessed has been because the directors left the banking operations in the hands of the management teams. If the directors were performing their oversight functions, those banks could have not failed. Directors are policy makers, so you don't just sit back and allow the Managing Director/CEO do all the works without getting involved to ensure that policies are implemented, ensure that regulatory authorities' policies are being followed to the letter, as small as sending monthly returns to the relevant authorities regularly. For instance, most of the failed banks did not send their returns, they did not file their annual accounts to the CBN. … Other issues are the inactive/dormant directors and lack of frequent board meetings to make decisions for implementation by executive management." P5: "The issue of inactive directors and getting their attention for us to meet and take decisions are major challenges." P15: "Poor corporate governance will happen because sometimes you observe some little conflict of interest of power among the board members, which can affect corporate governance negatively." P9: "The oversight, that is in terms of board composition, regular board meetings, and committees needs improvement to stop what is holding the progress of the institution, as most of the directors take their jobs just like part time businesses; that is my major problem despite the fact that the microfinance bank is over 30 years in operations." P11: "As the NAMB Chairman for North Central Zone, I can talk generally about some corporate governance practices in some MFBs in Nigeria. … The poor corporate governance practices by directors in some boards are very alarming. In some places, the board chairmen are involved in the day-to-day running of the banks including being the custodians of cheque booklets and the sole administrator of the banks with its inherent negative administrative impact on the banks, leading to their failures and withdrawal of their operating licenses by the CBN. … Closely related to these is the domineering behaviors of some directors of the banks especially when such directors happen to be the only experienced banker on the board of directors. Such negative practices are affecting the performance and profitability of microfinance banks, resulting in their failures." P10: "I think the MFBs will need to support the quality of their directors, not being just politicians. There are politicians that are interested in the sector but most of them do not have the qualifications and experiences to be on the boards of the banks. … Some directors and owners just believe that they opened the bank so that anytime you just open the vault for them. So, capacity, capacity, and capacity is a major challenge in this sector." P17: "Maybe I should say that the directors should be more committed in their oversight functions on management. Directors should make themselves available to attend corporate governance workshops organized by regulatory authorities from time to time whenever the opportunity presents itself. Most of the time you discover that they are always very busy to attend organized workshops, and because of that, they are ignorant of their roles and responsibilities in most cases until they are reminded to do so." P20: "A lot of things were handled in the wrong manner in such a way that sometimes the board used to interfere with the management of the bank unnecessarily. So, there were many interference in the operational procedures of the bank from the board members. Many operational breaches really caused a lot of hardship to the bank." P19: "Some of the board members are coming only to add burden or overhead to the bank, that is expenditures in terms of multiple or unnecessary meetings, or unnecessary allowances. What I have come to realized is that whenever the board is given the free hand to determine its allowances, then they tend to draw allowances which are not compatible with the operations of the bank … And at times when they are doing nothing, and then trying to siphon some of the resources and when you resist, you find that you are at loggerheads with them. And because of that, at times, they want to use their positions to create some problems for you to get you out of the bank."

Code	Description	Examples
		P19: "As long as you get people who do not care whatever it is even if the bank is going down, their selfish interests kind of supersedes that of the bank. … Some positions, what they term as 'lucrative,' are meant to be used as rewarding political stalwarts, which in the banking industry, honestly should not be so. … When you talk about politicians, at times they act without consultation even when that requires an expertise or regulatory or statutory guidelines. So, at times, they will appoint fewer board members, which will not meet the statutorily required number and sometimes they will appoint more than what is required, which at the same time add burden to the bank. … Some loan defaulters would go to the government to complain because the bank is owned by the state government, and as such, it has all the powers in terms of appointing board members, and so on and so forth. … The frequent dissolution of the board usually affect our bank especially when there is a change in government. If a new government comes in, certainly it will dissolve the existing board and put new directors in the bank."
		P20: "What we have problem with is policy implementation by the board members. When the board refused to implement the policies it has formulated, how do they expect the workers to obey the policies of the bank? … Sometimes, some of the directors, normally when it is time for board meeting, they only tender apologies that they will not make it to the meeting because they know that if they come, what they want in their own way will not scale through because it is what will benefit the bank that will scale through."
		P20: "The problem with our system in Nigeria is that directors are picked from the shareholders who may be rich to float banks but they are not all that educated and experienced in banking operations. Once you have money to invest, then you are qualified to be a director."
		P17: "My only worry is that, at the management level, we do not have adequate number of qualified staff that will man the departments that are required even the minimum departments that are specified in the regulatory guidelines such as credit, IT operations, audit, internal control and those basic ones as mentioned in the guidelines; the reason is that it is a rural area. … Unfortunately our area has been bedeviled over the years by crisis of sporadic insurgency attacks, thus, the areas are not attractive to skilled labor. so, we have to make do with the few hands that are available and they are not qualified. … Because we have been bedeviled by the level of crisis, our level of profitability has been down too low; in fact, we are operating at the negative most of the time. You will not be able to attract the kind of qualified labor that you ought to have in all the departments to ensure effective and efficient running of the organization as expected."
		P10: "Sometimes when you see an MD/CEO and you engage him, you will be wondering, are we both MDs? And the question is who approved this person? … I think there should be some topping of the game at the regulatory level … the CBN should be more stringent in who qualifies to actually be an MD of a microfinance bank."
		P17: "On the low side again, like I said, that we are unable to get adequate qualified staff because of our location and then because of the crisis that we have been bedeviled with over the years and the level of remunerations. All these on the negative side, so we're unable to leverage on and because of that succession plan has been a problem. Strategic planning has been a problem, constant monitoring of, maybe analyzing the bank's risk level to ensure that we are in line with what is expected, is lacking because the staff who are supposed to handle all those rules and responsibilities are not there. The ones that are available are not qualified as sometimes it may take a huge long time and far more sources to train them because their level of comprehension now or knowledge is a bit too low."
		P18: "There is a fall in skill set in terms of getting the requisite skills. And this is where the issue of remuneration you mentioned earlier comes in. So, for the quality of the skills we have, the remuneration is good, but for the quality of the skills we need to scale up, the remuneration is not something this industry can afford now because of the volume of business we do. And actions by the CBN, where multiple licenses are pooled, depositors run, is also not helping us to put in the volume of customers that will enable us meet up with the remuneration of the highly skilled people that can help us scale up."
		P7: "The skilled personnel has been a little bit of challenge because of the microfinance business structural issues. When you have trained a skilled personnel, sometimes the person will take away the experience somewhere else, so you cannot get to enjoy the personnel for a very long time."
		P20: "Some of my colleagues, the CEO, will just come in without learning and

Code	Description	Examples
		knowing what they supposed to do, and then enter the bad waters. For example, sometimes, most of the outstanding loans we have granted in the past are supposed to be granted by a commercial bank, not a microfinance bank. The single obligor limit for a microfinance bank should not be more than two hundred thousand naira but you are granting one person one million, two million, or three million naira. How will that be properly managed by staff with little qualification and experience?" P20: "I am the third Managing Director within two years because all those they were changing could not even do the right thing, talk less of putting back the bank into the right track. That is why the turnover of the chief executives was high within a short period." P4: "The frequency of change in the leadership of a bank, say after 2 years, also impact the effectiveness of the corporate governance practice because new board members would have to undergo orientation each time they are appointed. … You have a microfinance bank license and doing microfinance banking but your lifestyle is that of a commercial bank or oil company. No microfinance bank may be sustainable with such ostentatious lifestyle with exotic/expensive cars, highly elaborate office setting, and heavy overhead expenditure." P14: "The macro and micro economic condition is really a big challenge, especially in the area of energy. We spend a lot of money now in providing alternative power supply because of power outages. You need a generating set and you have to buy fuel which everybody know is very expensive."

Stakeholders' Interests and Support

Interview question: Who are the stakeholders that can influence or be affected by the operational or strategic decisions of your board of directors? This question aimed to obtain information about the role of the internal and external stakeholders of the banks, the level of engagement and alignment with their interests, and collaborations with stakeholders towards the realization of the overall objectives of their banks. Individual participant's responses were as detailed below:

Table 4

Summary of Participants' Description of Role of Stakeholders and Their Influences

Code	Description	Examples
Stakeholders' interests and support	Internal and external stakeholder such as communities, customers, employees, government, individuals, organizations, business partners, their roles, collaboration, and aligning with their interests. Participants expressed concerns about the lack of stakeholders' interest and support for the operations and survival of microfinance banks, especially from government agencies, coupled with inadequate regulatory supervision and high standard of requirements.	P2: "There is no much concern by most stakeholders in the survival of MFBs in Nigeria. For instance, MFBs are not carried along in decisions affecting their operations; the issue of increase in share capital base was rushed and the consequences has not been palatable because the customer base of MFBs are different from those of commercial banks, some field examiners from the CBN/NDIC are not adequately trained on how the MFBs operate in the banking industry". P8: "issues like revocation of licenses without taking into consideration when those businesses stopped operations. Like when the licenses of some MFBs were revoked recently, a lot of those businesses had closed off some years back. If the revocation was done in batches of say one, two or three, but because it is not possible, you then come out and say you are revoking hundred and more licenses. This brings a perception of a systemic problem in an industry or a sub sector in the financial sector. That makes the sub sector to be endangered and then it brings bad public image in the eyes of the banking public. So every institution fights for survival on its own ability to convince your customers that you are not as bad as the other lots". "For example, one MD of the closed banks said the CBN had not visited their bank for the last six years. So it means that there is no trigger in the supervision because if you have not visited a bank for six years is a red flag". P9: " I can tell you lack of institutional or inadequate institutional investors, absence of independent directors". "Most of the people that invest in microfinance have their main businesses, so their main focus is their main line of businesses. Thus, there is no much attention on microfinance business, So, at times it takes up to 12 months before a decision, thus, making it very difficult to manage the bank because of the quality of board oversight and lack of management succession plan".

Adequacy of Supervision and Regulatory Requirements

Interview question: What is your assessment of the appropriateness, adequacy, and quality of the extant Regulatory and Supervisory Guidelines for MFBs in Nigeria and the Code of Corporate Governance for MFBs in Nigeria as provided by the CBN? This question was aimed to obtain participants' experiences with regulatory supervision, collaboration, and the appropriateness of the regulatory guidelines and the code of corporate governance for MFBs in Nigeria. The responses of individual participants to this question were as detailed in the table below:

Table 5

Summary of Participants' Expressions on Supervision and Corporate Governance Codes

Code	Description	Examples
Adequacy of supervision and regulatory requirements	The supervisory roles of regulators such as the CBN, NDIC, and tax authorities, their collaboration with the microfinance banks, and the level of compliance with the guidelines and governance codes by microfinance banks. Participants relayed their experiences with the regulatory agencies and the lack of consideration of MFBs by policy makers in decisions that concern them, conflicting regulatory requirements from the regulators leading to noncompliance, application of same regulatory requirements for both MFBs and commercial banks, and mass revocation of operating licenses of MFBs at the same time.	P15: "The only experience with the regulators that is affecting us is that most of the operators are in the villages, so most of the guidelines/policies based on which we operate favor only people in the cities. Like the cashless policy, we did not find it easy with the people in the villages because most of them do not have funds for local trading, talk less of going electronic banking, coupled with the low level of literacy in the villages. So, it has not been easy, as most of the policies/guidelines issued are not fitting the microfinance banking business at the village level". P2: "There is no much concern by most stakeholders in the survival of MFBs in Nigeria. For instance, MFBs are not carried along in decisions affecting their operations, the issue of increase in share capital base was rushed and the consequences has not been palatable" P1: "MFBs are sidelined in many schemes of things in the banking industry such as more access to SME funds and membership of bankers; committee". P2: "even the CBN is not helping us at all with their policies; "for microfinance banks, when the CBN comes, they say something and NDIC come and say another thing; "When this one come and say something and another one come and say something different, so if you confuse an operator, what do I do now?" "some field examiners from the CBN/NDIC are not adequately trained on how the MFBs operate in the banking industry". "The regulators should come together in synergy and see themselves as one so that there should be no conflicting instructions, so that what the CBN say should be what the NDIC is saying" P2: "The regulators are not really concerned, most of the time, about the survival and how you are surviving. It seems regulators of MFBs are not really interested in your situation, as most time they don't want to know what is really happening". " You know most of them are not operators, they are just regulators and most of them have never worked in MFBs before. Some of them have not even worked in commercial banks before, as some of them had been employed only by the CBN, so they are like police". "This is what they say you should do, you must do it, and they don't want to know what you are facing in your own environment, your own conditions that people you are dealing with are not even educated people; they don't want to know that". P6: " For instance, you are looking for somebody to just come and be on the board so that you meet up with the criteria", "if the relationship officer of the CBN is readily available for you to even call and ask plenty questions you feel and gives you the consent to answer you and give you direction; "when the regulator make us to understand that they are not fault finders but just partners in progress, it helps us". P9: "We in the operators sector believe that the former governor of the CBN does not care about microfinance banks, we believe that he even worked against MFBs for the mere fact that, one, he went and introduced a competitor within the CBN by floating a different microfinance bank". P17: "Then going to the CBN and the NDIC, if I have my way, I will suggest that the guidelines or regulations for rural microfinance banks, as much as possible, should be softer or should differ a bit from those that are in townships because we face peculiar conditions…..but when a guideline is flat, the

Code	Description	Examples
		rural MFBs suffer a lot to ensure implementation. Most of the time you discover that because of that, we are in default. If you say you must have so number of directors for instance, you will have to pay board fees, pay sitting allowances and maybe others. Where do you get this money from?. And still, you have to operate within the guidelines and the level of profitability you ought to make. You can’t charge exorbitant rates because if you charge exorbitantly, those customers in the rural areas have no capacity to absorb such costs. So why do you insist, for instance, that you should have so number of board members?. Why not say if it is convenient for you to have, for instance, one or two or three which should be okay; but if you say you must have a minimum of five, it is a burden for some of us. If you insist on number of committees, they are too large for a typical microfinance bank to accommodate; in most cases you discover that we are in default not because we flagrantly want to disobey the rules, but we have no capacity to implement those rules.”. P17: “For instance, in credit, you are expected to have a credit officer or you are also expected to have risk officer or risk manager. You have internal control and then you are expected to have auditors, and then you are expected to have compliance officer, and then you are expected to have certain users. Now that we are IT-driven, we are expected to have users that must be approved by the CBN”, ….”these guidelines, I want to say on a general note, are too stringent for small MFBs like ours”. P20: “once you do not have qualified members of the board to see to the true implementation of these corporate governance policies/codes, there is nothing you can do. The policies will remain in the books and practically, they will be absent. That is the truth of the matter. So, the policies/codes are good but the people that will implement these policies are shortchanged because they have no requisite qualifications to do so”. P18: “I have a problem with when we are trying to throw away the baby with the bad water in the sense that you know that all the organizations/institutions you have given licenses do not operate in the same capacities and technical know how. Do not treat me the way you treat another institution who has probably not submitted their returns for six to eight months. The difference is clear, handle each organization individually. Don’t put me in a cluster with people that do not understand the industry we are operating in. We understand it and we abide by the rules, so treat every organization individually. heaping everybody at the same time is not the best boost of morale. Sometimes it makes it seem as if all the efforts we are putting in to give the industry a better face is not being recognized. Because we are all in the same space, we have all those kinds of financial providers now coming into our space to do business; how about them being regulated?. So, at the end of the day, it is very important that we try to identify the organizations individually”. P18: “when it comes down to the microfinance space, there is certain corporate governance rules that applies to commercial banks that might not necessarily fit into this space, because of the nature of the financiers. It is very difficult for MFBs to get investors because of how volatile it is, especially if CBN can just wake up and pull licenses without proper interactions with the affected parties before it happens, especially one that is already in operation. Now what that does is that it kills customer confidence; right now, my deposits has dropped by a huge percentage, because of the licenses that were withdrawn. Now licenses are withdrawn, depositors’ funds are not well catered for unlike the commercial banks where if an institution is having a challenge, the CBN steps in and finds a way to properly handle the situation. That is not obtainable for microfinance banks. I have people who have managed to save

Code	Description	Examples
		their little N1000, maybe they have N20,000, maybe N100,000, and they can't access it because they woke up in the morning and heard in the news that the license of the MFB where they are building their small savings has been withdrawn, you can't withdraw, you can't do anything". P17: "I will say that the idea of corporate governance is good. But if they can review the documents (guidelines) to ensure its applicability and practicability is feasible, so that we do not theorize everything. Some aspects of it, I cannot remember exactly now, but I think I used to, the idea is theory but you are not likely to be able to implement those conditions to the letter". "If you go through the corporate governance codes and you interact with other managing directors especially or top management, you will discover and agree with what I am saying". P3: "Most of the MFBs whose licenses were revoked by the CBN were in defaults of complying with the simple procedures stipulated in the guidelines". P7: "The challenge, I would say, is just the zeal and the spirit to comply with corporate governance practices. That is just the challenge, not that they are not good or they are not helping the bank, but the zeal to following it by abiding by those corporate governance policies". P19: "Yes, there are challenges. Let me take it from the board down to the management and other staff. You see, one has no control over the board. That too, if you have a board that refuses to comply, there's nothing you can do. Just like I mentioned, when they send you political appointees to the bank, there's nothing you can do because these appointees have the backing of the government, that is the people that employ you and the owners of the organization. So each person coming from the government knowing fully well that he/she has the backing of the government, you find it difficult to control them in terms of implementing those governance standard" P19: "It may surprise you that at times no matter the position you hold, your junior staff in an organization may have more access to government officials than you do. This is very dangerous, because in as much as you are not in good terms with that junior staff, the tendency is that he/she may go and fabricate lies against you. And the next thing you see the government coming to the take harsh decision on you without going through the records to find out what actually happened. It is even very annoying when you realize that some government officials are trusting your messenger, your clerks, or your supervisor more than you or against the managing director who is shouldered with the responsibility for managing the bank".

Government Policies and Public Perception

Interview question: What has been the most difficult part about managing your MFB? In the course of answering other questions, most participants expressed concerns about the public perceptions and attitudes of customers of MFBs, thereby necessitating a probe interview question: What has been the public perception of MFBs and the attitudes of your customers? This question aimed to gain insights into the participants' most difficult aspects in managing their banks, government policies, and public perception of MFBs in Nigeria. The various individual participants' responses were as detailed below:

Table 6

Summary of Participants' Expressions on Government Policies and Public Perceptions

Code	Description	Examples
Government policies and public perception of microfinance banks	The government policies and major difficulties in managing MFBs in Nigeria, the public perception of microfinance banks, and attitudes of customers of microfinance banks; the participants reported on what they consider as the most difficult aspect in managing microfinance banks, including unfriendly government policies, low public trust, low level of financial literacy of rural customer and their attitudes, currency redesign and cashless policy, mass revocation of operating licenses of MFBs, negative public perceptions, serial borrowers, and low banking knowledge of rural customers	P11: "One of the most difficult parts is in the lending because the lending activity is the one that generates almost 80% of your income. When there is challenge of customers not repaying, you will never sleep. I don't know, it is a general problem and I don't know how we will solve it in this country, as this is the general complaints you will hear from ten banks when you interview fifteen banks in the industry". "sometimes when customers take loans and divert or even there is no diversion, you will see one policy of government or one unforeseen circumstances affecting their businesses, and then you are struggling to recover again, so when you look at what causes the bank failures, you will discover that the issue is bad loan classification, and not that the bank is doing totally bad" P2: "Look at the cashless policy; we really suffered. How can you expect a microfinance bank to collect N100,000 or N200,000 in a week for its customers. The MFBs as important stakeholders were not carried along before the policy was brought out". Thus, the naira redesign policy had very negative effect on the operations of MFBs in Nigeria and up to date, we have not fully recovered. Much cash was eroded from us and people were not coming to deposit money because if you deposit, you cannot withdraw the money". "So, it was a bad policy that affected most of the MFBs negatively which may end up killing MFBs in Nigeria". P5: "The most difficult time, if I will say, not even long, …..''the season of cash crunch has been the most difficult time we have ever seen as MFBs in trying to manage all stakeholders, the customers, and the community". P6: "The regulation on cashless policy and the naira currency redesign affected business negatively because at the time our customers were about to repay their loans from January, that was the time the CBN came up with the cashless policy and naira redesign when people needed to go to the market to sell their goods to repay their loans. So there was no cash in circulation for customers to sell their goods and most of them would not want to accept electronic money transfer with the excuse that electronic money transfer is not yet very safe in Nigeria". P6: "Many people did not trust credit transfers because of its numerous problems at the time of the naira redesign, thereby compelling our customers to sell their products at very low prices thereby incurring losses and affecting their ability to repay their loans, as some of them were instead looking for money to feed their families, resulting in our loss of customers at some points". P10: "when there was the issue of naira redesign and cash crunch, all MFBs in Abuja were excluded from getting

Code	Description	Examples
		funds from the central bank. That put a lot of pressure on the banks". " I will say the CBN has not really been much interested in relationship with microfinance bank sector, while we are still driving financial inclusion". P11: "Some of the challenges that stand against achieving good corporate governance practices is sometimes the government policies and instability that rubbishes strategic plans of microfinance banks. Most of the challenges are external which are beyond the control of the banks." After the 2020 covid-19 pandemic which we have not gotten out of it fully because our customers were mostly affected, the nairs redesign issue came up, The naira redesign further compounded the challenges of MFBs because our customers did not have access to their funds both in the commercial banks and in the microfinance banks". P6: "If you do not go to make recoveries, most customers will not come to you with the money. So I think the lack of good motor-able roads and poor communication network, and maybe poor customer selection are some of the problems. So I think that's the difficult part for us trying to manage the portfolio within the CBN suggested portfolio at risk (PAR) of not be more than 5% of the outstanding portfolio". P7: "I think the most difficult part in the industry is low public trust in the industry especially when you are operating in a big city like Abuja where there are many commercial banks competing with you. Some customers/stakeholders do not really trust the microfinance banks. This is a major challenge. For example, it is not a challenge when people want to take loans, but it is always a challenge when you ask for deposits from them or ask them to open savings accounts". P12: "We deal majorly with the risk assets, that is loans and advances. The aftermath of Covid-19 pandemic of year 2020 actually affected some businesses which have been struggling to come out of it before early this year (2023). So, portfolio at risk (PAR) is high. The issue of loan defaults has been a major concern which we are trying to address headlong in our organization. Another challenge that we are having in recent time is that some of our staff which we have trained already are just traveling out of the country". P13: "Our major problem is meeting the requirements of the Central Bank because as we are now, we have just gotten an approval of our end of year account up to 2020 but those of 2021 and 2022 are still outstanding which we are still working on. We have submitted everything required and we continue to go forward and backward with the Central Bank; it is a major challenge such that every year, we struggle to make sure that our accounts are approved, so I will say that regulation is one of the challenges of MFBs in Nigeria." P14: "the most difficult part of managing a MFB has actually been that of low loan recovery from some stubborn customers and serial borrowers because sometimes we have to revert to guarantors, who sometimes will come and start complaining". P15: "Financial inclusion is very difficult to implement at the grassroots level because of the level of literacy and the fact that they are used to putting their money in their homes. So, when they bring their money to the bank, they think that taking it should be as easy as when the money is at their homes. So, if you do not educate them about banking transactions, you are going to have issues with them".

Code	Description	Examples
		P15: "another problem is the operating environment these days that is very difficult because of insecurity challenges all around. It has not been easy at all; there is no day that there is no fear in the minds of people about insecurity. There are places we cannot go because of insecurity. There are people we want to reach them to market our products or to educate them on how they should be part of the financial system or inclusion. Another thing is that the cost of living is very high. When people are feeding from hand to mouth or have no money to feed themselves, talk less of taking money to the bank, so operations has become very difficult". P15: "Most of the challenges of corporate governance in our environment is the lots of conflict of interests, especially where the board's interest is higher than the interest of the company, including competition within the board, competition within the management, etc. "When there is conflict of interests, taking a decision becomes very difficult because everybody will like to take the decision that will please him/her, not the decision that will add value to the organization. Under such situation, many things will be overlooked in order to meet the various interests, which will have negative impact on the bank, including the erosion of the share capital". P16: "Changes in government policies is one of the most difficult part of managing the bank. Most times, such changes disrupt our planned strategies. For example, the use of IPPIS platform for salary earners and adoption of other ICT related platforms are real disruptions to our operations". "Another thing is the policy on naira redesign, which the CBN sidelined the MFBs and, instead recognized and used POS operators during the difficult period. The MFBs have no direct banking relationships with the CBN except the commercial banks who are our correspondent banks and sometime treat us as their competitors. Sometimes the policy changes affect MFBs negatively to the extent that some of our customers move to the commercial banks because some of the customers believe that MFBs are not operating as real bankers". P17: "The state governor gave a directive that all civil servants banking with MFBs in the state should close their accounts and move over to deposit money banks". "We made all efforts to make sure that these outstanding loans were deducted monthly and remitted to us, but there was no cooperation. That decision affected us greatly. Up to this moment, most microfinance banks, especially the rural ones, do not have civil service accounts. The bulk of our customer bases is usually civil servants made up of teachers, both in the primary and secondary schools, and then local government staff especially. Such a fiat has been negatively impactful for the past eight years on the MFBs in the state". P17: "And upon this negative decision that has had disastrous impacts on us, the government keep disturbing us to pay taxes of signboard, of television, of radio, etc., where do you get the money from? If you say these organizations should go and die because they are not worth patronizing, then why are you coming to them asking for taxes. So you can see the difficulty government policies can have on organizations". P17: "Honestly, the most difficult aspect is trying to meet some of the CBN requirements in terms of having the required number of effective board or management committees in place. That has been our main concern and then this era of giving loans and not being able to retrieve

Code	Description	Examples
		them. That has been our headache all along, especially when you think you have mellowed down the conditions to accommodate your rural customers, and then they abused that. So, you have nothing to hold on if they default. And yet, you are expected to give these loans because if you don't, there won't be any profitability. So you can see the dilemma for us at the rural areas". P18 reported on double charges for rates and tenements by government agencies: "the AMAC people, that demanded for fees for operational licence while we already have our operational license given to us by the CBN. So while we pay operational permits, and as tenants in where we are, we already paid the tenement rates, yet they forward these bills to you with ridiculous amount that are the same with those of big commercial banks, failing to understand that the categories of banks are different with different markets and capacities". P19: "The most difficult part in managing our bank, I would say, is handling the government and its appointees". ….."at times, there are things that are happening in which you feel so bad about them but you cannot do anything about them". P20: "everybody in the bank doing what he/she wants not in the interest of the bank and resistance to change by executive management for the achievement of the collective goals and objectives of the bank". P20: "One of the most difficult tasks is managing people as social being with different perceptions. Our experience on this in our bank is that people tend to feel that, because they have one relationship with the board chairman or any of the directors or any executive staff, they will be allowed to go free with all kinds of malpractices. So, people management has been a very big challenge in my own managing of the bank because I have difficulty in managing those people". P2: "our challenge is the level of education of customers since we are dealing with people at the lower end of the economy and most of them are poor and illiterates; so we have to come down to their level for them to understand the rudiments of banking". Similarly, P18 stated; "in the microfinance space, we view it as a space where we are supposed to be training the market we are serving because a lot of these people are not financially literate, so to speak". P10: "Another aspect is a situation where these customers, when they sell, they take the money to commercial banks, but when they want to borrow, they come to microfinance banks. We don't have a direct banking relationship with the CBN, so we are bound to work with commercial banks". In addition, "the incidences of serial borrowers, which emanate from the fact that most people do not report their bad debtors to the credit bureau, resulting in bad debts". P12: "Customers prefer to take their excess cash to commercial banks for lodgment, but when it comes to loan facility, they come to microfinance banks. I think the directors will do well if they assist in deposit mobilization for their banks". P13: "the corrupt attitudes of some customers is a challenge". "Some customers feel that once you take a loan from a commercial or microfinance bank, the money belong to them, and then to pay back becomes a problem. This may involve taking the customer to court which is capable of damaging the reputation of the bank. The attitudes of Nigerians in terms of ability to repay loans is poor and many of them believe that it is just a public fund and therefore, maybe it is their own share". P4: "One of the most difficult parts in managing

Code	Description	Examples
		microfinance bank is microfinance. The word “microfinance” does not have above 45% approval in Nigeria. Once you put microfinance as your bank, the name dilutes public confidence in your bank. So, the most difficult part is the perception of the public about microfinance banks”. “Two months ago, 132 MFBs were liquidated by the CBN. The public does not know the difference between big microfinance bank and small microfinance bank. They just feel that everybody is the same. In fact, two of our landlords called to ask me if our name was among the liquidated microfinance banks. So that is the most difficult aspect of the business in the subsector”. P17: “still on the negative side, let me go to the customers. Ours has been a sour experience over the years because, as much as possible, we try to make our rates very friendly and accommodating because of the rural environment and their capacity and conditions. So treating your customers and giving them facilities on the basis of integrity failed us woefully. And unfortunately, they do not have the required collateral that is acceptable before you lend to them. So, the only asset that would have been key is that integrity and unfortunately it is lacking. So most of our loans are bad because of deliberate refusal, not failure, to repay”. “When you go to courts, unfortunately the courts tend to be lenient to the debtor”.

Operational Restrictions and Level Playing Ground

Interview question: What has been the role of the regulatory agencies towards the success or otherwise of your bank? This question aimed to get information about participants’ experiences of the operational restrictions in non-permissible activities for MFBs in the financial industry and the impact on their profitability and going concern. Individual participants shared their experiences as detailed below:

Table 7

Summary of Participants’ Experiences of Operational Restrictions and Level Playing Ground

Code	Description	Examples
Operational restrictions and level playing ground	The operational restrictions in non-permissible activities for MFBs in the financial industry and the impact on their profitability and going concern.	P11: “Microfinance banks, unlike commercial banks that are allowed to do so many things, are restricted in terms of what they get involved”. P2: “All these requirements are making it very difficult for MFBs to compete with the commercial banks because there are many exceptions (restriction); you cannot go to real estate, you cannot go to foreign exchange, you cannot do this, you cannot do that”. Some of our customers will come with something you cannot enforce such as long term loans beyond 12 months, so we cannot meet our customers requests due to one restriction or another”.

	Participants expressed concerns on the lack of level playing ground for MFBs such as no government interventions in crises periods, no discernible government support to create public confidence in the subsector, different loan tenors for classification of loans of MFBs, and general lack of government patronage of MFBs.	P12: "the federal government of Nigeria does not favor the microfinance subsector. For instance, there were times in Nigeria when some commercial banks had issues, and rather than revoke their licenses, the CBN gave them intervention funds, the government came to their rescue. But for MFBs subsector, once you are not doing what is required or having issues, the next thing you will hear is that your license has been revoked. Just in March this year (2023), 179 microfinance banks' licenses were revoked, which means that government is not coming to their rescue, so the macro-economic policy generally, the impact of some of the monetary policy of government is negative to the survival of microfinance banks. For example, the naira redesign policy negatively affected the microfinance subsector a lot. So, some policies are not friendly to the microfinance banking subsector of the economy". P15: "The regulators treat microfinance banks, irrespective of their locations and challenges, the same with conventional banks that have experienced personnel both at the management and board levels. including infrastructure". "If MFBs are treated as banks that are located mostly in rural areas and dealing with micro clients at the grassroots, there will be more prospects for them in Nigeria". "Another problem is the way and manner the regulators think and talk about microfinance banks, or the way their licenses are revoked en mass, thereby sending negative signals to the public about reliability of MFBs in Nigeria. No good talk about the MFBs by the regulators to engender public confidence in the subsector. Thus, making the public feel that the MFBs are always at the verge of collapse, and therefore should not be trusted".

Recapitalization Policy and Government Ownership of Banks

Interview question: What is your ownership structure and the adequacy of your capital outlay? This question aimed to obtain information on participants' experience about their ownership structures and the adequacy of their share capital which is one of the most important resources for successful operations of a bank. Individual participant's responses were as detailed below:

Table 8

Summary of Participants' Description of Recapitalization Policy and Ownership Structure

Code	Description	Examples
Recapitalization policy and government ownership of banks	The ownership structure, influence of ownership structure on decision making, and difficulties associated with raising new share capital. Participants relayed their experiences with the difficulty in meeting the recapitalization policy. Participants reported that the recapitalization policy	P3: "We have a history of ownership structure challenge which we tried to reduce. Prior to now, we had the chairman who had almost 90% of the shareholding, but has been reduced now to about 50 percent, though still the majority". P3: "The recapitalization exercise was quite a difficult one because some banks went under because of it". P11: There is also the challenge of paucity of funds from the investors to expand the business coverage". P9: "we have to downgrade from a State category to an urban unit category because the capital requirement of the State category is N1 billion (One billion naira), but the current investors are saying that they are not ready to expand the size of the shareholding with new

	for MFBs led to closure of shops by many of them on account of inability to increase their share capital. The issue with highest shareholders' influence and unwillingness to admit new shareholders by some banks were reported, including the cases of shareholders with highest shares but unqualified to be directors, and the problem with government-owned banks.	investors". P11: "One of the major challenges that we faced was the issue of recapitalization which increased the share capital of MFBs by almost 2000% at a go. The recapitalization exercise really affected the microfinance subsector, leading to mass closure of shops and withdrawal of operating licenses. If the CBN had taken the recapitalization exercise in phases, it would have been affordable by most of the operators". P15: "Frankly speaking, we are not comfortable with our share capital. … The bank was set up by the community and in the name of the community. So, to pin the ownership to names of individuals to take responsibilities becomes difficult because the ownership is general for the community. Thus, raising share capital in a community-owned organization is not easy at all". P19: "The bank is dependent only on the government for share increase". "At times the government bring in what I may call political thugs as board members, rewarding them with directorships of sensitive and very prudent organizations like a bank. So, their aim generally is nothing but what they can get out of the bank; that is going to management to enrich themselves; and the bank will always suffer inasmuch as the board members are targeting what we get rather than what will move the bank forward".

Infrastructural Facilities and Personnel

Interview question: What are the challenges you have faced as a director in the implementation of corporate governance strategies in your banks? This question was to obtain participants' experiences on infrastructural facilities at their banks' locations, such as conditions of roads, communication facilities, power, insecurity, and personnel. I present below, the responses by individual participants.

Table 9

Summary of Participants' Experiences on Operating Environment and Infrastructural Facilities

Code	Description	Examples
Infrastructural facilities, personnel, and security	The state of infrastructural facilities at the banks' locations, conditions of roads, communication, insecurity, and power. The participants reported on the state of poor infrastructure at the rural areas; including bad roads,	P15: "As a director, I know that the major problem faced in implementing good corporate governance standards is the operating environment which is not conducive in the sense that the environmental conditions are not giving you the time and strength to implement what you are supposed to implement to move forward". P17: "On the low side again, we are unable to get adequate qualified staff because of our location and then because of the crisis that we have been bedeviled with over the years and the level of remunerations. All these on the negative side, so we're unable to leverage on and because of that succession plan has been a problem. Strategic planning has been a problem. Constant monitoring of, maybe analyzing the bank's risk level to ensure that we are in line with what is expected is lacking because the staff who are supposed to handle all those rules

	poor communication facilities, level of financial literacy, insecurity, low customer patronage, and scarcity of skilled personnel.	and responsibilities are not there. The ones that are available are not qualified as sometimes it may take a huge long time and far more sources to train them because their level of comprehension now or knowledge is a bit too low". P18: "I think the major thing that has impacted our profitability this year has basically been more of an environmental thing. The general economy, because businesses are suffering, especially with the unstable price of dollars because our customers buy their goods in dollars, they pay for the shipping and clearing charges all in dollars. You will see that the delinquency rates of the business is stretched like it's about to grow. So there is a huge chance of non-repayment. So, we had to restructure a lot of facilities. So it had been more of the general economic situation affecting the profitability of the sector". P3: "The low level of financial system in most of our group customers is a big challenge because it takes a lot of patience, coaching, grooming to push them up so that they understand the nature of their businesses, documentation and so on. It has been challenging but that is the beauty of the microfinance banking sector". P2: "You know most of the people at the microfinance level are poor people in the villages, so you can't treat them like commercial banks' customers, but the regulator don't want to listen; we need to know our customers, some of them cannot even write unlike in commercial banks that is very sophisticated; and the regulator already know this situation" P11: "one of the issues that came out in our area was the crises that affected our customers that we had granted loans to, which affected our performance. "there is the problem of insecurity especially in the State we are located, which is not allowing us to expand our branches". You cannot go and be looking for repayment of loans when your affected customer has lost everything in the crisis. Another factor is the community, even though we have made progress for patronage of the community". P11: "We have been struggling with government but nothing from the government agencies. The only thing from them is tax, tax, tax". "Their own is only a negative impact, as the government does not even care how you get the money. So, government contribution has been a negative one despite the fact that MFBs are closer to the people to be used for grassroots interventions". "For example, during the Corona virus pandemic, MFBs were more positioned to give that grant to customers and the impact will be felt. Instead, the government did not use the microfinance institutions".

Risk Assets Quality and Loan Tenors

Interview question: What has been the quality of your risk assets and the impact on your bank's profitability? This question came as a probe question to gain further insights into the concerns expressed by participants about the quality of their risk assets and the negative impact on their banks' profitability. The individual participant's expressions are detailed below:

Table 10

Summary of Participants' Descriptions of Portfolio Management and Risk Assets Quality

Code	Description	Examples
Portfolio management and risk assets quality	Participants' challenges with portfolio management and quality	P6: "Managing the portfolio is one of most difficult things as it involves physical visits to the customers, coupled with bad roads. If you do not go to make recoveries, most customers will not come to

	of risk assets, secured collateral, and the rate of loan repayment. The participants expressed their concerns about the poor risk assets qualities indicated by high level of bad loans, poor credit administration and underwriting, customers' attitudes, and different loan tenors for MFBs and commercial banks leading to early loan loss provisioning for MFBs	you with the money. So I think the lack of good motor-able roads, power, poor communication network, and maybe poor customer selection are some of the problems. So I think that's the difficult part for us trying to manage the portfolio within the CBN suggested portfolio at risk (PAR) of not be more than 5% of the outstanding loan portfolio". P11: "One of the most difficult parts is in the lending because the lending activity is the one that generates almost 80% of your income. When there is challenge of customers not repaying, you will never sleep. I don't know, it is a general problem and I don't know how we will solve it in this country, as this is the general complaints you will hear from ten banks when you interview fifteen banks in the industry". P17: "still on the negative side, let me go to the customers. Ours has been a sour experience over the years because, as much as possible, we try to make our rates very friendly and accommodating because of the rural environment and their capacity and conditions. So treating our customers and giving them facilities on the basis of integrity failed us woefully". "And unfortunately, they do not have the required collateral that is acceptable before you lend to them. So, the only asset that would have been key is that integrity and unfortunately it is lacking. So most of our loans are bad because of deliberate refusal to repay" P10: "A bad loan of a customer that does not have collateral except guarantor, once it gets to 90 days, you make full provision. But a customer that has collateral in a commercial bank has been given 365 days before it can be recorded loss. So at the end of the day, you find that there's more pressure on the microfinance banks". "We're dealing with people that are not giving us collateral, but we're being punished for giving out the loans. Commercial banks are not giving out loans to this set of bottom of the pyramid, we give out loans and we get punished. So at the end of the day you find out that a MFBs that all they are doing is to support the system but they are getting full loan loss provisions".

Banking Software Requirements for Microfinance Banks

Interview question: How effective is your banking software and connectivity to the financial system? The question was asked to understand how participants have leveraged their banking software resource for efficient procedures in their banks. The participants relayed their individual experiences as detailed below:

Table 11

Summary of Participants' Experiences on Banking Software Requirements for MFBs

Code	Description	Examples
Banking software requirements for microfinance banks	The regulatory requirements for banking software, cost implications, and the speed of regulatory support for uniform banking software. Participants reported the lack of robust banking software and cost of	P2: "MFBs are compelled to acquire software that operates in commercial banks regardless with the cost implications, as if MFBs are competing in the same market niche with commercial banks". P17: "On the downside, we paid so much for a software that we thought should solve most of our problems or should make our job even easier, but unfortunately, we just discovered that the software that we have been using for the past four years or thereabout is not

	acquiring new ones, use of the same software requirement for MFBs as those for commercial banks, and delay in implementation of a uniform banking software.	delivering as expected and needed to be upgraded. But we are not able to enjoy the full benefits of a robust software because we are unable to pay for such packages”. P5: “Even though the CBN has come up with a unified software - NAMBUT but it has been very slow. I know we indicated interest since three years ago up to now nothing has happened yet”.

MFBs and Economic Development

Interview question: Lastly, do you have any other thing to tell me about corporate governance in your bank and or generally? The question was for participants to comment on any other thing about corporate governance that has not been captured in any of the interview questions, either in their banks or generally, and whether there are any prospects for MFBs in Nigeria. Individual participants commented generally about the role and prospects of MFBs in Nigeria as detailed below:

Table 12

Summary of Participants' Expressions on The Role and Prospect of MFBs in Nigeria

Code	Description	Examples
MFBs and economic development	The impact of MFBs in economic development and prospect of microfinance industry in Nigeria. Participants discussed the impact of microfinance banking on rural economic development, deepening credit inter-mediation, financial inclusion, positive social change, and viability of MFBs in the untapped Nigerian market.	P3: "The truth is that MFBs have very vital role to play. One of our major roles is to reach the un-banked and under-served market women who are totally unaware of the banking system in the rural areas. The role of MFBs is very critical and cannot be overlooked because we are talking about cyber security, financial inclusion, and getting everyone to be financially literate. Commercial banks will not handle all of those programs. So it is the role of MFBs to go to the grassroots and educate those elderly ones who are aged and not able to integrate into the financial system. Through the activities of microfinance banks, most people get to know the programs of the CBN and NDIC because MFBs go deeper into the grassroots". P1: "For the financial inclusion to be successful, government must support the operations of MFBs to anchor financial inclusion at the rural areas, especially now that most of the new generation banks are not located in the rural areas". P10: "MFBs are the only means of deepening credit inter-mediation at the bottom of the pyramid". "So if you are talking about financial inclusion, you need a microfinance bank because we spread". P11: "There is prospects and the future of microfinance industry is bright. We might be having challenges just like any other person in life, but we can surmount these challenges". "Despite all those challenges, MFBs are still afloat because the sector is a very viable one and is the engine room of the economy. Without microfinance banks, the country may have serious challenges with the economy. There is high prospect for MFBs because the customers are there in the country without any financial services. What we want now is very friendly policies from the government and a very suitable business environment for the MFBs to prosper".

Emergent Themes

Theme 1: Weak Quality of Board Oversight and Executive Management Performance

The first emergent theme, which is key to the corporate governance topic of this study, concerning the directors was a mixed grill. Out of the 20 participants, only 8 (or 40%) of them reported that the directors of their banks have adequate educational qualifications with adequate board size and board committees, while the remaining 12 (or 60%) of them shared their experiences on low quality of education of board members, weak oversight, non-performing director-related loans, conflict of interests, and inactive board committees. However, P4, which is one of the 40% that reported having adequate corporate governance structure, expressed concerns about the big gap between the educational qualifications claimed and the translation of such qualifications into performance and profitability of the banks. The participant questioned how the claimed educational qualifications and expertise of the board members are translated to the employees for the efficiency and effectiveness of their banks apart from policies and documentation.

While expressing concerns about the low levels of experiences and competencies of board members resulting in non- implementation of corporate governance best practices, P2 asserted that currently in Nigeria, some of the board members of MFBs cannot even write, so such people cannot contribute meaningfully in decision making at board meetings and this can affect the implementation of good corporate governance practices in the bank. This concern was corroborated by P15 who complained of the low level of exposure of their directors yet the directors have been on the board because of their contributions to the bank. According to P3, weak board oversight, poor policy formulation and implementation, and non-rendition of regulatory returns accounted for most failures of MFBs in Nigeria, other issues included inactive/dormant directors resulting in a lack of frequent board meetings to make decisions for implementation by the executive management.

Similarly, P19 who was a participant from a government-owned MFB, stated that some directors have substandard and inadequate certificates because they are not adequately schooled but are appointed by the government to be on the board based on political consideration and that the bank has not met the regulatory requirements for directors' qualifications and experiences. While describing the level of collegiality, motivation, and mutual trust between the board and management staff in a government-owned MFB, P19 asserted that very few of the board members have a strong understanding relationship because they would like to leave some good legacies, but majority of them only add burden in terms of overhead expenditure to the bank through multiple and unnecessary board meetings and allowances, especially where the board is given the free hand to determine its allowances and regularity of board meetings. P19 concluded that the most difficult aspect of managing the bank is managing political appointees on the board sometimes with less than the regulatory required number or more than the regulatory required number, most of them with huge non-performing director-related loans, coupled with frequent dissolution of the board with changes in government.

P2 and P11 expressed concerns about the problem of non-performing director-related loans as some directors on the boards of MFBs see themselves as tin gods, where they can do and undo and control the management of the bank since they are directors and therefore consider themselves owners of the banks. P11 reported on the issue of non-performing director-related loans when citing examples of some directors who would take loans and after struggling to pay for some time, they will request for some waivers; and whatever you are waiving for any debtor, you are waiving out of the bank's profit which has negative impact on profitability. Closely related to this was the report by P3 that one of the major reasons for the failures of MFBs has been because the directors left the banking operations in the hands of the management teams. "Directors are policymakers, so you don't just sit back and allow the Managing Director/CEO do all the works without getting involved to ensure that policies are implemented, ensure that regulatory authorities' policies are being followed to the letter." The issue of inactive directors was re-echoed by P5, and P17 who reported that getting the directors to meet to take decisions are big challenges, as most of the time the directors are always very busy attending organized workshops, and because of that, they are ignorant of their roles and responsibilities in most cases until they are reminded to do so.

P15 cited conflict of interest as one of the problems experienced while managing a MFB especially where the board's interest is higher than the interest of the company, including competition within the board, and competition within the management. When there is a conflict of interests, taking a decision becomes very difficult because everybody will like to take the decision that will please him/her, not the decision that will add value to the organization. Under such a situation, many things will be overlooked to meet the various interests, which will have a negative impact on the bank, including the erosion of the share capital. P11 reported the poor corporate governance practices by directors in some boards, as some board chairpersons are involved in the day-to-day running of the banks including being the custodians of cheque booklets with its inherent negative administrative impact on the banks, leading to their failures and withdrawal of their operating licenses by the CBN. "Closely related to these is the domineering behaviors of some directors of the banks especially when such directors happen to be the only experienced banker on the board of directors." According to P20, one of the problems is that some directors are picked from the shareholders who may be rich to float banks but do not have the education, experience, and capacity to manage a bank. This practice is common in family-owned banks, as once you have money to invest, you are qualified to be a director.

Another issue reported within this theme was the low level of qualifications of some of the executive management team, expensive lifestyles, and mission-drift such as purchase of exotic cars, gigantic office buildings, frequent leadership changes, inability to implement board's directives, which impact their profitability negatively. On the issue of expensive lifestyles by most MFBs as asserted by P4:

> You have a microfinance bank license and doing microfinance banking but your lifestyle is that of a commercial bank or oil company. No microfinance bank may be sustainable with such an ostentatious lifestyle with exotic/expensive cars, highly elaborate office setting, and heavy overhead expenditure.

Closely related to the issue of mission-drift as reported by P20 is that most of the outstanding loans granted were supposed to be granted by commercial banks not a MFB because, whereas the single obligor limit for a MFB should not be more than two hundred thousand naira, his bank granted one person one million, two million, or three million naira, and wondered how such loans could be properly managed by staff with little qualification and experience. P20 expressed concerns about the high staff turnover, saying that he was the third Managing Director within two years because the bank could not get the right person to put the management of the bank on the right track. This concern was corroborated by P4 who said that the frequency of change in the leadership of a bank impact the effectiveness of corporate governance practice because new board members would have to undergo orientation each time they are appointed.

P17 expressed worries about the lack of an adequate number of qualified staff that will man the minimum departments that are specified in the regulatory guidelines such as credit, IT operations, audit, internal control and those basic ones as mentioned in the guidelines, reason being the location of the bank in a rural area which had been bedeviled over the years by crisis of sporadic insurgency attacks. Thus, the area is not attractive to skilled labor thereby compelling the bank to make do with the few hands that are available but are not qualified and, as such, strategic planning has been a problem, constant monitoring is lacking because the staff who are supposed to handle all those rules and responsibilities are not there, while it may take a long time huge sources to train them because their level of comprehension knowledge is low. Similarly, P7 expressed concern about unskilled personnel and poaching of trained employees by other banks, as the participant complained that after training personnel, the person will take away the experience somewhere else thereby denying the trainer the opportunity to be served by the trained personnel for a very long time.

P7 asserted that lack of compliance with extant regulatory requirements led to the revocation of the licenses of many MFBs by the CBN as most of the MFBs whose licenses were revoked by the CBN were in defaults of complying with the simple procedures stipulated in the guidelines. According to P7:

> Lack of will to comply with extant code by operators is the main problem not that the codes are not good or not helping the banks … the challenge is just the zeal and the spirit to comply with corporate governance codes.

Theme 2: Lack of Stakeholders' Interests and Support

Lack of stakeholders' interest and support for the operations and survival of MFBs emerged as another theme from the data collected from three (or 15%) of the participants. According to P2, there is not much concern by most stakeholders in the survival of MFBs in Nigeria, as MFBs are not carried along in decisions affecting their operations. The participant cited the issue of the increase in share capital base that was rushed and the consequences has not been palatable because the customer base of MFBs are different from those of commercial banks.

P9 reported that most of the people that invest in MFBs have their main businesses, so their main focus is their main line of businesses. Thus, there is no much attention on the microfinance business. The participant expressed concern that sometimes it takes up to 12 months before a decision because of difficulty in getting the directors to meet regularly, thus, making it very difficult to manage the bank because of the quality of board oversight and lack of a management succession plan. On the role of government as a stakeholder, P8 expressed worries about the general perception of MFBs in Nigeria and the delay in the revocation of licenses of MFBs that have stopped operations. P8 asserted that many of MFBs which licenses were revoked recently had closed shops some years back only for their licenses of hundreds of them to be revoked en mass at the same time.

> This brings a perception of a systemic problem in the subfinancial industry thereby endangering the subsector and it brings bad public image in the eyes of the banking public; so every institution fights for survival on its ability to convince your customers that you are not as bad as the other lots.

Theme 3: Inadequate Supervision and High Regulatory Requirements

Another theme that emerged was the standard of supervision, policies, conflicting regulatory requirements resulting in non-compliance with guidelines, application of the same regulatory requirements for both MFBs and commercial banks, and mass revocation of operating licenses of MFBs at the same time. All 20 (or 100 %) of the participants expressed concerns about the sidelining of MFBs in the schemes of many things in the banking industry. Another concern of the participants was the report of conflicting regulatory requirements from the CBN and the NDIC, thereby confusing operators.

P2 asserted: "even the CBN is not helping us at all with their policies; when the CBN comes, they say something and NDIC come and say another thing differently, so if you confuse an operator, what do I do now?" According to P2, some field examiners from the CBN/NDIC are not adequately trained on how the MFBs operate in the banking industry." P2 asserted that the regulators are not concerned most of the time about the survival and how the MFBs are surviving, as the supervisors do not want to know what is really happening because some of them are not trained as operators but just regulators.

> This is what they say you should do, you must do it, and they don't want to know what you are facing in your own environment, your own conditions that people you are dealing with are not even educated people; they don't want to know that.

P6, 9, and 17 complained of the high requirements to be a member of the board of MFB and lack of friendly rapport with the CBN relationship officers resulting in the operators' belief that some bank examiners are fault finders and not partners in progress. In addition, the participants expressed concerns about the establishment of a parallel MFB (a competitor) by the CBN thereby stifling the progress of other MFBs:

> We in the operators' sector believe that the former governor of the CBN does not care about microfinance banks, we believe that he even worked against MFBs for the mere fact that he introduced a competitor within the system by floating a different microfinance bank.

Most of the participants complained of the application of the same regulatory requirements for both rural and urban MFBs. P6 reported that most of the operators are in the villages, so most of the guidelines/policies based on which the banks operate favor only the banks in the cities, explaining that most banks in the villages did not find the cashless policy easy because most of them did not have funds for local trading, coupled with the low level of literacy in the villages. P15 reported that most of the policies/guidelines issued do not fit the microfinance banking business at the village level. This assertion was corroborated by P18: "When it comes down to the microfinance space, there is certain corporate governance rules that apply to commercial banks that might not necessarily fit into this space."

On the issue of regarding all MFBs as the same irrespective of performance, survive-ability, and compliance with regulations, P18 complained of the problem of throwing away the baby with the bad water in the sense that not all the MFBs operate at the same capacities, understanding of the industry, and technical know-how or does not abide by the rules:

> Do not treat me the way you treat another institution that has probably not submitted their returns for six to eight months but handle each organization individually… sometimes it makes it seem as if all the efforts we are putting in to give the industry a better face is not being recognized.

P18 wondered why not all those kinds of financial providers now coming into the microfinance space to do business are regulated.

P17 expressed concerns about the stringent and high standard of personnel requirements for MFBs. For example, rural unit MFBs are expected to have a credit officer and/or risk officer/manager, internal control, auditors, and compliance officer, and then you are expected to have certain users, especially for IT-driven operations that must be approved by the CBN. Similarly, P6 complained about the high requirements to be a member of the board of MFB in a rural MFB where banks would just be looking for anybody who has banking experience to be on the board to meet the regulatory requirement, irrespective of whether this person is the kind of person the bank wants to put on their board.

P2 and 8 expressed concerns about the quality of the regulatory field examiners and inadequate supervision of MFBs. For example, P8 reported that one of the Managing Directors of the closed banks said that the CBN had not visited their bank for the last six years before the revocation of their license, meaning that there are no triggers in the supervision because if you have not visited a bank for six years is a red flag. P2 asserted that some field examiners from the CBN/NDIC are not adequately trained on how MFBs operate in the banking industry. P6 complained of the lack of availability and good rapport between their bank and the relationship officer at the CBN when it comes to providing answers to questions. According to P6, such attitudes make the operator feel like the regulator is just a fault finder and not a partner in progress to help the banks. P16 complained that the MFBs were sidelined during the policy on naira redesign by the CBN, saying that, instead, the CBN recognized and used point of service (POS) operators during the difficult period. P16 reported that MFBs have no direct banking relationships with the CBN except the commercial banks who are their correspondent banks and sometimes treat them as their competitors. Similarly, P1 complained that MFBs are sidelined in many schemes of things in the banking industry such as access to SME funds and membership of bankers and committees.

Theme 4: Unfriendly Government Policies and Public Perceptions

Another theme, described as the most difficult aspect of managing a MFB, was the issue of unfriendly government policies, low public trust, low level of financial literacy of rural customers, managing the risk assets, conflict of interest, and poor corporate governance practices. All 20 (or 100%) of the participants expressed various concerns on this particular theme. The issue with the most concern for the participants that harmed the operations of MFBs was the currency redesign and cashless policy of the government.

> Look at the cashless policy; we really suffered. How can you expect a microfinance bank to collect N100,00 or N200,000 in a week for its customers? The MFBs as important stakeholders were not carried along before the policy was brought out.

Many participants reported that the naira redesign policy had a very negative effect on the operations of MFBs in Nigeria and that up to date of this interview, the banks have not fully recovered. Most participants concluded that the naira redesign and cashless policy of the government was a bad policy that affected most of the MFBs negatively which may end up killing MFBs in Nigeria.

P2, 5, 6, 11, 15, and expressed serious concerns about the effect of government naira redesign and cashless policy. P5 reported that the crisis created by the currency redesign and cashless policy of the government was the most difficult time the bank have ever seen as MFBs in trying to manage all stakeholders, the customers, and the community. P6 expressed similar concerns about the government's lack of consideration of MFBs while making decisions that would negatively affect their operations:

> The regulation on the cashless policy and the *naira* currency redesign affected business negatively because at the time our customers were about to repay their loans from January, that was the time the CBN came up with the cashless policy and *naira* redesign when people needed to go to the market to sell their goods to repay their loans.

P6 reported of lack of cash in circulation for customers to sell their goods as most of them would not want to accept electronic money transfer with the excuse that electronic money transfer is not yet very safe in Nigeria. In addition, P6 asserted that all MFBs were excluded from getting funds from the central bank during the naira redesign and cash crunch which put a lot of pressure on the banks. "I will say the CBN has not really been much interested in a relationship with microfinance bank sector, while we are still driving financial inclusion".

P6 reported that one other difficult part of managing microfinance is managing the portfolio as it involves physical visits to the customers, coupled with bad roads. P6 shared the experience that if you do not go to make recoveries, most customers will not come to you with the money to repay. Lack of good motor-able roads and poor communication network, coupled with the attitudes of most customers who prefer to take loans from MFBs but would not bring deposits to the MFBs, were reported as some of the problems facing the MFBs. P7 expressed concerns about the negative public perception and low level of trust in the industry especially while operating in a big city like Abuja where there are many commercial banks to compete with.

P7, 10, and 12 expressed concerns about the attitudes of some customers who would like to take loans from the MFBs but would refuse to bring deposits to the MFBs. P7 reported that it is not a challenge when people want to take loans, but it is always a challenge when you ask for deposits from them or ask them to open savings accounts. P10 shared the experience of most customers who take their money to commercial banks when they sell their goods, but when they want to borrow, they come to MFBs. P12 reiterated the issue of taking deposits to commercial banks when he reported that customers prefer to take their excess cash to commercial banks for lodgment, but when it comes to loan facilities, they come to MFBs.

Similarly, on the attitudes of some customers, P17 reported that their bank's experience over the years had been a sour one because despite making the bank interest rates very friendly and accommodating because of the rural environment and their capacity and conditions, the customers still failed the bank woefully to repay their loans. “unfortunately, they do not have the required collateral that is acceptable before you lend to them. So, the only asset that would have been key is that integrity and unfortunately it is lacking.” P17 expressed concerns about the huge outstanding bad loans because of deliberate refusal to repay, and that unfortunately, the courts tend to be lenient to the debtor when the matter goes to courts. Another difficult aspect in managing MFBs as reported by P17 was the high stringent standard of personnel requirements for rural MFBs where the banks are expected to have a credit officer, a risk officer or risk manager, an internal control unit, internal auditors, a compliance officer, and certain users for IT-driven operations.

According to P15, the most difficult part of managing an MFB includes the low level of literacy, insecurity in rural areas, and the difficulty in implementing financial inclusion at the grassroots level because of the level of literacy, coupled with the fact that they are used to putting their money in their homes. P15 reported that when rural customers bring their money to the bank, they think that taking it should be as easy as when the money is at their homes. Thus, if you do not educate them about banking transactions, you are going to have issues with them. Another problem reported was the difficult operating environment and insecurity challenges, as there is no day that there is no fear in the minds of people about insecurity. There are places we cannot go because of insecurity. There are people we want to reach to market our products or to educate them on how they should be part of the financial system; so operations have become very difficult. Continuing, P15 cited conflict of interests as one of the problems experienced while managing a MFB:

> Most of the challenges of corporate governance in our environment is the lots of conflict of interests, especially where the board's interest is higher than the interest of the company, including competition within the board, competition within the management, etc.
>
> When there is a conflict of interests, taking a decision becomes very difficult because everybody will like to make the decision that will please him/her, not the decision that will add value to the organization. Under such a situation, many things will be overlooked to meet the various interests, which will have a negative impact on the bank, including the erosion of the share capital.

P4 asserted:

> One of the most difficult parts of managing microfinance bank is *microfinance*. The word "microfinance" does not have above 45% approval in Nigeria. Once you put *microfinance* as your bank, the name dilutes public confidence in your bank. So, the most difficult part is the perception of the public about microfinance banks.

P4 referred to the mass revocation of the licenses of MFBs by the CBN and its impact on the perception of the public who do not know the difference between big MFBs and small MFBs. According to P8, the mass revocation of the licenses of some MFBs aggravated the negative public perception of the microfinance subsector which should have been avoided if the licenses were revoked peace-meal and without delay.

According to P17, the directive of the state government to all customers of MFBs to close their salary accounts and move to commercial banks without any concrete arrangement to recover loans granted was a terrible policy that affected the MFBs negatively for the past eight years in the state as of date. According to P17, all efforts to make sure that these outstanding loans were deducted monthly and remitted to the MFBs received no cooperation from the government.

> Up to this moment, most microfinance banks, especially the rural ones, do not have civil service accounts in the state, as the bulk of our customer bases is usually civil servants made up of teachers, both in the primary and secondary schools and then local government staff especially.

Continuing, P17 reported that the most difficult aspect of managing a MFB is meeting some of the CBN requirements in terms of having the required number of effective board or management committees in place and managing the loan portfolio, such as giving loans and not being able to retrieve them. "That has been our headache all along, especially when you think you have mellowed down the conditions to accommodate your rural customers, and then they abused that and you have nothing to hold on to if they default".

Theme 5: Operational Restrictions and Lack of Level Playing Ground

Operational restrictions such as non-permissible activities including foreign exchange, real estate, no government interventions in crisis periods, no discernible government support to create public confidence in the subsector, and uneven level playing ground for MFBs emerged as another theme. Five (or 25%) of the 20 participants expressed various concerns on the uneven level playing ground for MFBs in Nigeria.

For example, P2 asserted that operational restrictions of MFBs are not providing level playing for MFBs and that all the restrictions are making it very difficult for MFBs to compete with the commercial banks:

> ….you cannot go to real estate, you cannot go to foreign exchange, you cannot do this, you cannot do that such that some of our customers will come with something you cannot enforce such as long-term loans beyond 12 months, so, we cannot meet our customers requests due to one restriction or another.

Similarly, P11 reported that MFBs are restricted in terms of what they get involved, unlike commercial banks that are allowed to do so many things. According to P11, the impact and aftermath of the 2020 COVID-19 pandemic had never finished because the bank's customers were mostly affected. As if that was not enough, the naira redesign and cashless policy came up and compounded the problem having a negative impact to majority of the bank's customers.

P12 asserted that the federal government of Nigeria does not favor the microfinance subsector because when some commercial banks had issues, the government came to their rescue through the CBN and gave them intervention funds instead of revoking their licenses. "But for MFBs subsector, once you are not doing what is required or having issues, the next thing you will hear is that your license has been revoked". P18 corroborated these concerns: "unlike the commercial banks where if an institution is having a challenge, the CBN steps in and finds a way to properly handle the situation, but that is not obtainable for microfinance banks" P12 cited the revocation of the licenses of 179 MFBs in March 2023 which means that government was not willing to come to their rescue like it did with commercial banks. P12 expressed concerns about the negative impact of the macro-economic and monetary policy of government including the naira redesign on operations and survival of MFBs in Nigeria.

Similarly on level playing ground and the manner the regulators treat MFBs, P15 reported that the regulators treat MFBs the same irrespective of their locations and challenges including infrastructure, unlike big conventional banks that have experienced personnel both at the management and board levels. The participant reiterated the fact that MFBs are located mostly in rural areas to serve micro clients at the grassroots for the economic prosperity of the country. In addition, P15 complained about the way and manner the regulators think and talk about MFBs and the way their licenses are revoked en mass, thereby sending negative signals to the public about the reliability of MFBs in Nigeria. "there is no good talk about the MFBs by the regulators to engender public confidence in the subsector, thus, making the public feel that the MFBs are always at the verge of collapse, and therefore should not be trusted."

Theme 6: Difficulty in Meeting Recapitalization Policy

Another theme was the difficulty in meeting the recapitalization policy, highest shareholder influence and unwillingness to admit new shareholders, and the problem with government ownership of banks, as expressed by six (or 30%) of the 20 participants in the data collected from the semistructured interviews. P3 asserted that the impact of the recapitalization policy led to the closure of shops by many MFBs on account of the inability to increase their share capital. This happened because of the challenge of the paucity of funds from the investors to expand their businesses. The recapitalization exercise was quite difficult and some banks went under because of it. The issue of the highest shareholder was mentioned by P3, where the board chairperson was said to own 50% of the shareholdings reduced from 90% initially. This could lead to a domineering tendency based on the majority shareholding.

Similarly, P9 reported the inadequacy in its share capital and the shareholders' unwillingness to admit new shareholders. According to the participant, their bank had to downgrade from a State category to an urban unit category because the capital requirement of the State category is N1 billion (One billion naira) which the existing directors could not afford to inject. Despite that the existing directors are not willing to expand the size of the shareholding with new investors. P11 reported: "One of the major challenges that we faced was the issue of recapitalization which increased the share capital of MFBs by almost 2000% at a go". P11 corroborated that the recapitalization exercise really affected the microfinance subsector negatively, leading to the mass closure of shops and the withdrawal of operating licenses. "If the CBN had taken the recapitalization exercise in phases, it would have been affordable by most of the operators." P15 reported a similar experience on share capital:

> Frankly speaking, we are not comfortable with our share capital. ….. The bank was set up by the community and in the name of the community. So, to pin the ownership to the names of individuals to take responsibility becomes difficult

because the ownership is general for the community. Thus, raising share capital in a community-owned organization is not easy at all.

A participant in a government-owned MFB, 19 reported that the bank is dependent only on the government which uses the bank for paying some of its staff salaries, so the full activity of the banks depends on when the government pays the salaries of its staff through the bank.

Theme 7: Poor Infrastructural Facilities, Personnel, and Security

Theme 7 emerged concerning infrastructural facilities at the operational locations of MFBs such as bad roads, low levels of financial literacy and skilled personnel at rural areas, insecurity, unfavorable conditions militating against implementation of good corporate governance standards, low capital outlay, low customer patronage, and general macro-economic trends. In all, six (or 30%) of the 20 participants expressed their concerns about the poor infrastructural facilities at their locations.

P6 expressed concerns about the lack of good motor-able roads and poor communication networks, and poor customers in the rural areas. Similarly, P15 discussed the insecurity challenges in rural operating environments to the extent that no day passes without fear in the minds of people about insecurity. “There are places we cannot go because of insecurity. There are people we want to reach them to market our products or to educate them on how they should be part of the financial system or inclusion.” P15 asserted that the major problem faced in implementing good corporate governance standards is the operating environment which is not conducive.

P17 shared the experience of low level of available personnel in the local areas and lack of succession plan in their bank: “We are unable to get adequate qualified staff because of our location and then because of the crisis that we have been bedeviled with over the years and the level of remunerations”. According to P17, succession plans and strategic planning has been a problem because the staff who are supposed to handle all those things and other responsibilities are not there. The participant reported that the workforce available in the rural areas are not qualified and it would take the bank huge some of money and long time to train them because their existing level of comprehension or knowledge is too low.

P18 corroborated on the environmental challenge: “I think the major thing that has impacted our profitability this year has been more of an environmental thing”. P3 reported that the financial literacy level of rural customers is a challenge for MFB because it takes a lot of patience, coaching, and grooming to push them up so that they understand the nature of their businesses, documentation, and so on. P2 reported that most of the customers of MFBs at the rural areas are poor people in the villages, so you cannot treat them like commercial banks’ customers as some of them cannot even write unlike in commercial banks that is very sophisticated.

P11 reported the experience of the crises that affected the customers of their bank that had been granted loans with negative implications on the bank’s profitability. “You cannot go and be looking for repayment of loans when the affected customer has lost everything in the crisis”. In addition to the problem of insecurity that is not allowing the bank to expand its branches, P11 reported on the activities of government agencies about double taxation.

Theme 8: Weak Risk Assets Quality

The 8th theme emerged from the data collected from five (or 25%) of the 20 participants who described their experiences on the quality of risk assets which indicated high levels of bad loans, poor credit administration, and credit underwriting. The participants expressed their concerns about the different loan tenors for MFBs and commercial banks resulting in early loan loss provisioning for MFBs. P14, 10, 6,11, and 17 shared their various experiences in managing their loan portfolios and the qualities of their risk assets.

P14 reported: “the most difficult part of managing a MFB has actually been that of low loan recovery from some stubborn customers and serial borrowers because sometimes we have to revert to guarantors, who sometimes will come and start complaining”. According to P10, the incidences of serial borrowers, emanate from the fact that most people do not report their bad debtors to the credit bureaus for new lenders to confirm during verification at the credit bureaus.

According to P6, the most difficult part of managing microfinance is managing the portfolio, as it involves physical visits to the customers, coupled with a lack of motorable roads. “If you do not go to make recoveries, most customers will not come to you with the money”. P6 concluded that lack of good motor-able roads, poor communication network, and poor customer selection are some of the problems that make it difficult to manage the portfolio within the CBN suggested portfolio at risk (PAR) of not more than 5% of the outstanding portfolio. Similarly, P11 reported that one of the most difficult parts is in lending because the lending activity generates almost 80% of the bank's income. "When there is the challenge of customers not repaying, you will never sleep". P11 wondered how the general problem of loan defaults could be solved in the country because, according to the participant, 10 out of 15 banks you talk to in the industry will complain of the poor quality of risk assets.

Sharing the experience with the attitudes of some customers, P17 stated that the experience over the years has not been funny even though their bank had made efforts to lower the interest rates or make it very friendly and accommodating because of the rural environment and their capacity and conditions. Continuing, P17 reported that their kind of customers does not have the required collateral that is acceptable and that the only collateral which is integrity is also lacking unfortunately. Thus, most of the loans are bad because of deliberate refusal to repay.

P10 complained about the different loan tenors for MFBs and commercial banks. For example, once a bad loan of a customer that does not have collateral except a guarantor gets to 90 days, you must make full provision but a customer that has collateral in a commercial bank has been given 365 days before it can be recorded as loss, thereby placing more pressure only on the MFBs. P10 asserted that MFBs are dealing with people who are not giving them collateral, but the banks are being punished for giving out the loans. "Commercial banks are not giving out loans to this set of bottom of the pyramid, we give out loans to support the system and we get punished with full loan loss provision within 90 days".

Theme 9: Lack of Robust Banking Software

Another theme emerged from the data collected from eight (or 40%) of the 20 participants related to the lack of robust banking software and the cost of acquiring new ones, delay in implementation of a uniform banking software, and the use of the same software requirement for MFBs as those for commercial banks. According to P2, MFBs are compelled to acquire software that operates in commercial banks regardless of the cost implications to MFBs and as if MFBs are competing in the same market niche with commercial banks.

Similarly, P17 expressed worries about the status of the banking software in their bank, saying that the bank paid so much for software that it thought should solve most of their problems or should make their job even easier, but unfortunately, the bank just discovered that the software that it has been using for the past 4 years or thereabout is not delivering as expected, as pointed out by the NDIC officials. The participant reported that their bank had not been able to enjoy robust banking software because of the cost implications. P5 reported on the issue of robust banking software and the delay in the implementation of uniform banking software for all MFBs. “Even though the CBN has come up with a unified software -NAMBUT but it has been very slow. I know we indicated interest three years ago up to now nothing has happened yet.” P1 reported that their bank had just changed the banking software, which is okay though it is very expensive, and expressed hope that the NAMBUT software being recommended by the CBN would be updated and ready for redeployment by MFBs soonest because it is cheaper.

Still on banking software, P4 reported that their banking software is not robust and needed some up-scaling because it was developed primarily for loans and advances; but now the bank has current accounts, savings accounts, and other products coming up every day that the bank has already started doing. According to the participant, the current software was not primarily developed for those products. P9 reported that they needed to upgrade the license of their banking software, as the bank was just 60% IT compliant and needed to be 100% to operate like any other financial institution. P20 reported that the banking software the bank uses is not doing the right thing for them even though it is being managed by a consultant but there is a need to improve the software to provide more channels of business for the bank.

Theme 10: Role and Prospects of Microfinance Banks

Theme 10 emerged from the participants' belief in the impact of microfinance banking on rural economic development, deepening credit inter-mediation, financial inclusion, positive social change, and viability of MFBs in the untapped market as the data collected from five (or 25%) of the 20 participants expressed their confidence in the important role MFBs play in the economic development of Nigeria. P3 reported: "The truth is that MFBs have a very vital role to play. One of our major roles is to reach the un-banked and under-served market women who are unaware of the banking system in the rural areas." The participant asserted that the role of MFBs is very critical and cannot be overlooked because it concerns cyber security, financial inclusion, and getting everyone to be financially literate.

> It is the role of microfinance bank to go to the grassroots and educate those elderly ones who are aged and not able to integrate into the financial system. Through the activities of microfinance banks, most people get to know the programs of the CBN and NDIC because MFBs go deeper into the grassroots.

P1 suggested that for financial inclusion to be successful, the government must support the operations of MFBs to anchor financial inclusion in rural areas, especially now that most of the new-generation banks are not located in rural areas. P10 reiterated the importance of MFBs in the Nigerian economy: “MFBs are the only means of deepening credit inter-mediation at the bottom of the pyramid”. “So if you are talking about financial inclusion, you need a microfinance bank”. According to P11, there are prospects and the future of the microfinance industry is bright. “We might be having challenges just like any other person in life, but we can surmount these challenges.” The participant asserted that despite all those challenges, MFBs are still afloat because the sector is a very viable one and is the engine room of the economy. “Without microfinance banks, the country may have serious challenges with the economy.” While continuing, P11 concluded that there is high prospect for microfinance because the customers are there in the country without any financial services. “What we want now is very friendly policies from the government and a very suitable business environment for the MFBs to prosper”.

Summary

Chapter 4 discussed the research setting, demographic information about participants, data collection, data analysis, evidence of trustworthiness, and the study results that present the themes that emerged from the data collected from 20 directors of

MFBs which must have been licensed by the CBN, and had operated as a MFB for at least 10 years as of end of 2020, while participating directors must have been on such position for at least three years, the appointment of which must have been approved by the CBN as required in the regulations. The data was collected through face-to-face on person and/or teleconferencing from 20 participants, using 22 semistructured interview questions. The 10 emergent themes provided the answer to the research question and related to the conceptual framework. Chapter 5 comprises the interpretation, limitations of the study, recommendations, and implications for social change.

Chapter 5: Discussion, Conclusions, and Recommendations

The purpose of this qualitative exploratory multiple-case study was to explore the experiences of board of director members regarding how they understand corporate governance standards and implementation strategies to mitigate failures and ensure the survival of MFBs in Nigeria. This study was designed to evaluate how corporate governance best practices embedded in agency theory, stewardship theory, stakeholder theory, and resource-based theory are holistically employed to achieve the overall operational objectives of setting up MFBs. The key findings included 10 themes: (a) low quality of education of board members and executive management teams comprising other corporate governance related issues such as weak oversight, insider abuses, expensive lifestyles, and mission drift; (b) lack of stakeholders' interest and support for the operations of MFBs; (c) supervision issues/policies and conflicting regulatory requirements; (d) unfriendly government policies and negative public perceptions of MFBs; (e) operational restrictions, lack of government support, and uneven level playing ground for MFBs; (f) difficulty in meeting the recapitalization policy including unwillingness to admit new shareholders, and the problem with government ownership of banks; (g) poor infrastructural facilities at the operational locations including unskilled personnel, and insecurity; (h) serial borrowers and high level of bad loans resulting from poor credit administration/underwriting, and shorter loan tenors; (i) lack of robust banking software coupled with cost of acquiring new ones and delay in implementation of a uniform banking software; and (j) impact of microfinance banking on rural economic development including deepening credit intermediation, financial inclusion, positive social change, and viability of MFBs in the untapped market. Three key findings that all the participants had a consensus in expressing their concerns were the (a) low quality of education of board members, (b) supervision issues/policies and conflicting regulatory requirements, and (c) unfriendly government policies and negative public perceptions of MFBs. In this chapter, I discuss the interpretation of the findings, limitations of the study, recommendations, implications on positive social change, and conclusion.

Interpretation of the Findings

In this section, I juxtaposed the emergent themes from the analysis of the data collected in semistructured interviews with the literature review findings in Chapter 2 to ascertain the congruence of the themes with the literature review. The findings from the interviews substantially confirmed what was found in the literature review and further extended knowledge in the discipline, as new additional themes emerged from the semistructured interviews. The exploratory research question for this study was: How do members of the board of directors of MFBs in Nigeria describe their experiences of corporate governance standards and implementation strategies to mitigate failures and ensure the survivability of their institutions? The following emergent themes from the data collected from the participants address the research questions. The themes are issues that impact the performance and survival of MFBs in Nigeria.

Theme 1: Weak Quality of Board Oversight and Executive Management Performance

Directors on the board of MFBs in Nigeria are persons appointed by the shareholders to manage a bank on behalf of the shareholders and are responsible for policy formulation of strategic goals and monitoring implementation of the goals set by executive management (CBN, 2018; Yusuf et al., 2018). The board members are a mix of EDs and NEDs. The regulatory framework for MFBs in Nigeria (CBN, 2013) stipulates that at least two of the board members, apart from the CEO, should have a minimum of 8 years of banking or related financial industry experience, while the managing director/ CEO should possess a minimum of a first degree or its equivalent in any discipline.

The first emergent theme, which is key to the corporate governance topic of this study, concerning the directors was the low quality of education of board members, weak oversight, nonperforming director-related loans, conflicts of interest, and inactive board committees. All 20 (or 100%) participants expressed their concerns about the low levels of experience and competencies of board members resulting in non-implementation of corporate governance best practices. Over 15 (or 75%) of the participants expressed serious concerns with experiences with the quality of board members and executive management of their banks. For example, it was reported that some of the board members of MFBs cannot read or write and cannot contribute meaningfully to decision making at board meetings. Other board members were said to lack exposure to social life, while others were said to possess substandard and inadequate certificates and were involved in insider abuses, especially regarding director-related loans. Some participants reported that some board members abrogate their responsibilities to the executive management team, while other chairpersons of the boards are involved in the day-to-day running of the banks. Another problem that contributed to poor board oversight as reported is that some directors are picked from the shareholders who were rich enough to float banks but lacked education background or experience in banking operations or that some appointments of directors are based on political consideration especially in government-owned MFBs. Conflicts of interest and board disagreements were reported in some MFBs.

Closely related to the issues with board members as reported is the low level of qualifications of some executive management teams of some banks. Other issues relating to executive management included engaging in expensive lifestyles, such as the purchase of exotic cars, gigantic office buildings, inability to implement board directives, and mission drift. In addition, lacking strategic planning, lacking management succession plans, and noncompliance with extant regulatory requirements and other extant codes were reported in some MFBs.

The various experiences reported by participants agree with the assertions in previous findings on the operations of MFBs in Nigeria that revealed that poor corporate governance practices, including weak risk management frameworks, incompetence of the unskilled executive management, weak capacity, weak oversight, and unethical practices by board of director members negatively impact profitability and going concern of MFBs in Nigeria (Abdullahi & Othman, 2021; CBN, 2018; Da Costa & Martins, 2019; Yusuf et al., 2018). Poor corporate governance practices leading to the collapse of MFBs in Nigeria led to the revocation of operating licenses of more than 415 (or 47.48%) of them from 2010 to 2020 (CBN, 2013; NDIC, 2018, 2020; Okeke et al. 2019). The mass closure of MFBs resulted in the loss of jobs and public confidence in the microfinance banking subsector.

Okoye et al. (2017) found that corporate governance mechanisms have not contributed significantly to the financial survivability of microfinance institutions in Nigeria, as corporate governance practices are still at rudimentary levels in microfinance institutions in Nigeria. Uchenna et al. (2020) concluded that corporate governance strategies and practices in microfinance institutions in Nigeria are still shallow. Pasquale et al. (2015) reviewed global corporate governance practices in microfinance institutions and found that corporate governance, which is crucial for the survival of microfinance institutions, is the least emphasized in the microfinance sector.

Theme 2: Lack of Stakeholders' Interests and Support

Stakeholders are the numerous groups, individuals, and organizations who can affect or be affected by the operations of an organization. Freeman (2010) popularized the stakeholder concept in 1984 after realizing that managers fail to consider the interests of numerous groups and individuals who can affect or be affected by the operations of organizations. Freudenreich et al. (2020) asserted that the essence of business is value creation, which involves different activities by individuals or groups in the business value chain. Leveraging stakeholders as resources enhances the chance to achieve a sustainable competitive advantage (Leonidou et al., 2020).

The community banking system in Nigeria in the 1990s leveraged community stakeholder support to survive (Dauda & Oladoyin, 2009; Okoye & Okpala, 2000). Community stakeholder support is still relevant in the operations and survival of MFBs in Nigeria, especially those located in rural communities where MFB is the only financial institution. The stakeholders for MFBs in Nigeria include shareholders (capitalists), other financial suppliers (financial system), customers, regulators, employees, community, business partners, and government.

Freudenreich et al. (2020) posited that it is not possible to operate a successful business model without aligning the interests of different individuals or groups in the business value chain for cooperation and mutual benefit engagement of the internal and external stakeholders. Lack of stakeholder interest and support for the operations and survival of MFBs emerged as another theme in this study. Over 15% of the participants reported their experiences with the lack of concern by most stakeholders in the survival of MFBs in Nigeria, especially the low directors’ interests in the management of the banks. Participants reported that most of the people who invest in MFBs have their main businesses, so their main focus is their main line of business. Thus, there is not much attention on the microfinance business. Participants reported that sometimes it takes up to 12 months before a decision is made because of inability to gather directors for meetings, thereby making it very difficult to manage the bank because of the quality of board oversight and lack of management succession plan.

Theme 3: Inadequate Supervision and High Regulatory Requirements

Another theme that emerged was the lack of consideration of MFBs by policymakers in decisions that concern them, conflicting regulatory requirements from the regulators leading to noncompliance with guidelines and code of corporate governance, application of the same regulatory requirements for both MFBs and commercial banks, and mass revocation of operating licenses of MFBs at the same time.

All 20 (or 100 %) of the participants expressed concerns about the sidelining of MFBs in the schemes of many things in the banking industry.

Some participants expressed concern about conflicting regulatory requirements from the CBN and the NDIC, thereby confusing operators especially when the CBN comes and say something and then NDIC comes and says another thing differently, coupled with the fact that some field examiners from the CBN/NDIC are not adequately trained on how the MFBs operate in the banking industry as reported. Some participants asserted that the regulators are not concerned most of the time about the survival and how the MFBs are surviving, Another issue the participants complained about was the high requirements to be a member of the board of MFB and the lack of friendly rapport between the CBN relationship officers and the operators leading to the belief that some bank examiners are fault finders and not partners in progress.

In addition, some participants expressed concerns about the establishment of a parallel MFB (a competitor) by the CBN thereby stifling the progress of other MFBs. The introduction of a competitor within the system by floating a different MFB made the operators believe that the management of the CBN does not care about MFBs and has rather worked against the microfinance banking subsector. Furthermore, some participants complained about the application of the same regulatory requirements for both rural and urban MFBs because most of the banks are in the villages, so most of the guidelines/policies based on which the rural banks use favor only banks in the cities. The participants cited the example of the cashless policy which the rural banks did not find easy, coupled with the low level of financial literacy including electronic banking knowledge of people in the villages.

Some participants complained of being sidelined by regulators because MFBs are not carried along in decisions affecting their operations, citing the policy on increase in share capital base which was rushed and the consequences has not been palatable. According to the participants, the mass revocation of licenses of MFBs brought about a negative general perception and a systemic problem for MFBs in Nigeria. The seeming lack of supervisory capacity was cited as some of the MFBs whose licenses were revoked recently had closed shop some years back. For example, one of the MDs of the closed banks was cited as saying that the CBN had not visited their bank for the last 6 years before the revocation of their license, meaning that there is no trigger in the supervision process because if you have not visited a bank for 6 years is a red flag.

The issue of regulatory concerns conforms with the literature review as highlighted by Okoye and Siwale (2017) who evaluated the impact of regulatory requirements towards the achievement of effective corporate governance in microfinance institutions in Nigeria and Zambia and reported that, although weak corporate governance practices in microfinance institutions necessitated the policy regulation and government intervention in MFBs in Nigeria, the regulatory requirements have brought negative outcomes in board compositions, ownership requirements, resulting in differing governance implications. In addition, Okoye and Siwale (2017) asserted that the certification training program sponsored by the CBN for directors on the board of MFBs was not feasible with the quality of members on the board of microfinance institutions, coupled with inadequate regulatory supervision, especially on risk management in microfinance institutions in both Nigeria and Zambia.

Theme 4: Unfriendly Government Policies and Public Perceptions.

Another major theme, described as the most difficult in managing microfinance, was the issue of unfriendly government policies, low public trust, low level of financial literacy of rural customers, managing the risk assets, conflict of interest, and poor corporate governance practices, as 20 (or 100%) of the participants expressed various concerns on this particular theme. The issue with most expressed concerns by the participants was the currency redesign and cashless policy of the government that had a negative effect on the operations of MFBs in Nigeria.

Over 80% of the participants asserted that the naira redesign and cashless policy was a bad policy that affected most of the MFBs negatively which may end up killing MFBs in Nigeria as the effects still linger. According to them, the MFBs as important stakeholders in driving the financial inclusion and development of the country were not carried along before the policy was brought out. Some participants expressed difficulties in managing their stakeholders such as the customers and the community especially their customers who needed to go to the market to sell their goods to repay their loans in January when the CBN came up with the naira redesign and cashless policy, thus there was no cash in circulation for customers to sell their goods and repay their loans.

One other difficult aspect as expressed by the participants is managing the portfolio as it involves physical visits to the customers in the face of bad roads and poor communication network, coupled with the attitudes of most customers who prefer to take loans from MFBs but would not bring deposit to the MFBs. Also reported was the negative public perception and low level of trust in the industry especially while operating in a big city where there are many commercial banks to compete with. On the attitudes of some customers, some participants described their experiences as “sour experiences” over the years because, despite lowering their interest rates to accommodate rural customers without acceptable collateral and given their capacity and conditions, most of them deliberately refused to repay their loans leaving the banks with huge bad loans.

The lack of personnel in the rural areas to meet the high standard of personnel requirements for MFBs including credit officer and/or risk manager, internal control/auditors, compliance officer, and other IT-driven users, which must be approved by the CBN, was also reported, thus making the guidelines too stringent for small MFBs to comply with. The high level of insecurity in the rural areas makes financial inclusion very difficult to implement at the grassroots. Another participant asserted that the word “microfinance” does not have above 45% approval in Nigeria because once you put *microfinance* as your bank, the name dilutes public confidence in your bank, So, the most difficult part is the perception of the public about MFBs especially that the public does not know the difference between sound/big MFB and the unsound small MFBs.

The different experiences shared by participants confirmed what was highlighted in the literature review as the CBN (2018), Chikalipath (2017), and Dikko and Alifiah (2020) had reported that unfriendly institutional environment, high cost of loanable funds, and high ratios of non-performing risk assets, leading to delinquencies of credit portfolio and bankruptcies as some of the challenges facing MFBs in Nigeria. In addition, the withdrawal of the banking licenses of the failed MFBs led to the loss of public confidence in the microfinance banking subsector (Okeke et al., 2019). Baldacchino et al. (2020) asserted that openness in communication, respect, fairness, cordial and honest relationship between stakeholders and sufficient regulatory enforcement, and market discipline can engender public confidence.

Theme 5: Operational Restrictions and Lack of Level Playing Ground

Operational restrictions such as non-permissible activities including foreign exchange, and real estate, and lack of government interventions in crisis periods with no discernible government support to create public confidence in the subsector, and uneven level playing ground for MFBs emerged as another theme. Five (or 25%) of the 20 participants expressed various concerns on the uneven level playing ground for MFBs in Nigeria, as they asserted that operational restrictions of MFBs are not providing level playing ground for MFBs because such restrictions are making it very difficult for MFBs to compete with the commercial banks. Two participants reported that MFBs are losing customers because customers will come with something the bank cannot engage in, such as long-term loans beyond 12 months and other restrictions, unlike the commercial banks that are allowed to do so many things.

Another participant reported that the 2020 COVID-19 pandemic further compounded their problems because their customers were badly affected and further worsened when the naira redesign and cashless policy came up with a negative impact on the profitability of their bank. Another participant expressed concern that the federal government of Nigeria does not favor the microfinance subsector because the government intervenes and rescues commercial banks in crisis periods but the licenses of MFBs are withdrawn immediately when they have crises just like the mass revocation of licenses of 179 MFBs in March 2023. Thus, the macro-economic policy generally and the impact of some monetary policy of government are negative to the survival of MFBs.

Still on level playing ground and the manner the regulators treat MFBs, a participant asserted that regulators apply the same standard of requirements for MFBs and commercial banks that have experienced personnel both at the management and board levels. Another participant complained of a lack of good talk about MFBs and support from the government to engender public confidence in the subsector. The participant cited the way the licenses of MFBs are revoked en mass, thereby sending negative signals to the public about the reliability of MFBs in Nigeria. Thus, making the public feel that the MFBs are always on the verge of collapse, and therefore should not be trusted.

The assertions by the participants on operations restrictions confirm the review in the literature, as the CBN (CBN, 2013) listed prohibited activities in which the MFBs are not allowed to engage, including acceptance of public sector deposits, foreign exchange transactions, international commercial papers, clearing house activities, dealing in real estate, among other activities. As further highlighted in the literature review, the World Bank Group (2017) analyzed the status of MFBs in Nigeria and found that MFBs had not been well managed due to operational and regulatory challenges, thus the objectives of setting them have not been fully achieved, as they are unable to serve their depositors adequately.

Theme 6: Difficulty in Meeting Recapitalization Policy

Another theme related to recapitalization and the difficulty in meeting the policy include shareholder influence, unwillingness to admit new shareholders, and the problem with government ownership of banks. Six (or 30%) of the 20 participants reported their various experiences on recapitalization issues. Many of the participants asserted that the inability to meet the recapitalization requirements led to the closure of many MFBs within a short period.

A participant reported that even though the existing shareholders in their bank had no money to increase their share capital to one billion naira as required by regulation, they refused to admit new shareholders and instead downgraded their bank to a Unit category. Another participant reported that the increase in the share capital of MFBs by over 2000% at ago was difficult to meet by many banks, leading to the mass closure of shops and withdrawal of operating licenses by the CBN. One other participant reported concentration on shares where one person accounted for 90% of the total shares with the implications on decisions in the bank.

Similarly, another participant reported of the difficulty of increasing share capital in a community-owned bank because it is difficult to pin the ownership to individuals to take responsibility, as the ownership is general for the community. Closely related to this is the problems with share capital in a state government-owned MFB where activities in the bank depended on when the government put in money.

Abdullahi and Othman (2021), CBN (2018), NDIC (2020), and Okeke et al. (2019) had reported in the literature that one of the devastating problems facing the MFBs in Nigeria is under-capitalization and inadequate regulatory supervision, which resulted in the failure of 415 of them between 2010 and 2020 only. Dikko and Alifiah (2020) highlighted inadequate capitalization as one of the major challenges of MFBs in Nigeria. In addition, Onyele and Onyekachi-Onyele (2020) reported that inconsistencies in government policies and a lack of required human and financial capital accounted for the slow speed of poverty reduction by MFBs in Nigeria. Alobari et al. (2019) recommended adequate capitalization of MFBs for higher profitability.

Theme 7: Poor Infrastructural Facilities, Personnel, and Security

Theme 7 emerged from poor infrastructural facilities at the operational locations such as bad roads, low levels of financial literacy and skilled personnel in rural areas, insecurity, and low customer patronage, as expressed by six (or 30%) of the 20 participants interviewed. One participant reported the lack of good roads and a conducive environment to operate because there are locations the bank cannot reach easily, while there was no day without fear in the minds of people about crises and insecurity.

Two participants expressed concerns about the low level of qualified personnel in the rural areas leading to a lack of succession plan, strategic planning, and cost of training the available workforce. One other participant corroborated infrastructural deficiencies and reported that environmental challenges impacted their bank’s profitability negatively. Another participant attributed the attitudes of customers in the rural areas to poverty and the fact that some of them cannot even read and write, thus such customers cannot be treated like commercial banks' customers, most of whom are educated and sophisticated.

As highlighted in the literature review, Chikalipath (2017) and Ogunsanwo et al. (2020) identified poor infrastructure and unfriendly institutional environment as some of the challenges of microfinance institutions in sub-Saharan Africa including Nigeria. Similarly, Dikko and Alifiah (2020) mentioned poor infrastructural facilities as the bane of the progress of MFBs in the rural areas of Nigeria. Adeola and Evans (2017) reported that the reluctance of conventional banks to grant credit facilities to the informal sector, especially in the rural areas further put pressure on the MFBs which cannot meet the high demand for loan facilities in the face of inadequate infrastructural facilities.

Theme 8: Weak Risk Assets Quality

The 8th theme emerged from the experiences of participants in their loans and advance administration/underwriting and risk asset quality. Data collected from four (or 20%) of the 20 participants reported the challenges of serial borrowers, and poor credit administration leading to high levels of bad loans. The participants also expressed concerns about the different loan tenors for MFBs and commercial banks that always result in early loan loss provisioning for MFBs.

Difficulties in loan recovery from some stubborn customers and serial borrowers were specially mentioned by most participants as the most challenging aspect of managing a MFB because most times the banks would have to revert to guarantors who will start complaining about paying on behalf of customers they had stood for as sureties. It was a consensus among participants that the incidences of serial borrowers emanated from the fact that most banks do not report their bad debtors to the credit bureaus to guide other banks in granting loans to their potential customers.

Some participants shared their experiences in managing their credit portfolio within the CBN maximum Portfolio-At-Risk (PAR) of 5% of the outstanding loans, which they said had been difficult to achieve because loan recovery involves constant and timely physical visits to the customers which had not been easy due to lack of good motor-able roads and poor communication network. A participant reported that because lending activity generates almost 80% of their income, it will be difficult to sleep if customers are not paying their loans accordingly. Another participant expressed concerns about the attitudes of some customers whose loans had been granted at friendly interest rates without collateral, yet most of them would deliberately refused to repay their loans. Most participants complained of the different loan classifications for MFBs and commercial banks where it takes just 90 days to make a full loan loss provision while it takes up to 365 days before it can be recorded as a loss in a commercial bank.

The results from the data collected from the different participants validate the empirical findings of Abdullahi and Othman (2021) that microfinance institutions in Nigeria have been facing a series of challenges, mainly in the risk management framework coupled with the 2020 COVID-19 pandemic that impacted negatively on their operations. The result also confirms Ogunsanwo et al. (2020) position that many reasons were responsible for loan defaults, including the inability to control loan administration, external pressures on loan beneficiaries to divert loan proceeds to different purposes, or customer's attitudes of unwillingness to repay the loan granted *ab initio*. The authors stressed the importance of credit policy to the portfolio management of MFBs in Nigeria.

Theme 9: Lack of Robust Banking Software

Another theme emerged from the data collected from three (or 15%) of the 20 participants who reported the lack of robust banking software and cost of acquiring new ones. The participants mentioned the regulatory requirement of using high-capacity banking software for MFBs as those for commercial banks and the delay in the implementation of uniform banking software. Some participants expressed concerns that MFBs are compelled to acquire software that operates in commercial banks regardless of the cost implications to MFBs as if MFBs are competing with commercial banks.

A participant lamented that his bank had paid so much for software that it thought should solve most of their problems, but unfortunately, the bank discovered that the software was not delivering as expected. Another participant reported that their bank could not able to enjoy the full benefits of a robust banking software because of the high cost of obtaining such a package, while one other participant reported on the delay in implementation of a NAMBUT uniform banking software brought up by the CBN for all MFBs.

The various assertions by participants on challenges in acquiring robust banking software corroborate the findings by Oladejo and Adereti (2010) who found that despite the benefits of information technology to MFBs, the major reason why some of them still lack behind is the inadequacy of personnel, lack of funds, poor telecommunications infrastructure, and power. The authors recommended pulling resources by MFBs to acquire robust banking software for their operations. Agboola et al. (2023) found that FinTech lending can boost the activities of micro-enterprises, micro banking, and financial services providers.

Theme 10: Role and Prospects of Microfinance Banks

Theme 10 emerged from the participants' belief in the impact of microfinance banking on rural economic development, including deepening credit inter-mediation, financial inclusion, positive social change, and viability of MFBs in the untapped market. Five (or 25%) of the 20 participants expressed their confidence in the important role MFBs play in economic development of Nigeria. The participants believe that the major role is reaching areas where there is no banking service especially the rural areas to bring about financial inclusion and literacy. However, for financial inclusion to be successful, participants recommended that the government must support the operations of MFBs to anchor financial inclusion in rural areas, especially now that most of the new-generation banks are not located in rural areas.

A participant asserted that there are prospects and that the future of the microfinance industry is bright because, despite all the challenges, MFBs are still afloat. After all, the market is large and still untapped. Thus, there is a high prospect for MFBs and what is needed is friendly policies from the government and a very suitable business environment for the MFBs to prosper and grow the economy. The result from the interviews confirms the assertion by Murad and Idewele (2017) that microfinance institutions globally play strategic roles in socioeconomic development and well-being of the active poor people who are predominantly self-employed and engaged in micro-entrepreneurship activities that positively impact the GDP of a country. In Nigeria, MFBs play a very important role in the development of the Nigerian economy, as they provide finances to SMEs, which are the engines of growth for the Nigerian economy.

MFBs were set up in Nigeria in 2005 to meet certain economic objectives such as the provision of diversified and affordable financial services to the active poor to enable them to develop long-term sustainable entrepreneurial activities, mobilization of savings for inter-mediation, creation of employment opportunities to uplift the standard of living of the poor, enhance participation of the poor in socioeconomic development and resource allocation process, provision of avenues for the administration of microcredit programs of the government, and to render payment services to individuals and various tiers of government (CBN, 2005; Khan, 2020; Ozili, 2020).

Limitations of the Study

Inherent in a qualitative research method is the potential for personal and study participants' bias, sample size, and the issue of trustworthiness. There was the potential for personal bias based on the many reported cases of failures of MFBs in the country which had ability to influence my conclusion before the data collection and analysis. However, with the achievement of transferability, data saturation, and member-checking to confirm the accuracy of the transcribed recorded interviews, personal bias was eliminated. Study Participants' bias was reduced to the barest minimum after I assured them of the confidentiality of information to be obtained so that participants could be as sincere as possible in answering the interview questions.

The sample size and geographical constraints were other limitations of the study, as only one director from each of the 20 participating MFBs was interviewed. To reduce the geographical limitation, the sample of 20 participants was selected from banks located in northcentral, northwestern, southwest, and southeast regions to represent all parts of the country. Thus, the study result may not be generalized to all states in Nigeria since the study was limited to select states. The sample size limitation was moderated by the homogeneity among the population that has similar business models, same market focus/clientele, same recapitalization requirement, same code of corporate governance, and same regulatory standards and regulator. The homogeneity among the population facilitated the achievement of saturation level. Another limitation was restricting the articles used to published peer-reviewed journals and few government publications, thus excluding other articles that are not peer-reviewed that might be relevant.

Recommendations

This study has recommendations for future research and recommendation for practice.

Recommendation for Future Research

The purpose of this qualitative exploratory multiple-case study was to explore the experiences of members of the board of directors regarding how they understand corporate governance standards and implementation strategies to mitigate failures and ensure the survivability of MFBs in Nigeria. Further research may include all the MFBs in the country irrespective of the number of years in operations. A qualitative exploratory multiple-case study is just one of the designs in a qualitative study. Future research should use other approaches such as narrative analysis, ethnographic analysis, and grounded theory analysis.

Recommendations for Practice

Banks Should Use Corporate Governance Mechanisms Copiously for Effective Board Oversight and Executive Management Performance

Managers of MFBs are expected to strive for effective board oversights using the available corporate governance mechanisms as their strategies to enforce compliance with rules and regulations and implementation of board decisions by executive management for profitability and going concern of their banks. Many directors of MFBs were reported to have not been adequately equipped for effective oversights coupled with board squabbles, insider abuses, lack of frequent board meetings causing delays in decision making, and conflict of interests while abandoning the executive management team that engaged in expensive lifestyles, non-implementation of board decisions, and mission drift, which had negative impact on the performance and profitability of their banks. MFBs play a big role in the provision of micro credits to SMEs and other micro entrepreneurship which are the growth engine for economic development of most emerging economies like Nigeria. MFBs can be sound and efficient in providing finance to the SMEs only if there is effective corporate governance practices followed with sufficient and effective regulatory supervision. I recommend that the appointment of directors for MFBs should be based on competence, experience, and trainability for effective oversight of management. In addition to yearly appraisal of the board and directors by private consultants, Directors should be more involved in fund mobilization, and improve monitoring functions, while ensuring compliance with regulations and implementation of decisions made. The board should make effective use of internal auditors who report directly to the board functionally. This recommendation is grounded in theme one that emerged from the data collected from all 20 (or 100%) of the 20 participants.

Seamless Recapitalization of MFBs and Government Divestment

Capital funds for MFBs have been a major challenge for most of the banks since the introduction of the microfinance banking policy in 2005 because of the lack of investors' interests in the subsector and the unwillingness of existing shareholders to invite new investors to dilute the shareholdings. In addition, the recapitalization process that increased the share capital of MFBs by almost 2000% at a go became a major challenge that led to the mass closure of shops and the withdrawal of operating licenses of the banks by the CBN. Government ownership of some MFBs has not made any significant difference in their recapitalization and effective management of their operations. Adequately capitalized banks can enable them to provide finance to the SMEs. I recommend that existing shareholders should allow new investors to inject more funds to dilute the shareholding and to take advantage of wider knowledge from more shareholders, while the recapitalization process should be done in phases to avoid the collapse of MFBs as witnessed. The government should provide seed capital for MFBs and then divest gradually for the transfer of ownership of government banks to private individuals or organizations. This recommendation is grounded in theme six of the result of this study.

Adequate Supervisory Surveillance and Non-Conflicting Regulatory Requirements

From the data collected for this study from participants, it has been revealed that there is a lack of consideration of MFBs by policymakers in decisions that concern them in addition to conflicting regulatory requirements from the regulators leading to non-compliance, application of same regulatory requirements for both MFBs and commercial banks, and mass revocation of operating licenses of MFBs at the same time, thereby bringing the perception of a systemic problem in the subsector. Regulators are very helpful in supervising and guiding the MFBs to operate within the rules and regulations to protect the interest of the customers, especially the depositors. When there is alignment of interests of both the regulated and the regulator without any conflicting regulatory requirements, all parties benefit while achieving the common objectives for the subsector. The guidelines should be applicable and practicable especially for the rural MFBs. I recommend that the regulators should work in synergy to avoid confusion in the subsector while establishing a good rapport between regulatory desk officers and the operators. There should be frequent supervisory visits, while revocation of licenses of failed MFBs should be done early and piecemeal. This recommendation is grounded in theme three of the result of this study.

Friendly Government Policies to Engender Positive Public Perceptions of Microfinance Banks

Friendly policies and government support encourage operators to work towards achieving a common goal and mutual benefits. However, frequent changes in government policy disrupt the planned strategies of most MFBs in Nigeria. The majority of participants in this study revealed that the most difficult aspect in managing a MFB is compliance with government policies and regulation including managing government appointees in government-owned banks. Apart from the difficulty in managing loan portfolios, negative public perception, and insecurity; other unfriendly government policies such as the deprivation of MFBs of cash during the government naira redesign and cashless policy, the orders of some state governments for all government workers to withdraw their accounts from MFBs without concrete arrangement to recover the loan already granted to the government workers could stifle the operations of MFBs.

Level playing ground enables equal opportunities for competition. MFBs are prohibited from engaging in certain activities considered to be too complex for them, especially the foreign exchange market. However, there are other activities that MFBs are not specifically prohibited from engaging in, such as using them for government interventions in rural areas and bailing them during crisis periods which is being done for commercial banks. I recommend that, for the microfinance banking subsector to play its role of providing finance to SMEs for economic development, government policies must be seen to be friendly and supportive. This recommendation is grounded in themes four and seven where all the participants (100%) expressed concerns about government policies and the uneven level playing ground for MFBs with their impact on public confidence.

Provision of Good Infrastructural Facilities

Good infrastructural facilities such as good roads, communication networks, and power enable the production and provision of services at affordable costs. The data collected from participants in this study revealed the preponderance of infrastructural decays especially in the rural areas of operations of most MFBs in Nigeria, including lack of good roads, power, effective information and communication technology facilities, robust banking software, educated customers, and skilled personnel. Deficiency in good infrastructure which is a critical success factor can militate against their performance and implementation of corporate governance standards. For efficient and rapid financial inclusion at the rural level, I recommend that the government provide the basic enabling environment for MFBs to thrift and provide economic development at the grassroots. This recommendation is grounded in themes seven and nine.

Stiffer Sanctions for Noncompliance With Regulations on the Use of Credit Bureaus

High-performing loans are the most important risk assets of any banking institution irrespective of its size and location. Weak risk management frameworks resulting in a high percentage of non-performing risk assets have been the bane of the survival of many MFBs over the years (Abdullahi & Othman, 2021; CBN, 2018;2019). This is mainly due to the reluctance of commercial banks to grant credit facilities to the informal sector, thereby putting more pressure on MFBs who cannot meet the high demand for loan facilities from the informal sector. The problem is further compounded by poor customer selection, weak risk management framework, and the absence of adequate loan monitoring by MFBs. Strict compliance with credit policies and credit terms by credit committees at all levels of credit approvals will ensure the high quality of the loan portfolio (Ogunsanwo et al. (2020). Incidences of high non-performing loans will be reduced if lenders employ strategies in credit risk evaluation such as cash flow of borrowers, adequacy of collateral available, capital outlay, character, conditions of the borrower or the business, and credit bureau search.

The data collected from the interview for this study revealed that one of the factors that leads to high non-performing loans of MFBs is the refusal by many MFBs to upload information about loans granted to their customers into the credit bureau platforms as required by regulation. The non-report of loans granted to the credit bureaus for other potential lenders to be aware conceals a lot of serial borrowers in the banking system resulting in high percentage of non-performing loans. I recommend that the sanction for non-compliance with regulations on loans and advances should be stiffer to deter perpetrators and sanitizing the financial system. This recommendation is grounded in theme eight of the data collected from participants in this study.

Implications

One of the devastating problems facing the MFBs in Nigeria is poor corporate governance practices coupled with poor business models, undercapitalization, and inadequate regulatory supervision, which resulted in their continuous mass failures and revocation of their operating licenses. The operational threats to the survival of MFBs in Nigeria may reverse the objective of setting up MFBs to provide micro-credits and financial services to the poor who cannot access traditional banking services. This study may fill the current gap represented by a lack of corporate governance strategies that should be implemented by members of the board of directors of MFBs in Nigeria to prevent further bank failures by ensuring their profitability and ongoing concern.

Implications for Practice

MFBs in Nigeria need sufficient infrastructural facilities such as good roads, power, information and communication technology, adequate supervision and government support to play their role of providing finance to the SMEs, economic development, and financial inclusion especially in the rural areas. The findings in this study revealed a dearth of infrastructural challenges and other adverse conditions militating against their smooth operations. Governments and regulatory agencies in Nigeria could use the findings in the study to inform the development of appropriate regulatory frameworks and guidelines that will support effective supervision and capacity-building assistance to the MFBs in Nigeria. Microfinance practitioners and other local and foreign donor agencies that are willing to assist in the development of microfinancing in Nigeria may find this study valuable.

Implication for Theory

The study may contribute to literature and new theory on microfinancing, especially with regard to use of qualitative methodology in microfinance research, which has been dominated by quantitative methodology in Nigeria. For a more comprehensive and generalization of findings on corporate governance practices in MFBs in Nigeria, further research that would include all the MFBs in Nigeria irrespective of their locations and years of operations is recommended for comprehensive results that could be generalized.

Implications for Social Change

The study may contribute to positive social change because the implementation of the recommendations in this study will ensure strong and sound MFBs that will continue to provide micro-loans and means of livelihood for the less privileged and poor groups. Strong, sound, and sufficient MFBs can provide finance and other financial services to individuals, communities, and SMEs to drive Nigerian economic growth. Participants in this study expressed their optimism on the implication of social change, as they were happy that their strategies and challenges are being documented and they were confident that the result will be made available to relevant authorities for implementation.

As directors of MFBs apply insights from the study findings to improve their corporate governance practices and ensure profitability and survival of their institutions, MFBs may thrive and continue to provide banking services to the population that cannot engage the commercial banks, thereby enhancing financial inclusion at the lower end of the economic spectrum. Additionally, strong and profitable MFBs may engage in corporate social responsibility activities within the communities they operate, leading to improve standard of living of the community and society in general.

Methodological Implications

The methodology for this study was a qualitative multiple-case study designed to explore the experiences and understanding of members of board of directors regarding corporate governance standards and implementation strategies to mitigate failures and ensure the profitability and survivability of MFBs in Nigeria. The result of this study may not be generalized to a certain level because of the limitation in the sample size of the study participants and restriction to some states in the various regions and the exclusion of the population that did not meet the inclusion criteria of being in operation for at least 10 years as of December 2020. Further research may include all the MFBs in the country irrespective of the number of years in operations.

Conclusions

The results from the data collected from the participants substantially validated the empirical findings in the literature review. A robust corporate governance structure, characterized by effective board oversight, risk management practices, and stakeholder engagement, is essential to the survivability of MFBs in Nigeria. Significant regulatory compliance, transparency, and accountability in enhancing stakeholder trust and confidence are vital for the long-term sustainability of MFBs. MFBs have important role to play in economic development, financial inclusion, and positive social change in Nigeria.

Ten major themes emerged from the data collected during the interviews with participants which were the outcome of the experiences identified through the analysis of the data. The emergent themes included weak Quality of Board Oversight and Executive Management Performance; Lack of Stakeholders' Interests and Support; Inadequate Supervision and High Regulatory Requirements; Unfriendly Government Policies and Public Perceptions; Operational Restrictions and Lack of Level Paying Ground; Difficulty in Meeting Recapitalization policy; Poor Infrastructural facilities, personnel, and security; Weak Risk Assets Quality; Lack of Robust Banking Software; and the Role and Prospects of MFBs in Nigeria.

The findings reveal that MFBs struggle with low-quality board oversight, lack of stakeholders' interests, inadequate supervisory surveillance and government support, infrastructural deficiencies, weak risk asset quality, high capital requirements, and an inadequate level playing ground for their operations. It is suggested that, for microfinance to remain strong, sound, and sufficient to play their roles of economic development especially the rural economics and to promote financial inclusion, the Nigerian government must provide adequate infrastructural facilities, friendly policies, adequate regulatory supervision, support, and level playing ground for microfinance banking.

The positive social change implication included the provision of microloans and means of livelihood for the less privileged and poor groups thereby enhancing financial inclusion at the lower end of the economic spectrum and other financial services to individuals, communities, and SMEs, the use of the result by practitioners to improve on their corporate governance practices to ensure profitability and survival of their institutions, and engagement in corporate social responsibility activities within the communities and society in general to improve their livelihood and standard of living.

The recommendations for practice in this study included (a) use corporate governance mechanisms copiously for effective board oversights and executive management performance, (b) seamless process of recapitalization of MFBs and government divestment in government-owned banks, (c) adequate supervisory surveillance and non-conflicting regulatory requirements, (d) friendly government policies to engender positive public perceptions of MFBs, (e) provision of good infrastructural facilities by government for MFBs to play their role of economic development, and (f) stiffer sanctions for non-compliance with regulations on use of credit bureaus. All the recommendations were grounded in emergent themes from the data collected from participants during the interviews. If adhered to, the recommendations in this study would improve the performances of MFBs and their going concern.

If the recommendations in this study, which were grounded in emergent themes from the data collected from participants during the interviews, are adhered to, it would improve the performances of MFBs and their going concern.

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Appendix A: Interview Protocols

The interview protocol started with an introduction, such as "Good morning/afternoon Mr./Mrs./Dr. xxxxx; my name is Augustine Dachi Dajau, a doctoral student at Walden University conducting research to explore corporate governance strategies that facilitate profitability and going concern of microfinance banks in Nigeria". I thanked the participant for giving his/her time for the interview. I provided the participant with a copy of the signed consent form and asked for confirmation that they understood and accepted its contents. I asked if there were any concerns, reservations, clarifications, or questions to be addressed before proceeding with the interview. If there were no concerns or questions, I commenced the interview with the specified interview questions below.

Research Question

How do members of the board of directors of MFBs in Nigeria describe their experiences of corporate governance standards and implementation strategies to mitigate failures and ensure the survivability of their institutions?

Interview Questions

The semi-structured interview questions were as follows:

1. Let us begin with your perspective on corporate governance - What is your perspective and experience with corporate governance practices in your bank?
2. How can you describe your role on the Board of your bank?
3. How would you describe the level of collegiality, motivation, and mutual trust among executive management and directors towards the attainment of common objectives of your bank?
4. What is your assessment of the effectiveness of the different corporate governance mechanisms in ensuring profitability and going concern of your bank?
5. Which of the corporate governance mechanisms and strategies have been very effective and have enabled profitability and going concern of your microfinance bank?
6. How would you assess the level of adequacy of incentives in terms of remuneration and perquisites to the executive management and board members to discourage

conflicts of interests?

7. What factors do you believe contributed to poor corporate governance practices (if any) that have negatively impacted profitability and threatened the going concern of your bank?
8. Who are the stakeholders that can influence or be affected by the operational or strategic decisions of your board of directors?
9. What has been the level of engagement and alignment with the interests of all your stakeholders for collaboration towards the realization of the overall objectives of your bank?
10. What has been the role of stakeholders towards the success or otherwise of your bank?
11. What has been the role of regulatory agencies towards the success or otherwise of your bank?
12. What has been the most difficult part about managing your microfinance bank?
13. What is your assessment of frequency, quality of deliberation, policy formulation, performance monitoring responsibility, and general oversight by the board of directors on the executive management of your bank?
14. What are your suggestions regarding qualifications, competence, and experiences required to be a member of the board of a microfinance bank different from the ones suggested in the Regulatory and Supervisory Guidelines for Microfinance Banks issued by the Central Bank of Nigeria for effective governance practices?
15. What is your assessment of the appropriateness, adequacy, and quality of the extant Regulatory and Supervisory Guidelines for Microfinance Banks in Nigeria and the Code of Corporate Governance for Microfinance Banks in Nigeria as provided by the Central Bank of Nigeria?
16. What are the challenges you have faced as a director towards the implementation of corporate governance strategies in your bank?
17. What are the strategies that you have employed to surmount these challenges?
18. What other things do you think could have been done differently to improve corporate governance practices in your bank?

19. What other information or suggestions can you make regarding the role of directors in corporate governance that would improve performances, profitability, and going concern of microfinance banks in Nigeria?
20. The resources available to an organization could include skilled personnel, capability and innovation, good brand names, efficient banking software, efficient procedures, capital, and customer patronage; What are the internal and external resources available to your bank?
21. Which of the available resources have you leveraged which you believe have contributed to the success of your bank?
22. Lastly, do you have any other thing to tell me about corporate governance in your bank, or generally?

Appendix B: Expression of Interest Letter

I am a PhD student at Walden University, Baltimore, U.S.A. As part of my dissertation, I need to conduct qualitative research interviews on some directors of Microfinance banks in Nigeria, who meet the inclusion criteria, on their experiences of corporate governance standards and implementation strategies to mitigate failures and ensure survivability of their institutions.

The interview process will include receiving a letter of cooperation from the participating microfinance banks and allowing me to complete an Informed Consent Form and a list of interview questions, and submit to the participating directors of your bank by e-mail or in-person. The whole interview process should take no more than 50 minutes of a participant's time.

Please let me know if your institution will permit its directors to participate in the research.

Study Purpose

The purpose of this study is to explore the experiences of members of board of directors regarding how they understand corporate governance standards and implementation strategies to mitigate failures and ensure survival of microfinance banks in Nigeria.

Voluntary Nature of the Study

Research should only be done with those who freely volunteer. Participation in this study is voluntary. If your institution decide to take part now, you can still change your mind later. You may stop at any time.

Regards,
Augustine Dachi Dajau
Walden University, Baltimore, U.S.A.

Appendix C: Site Authorization/Letter of Cooperation

Augustine Dachi Dajau,
College of Management and Human Potential
Walden University
Date: ………...

Dear Augustine Dajau,

Site Authorization Letter

I refer to your request for Site Authorization to conduct research in our organization entitled "Exploring Corporate Governance Strategies and Survivability of Microfinance Banks in Nigeria"

I understand that our organization's responsibilities include providing names and contacts of potential participants for your study. However, the potential participants' acceptance to participate is solely the participants' decision and communication via a consent form. We reserve the right to withdraw from the study at any time if our circumstances change.

I understand that the student has permission from Walden University to conduct the research and will not be naming our organization in the doctoral project report that will be published. In addition, I understand that the data collected will remain entirely confidential and may not be provided to anyone outside of the student's supervising faculty without permission from our organization.

I confirm that I am authorized to approve research in this organization in accordance with the organization's policies concerning research studies.

Sincerely,

Name: xxxxxxxx (CEO or Director)

Signature…………………….

Appendix D: Initial Codes and Emerging Themes

Initial Codes

Interview Questions	Interview Transcript	Interviewee Responses
Demographic information	1. Job Title (e.g., Director, CEO, etc) 2. Highest Education qualification 3. Gender 4. Number of years on the position **5.** Age range	P1 P2 P3 P4 P5
Interview Questions 1 to 22	The interview questions started with participants' perspective of corporate governance. **Probe question**: If any, were derived from the interview questions.	

Categories and Emerging Themes

Initial Themes from the literature review	Result of Data Analysis From Interview Transcripts				
	Code	Category	Sub-Category	Themes	No. Of occurrence
Corporate Governance concepts and strategies in micro financing Corporate Governance Mechanisms in micro financing. Corporate governance oversight and channels of communication. Corporate governance strategies, practices, and survivability of microfinance banks in Nigeria.	Board oversight and executiv e manage ment	Directors' qualifications and executive management performance	Corporate governance mechanisms, and quality of board meetings	Weak Quality of Board Oversight and Executive Management Performance	20 (100%)
Role of various stakeholders for enhancement of profitability and survivability of microfinance banks	Stakehol ders' interests and support	Internal and external stakeholders' roles, collaboration , and aligning with their interests	Communities, Customers, Employees Government, Individuals, Organizations, Business partners.	Lack of Stakeholders' Interests and Support.	5 (25%)
Regulatory and	Adequac	Regulatory	CBN, NDIC, and	Inadequate	20 (100%)

supervision standards for micro financing in Nigeria. Code of corporate governance and compliance by microfinance banks in Nigeria.	y of supervision and regulatory requirements.	surveillance and compliance with codes and guidelines	Tax authorities, and state government support for microfinance banks.	Supervision and High Regulatory Requirements.	
Infrastructural and enabling environment and survivability of microfinance banks in Nigeria. Challenges of microfinance banks in Nigeria.	Infrastructural facilities, personnel, and security.	Enabling Environment	Conditions of roads, communication facilities, power, and security.	Poor Infrastructural facilities, Unskilled Personnel, and Insecurity.	11 (55%)
Performance of Microfinance banks and contribution to the economic development in Nigeria.	Microfinance banks and economic development.	The role and prospect of microfinance banks in Nigeria.	Rural economic development indicators, financial inclusion, sustainability, and impact on positive social change.	Positive Role, viability, and Prospects of Microfinance Banks.	5 (25%)
	Government Policies and Public Perception.	Government support	Friendly government initiatives, support, and public confidence.	Unfriendly Government Policies and poor Public Perceptions.	20 (100%)
	Operational restrictions and level playing ground.	Non-permissible activities.	No-go-areas for MFBs in the financial industry, uneven loan tenors for classification of loans of MFBs, government intervention in crises periods for MFBs, and government patronage of MFBs	Operational Restrictions and Lack of Level Playing Ground.	5 (25%)

	Recapitalization policy and government ownership of banks.	Ownership structure challenges	Share capital injection, categorization of share, and government divestment from ownership	Difficulty in Meeting Recapitalization policy.	6 (30%)
	Portfolio management and risk assets quality.	Quality of Risk Assets and secured collateral.	Percentage of non-performing loans to total outstanding loans, frequency of loan repayments, Serial borrowers, and debt recovery	Poor Credit Administration and Weak Risk Assets Quality.	10 (50%)
	Banking software requirements for microfinance banks	Regulatory requirements for banking software.	Regulatory requirements, Cost of Robust Software, regulatory support for uniform banking software.	Lack of Robust Banking Software.	5 (25%)