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# Corporate Governance Implementation in the Nigerian Banking Industry

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# Walden University

College of Management and Technology

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David Nkata Bassey

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Walden University
2018

Abstract

Corporate Governance Implementation in the Nigerian Banking Industry

by

David Nkata Bassey

MBA, University of Nigeria, 2005

BS, University of Calabar, 1991

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Management

Walden University

November 2018

## Abstract

The increasing level of fraud, the collapse of banks, and the loss of confidence in the Nigerian banking industry have been attributed to poor corporate governance. The problem of this study was effective implementation of corporate governance in Nigeria where multiple regulations are in place. The purpose of this qualitative single case study was to understand how corporate governance is implemented in the Nigerian banking industry in the face of a multiplicity of regulations. The research question investigated how Nigerian bank managers implement corporate governance regulations in the face of a multiplicity of regulations. The conceptual framework was grounded in stewardship theory. Data collection included document analysis and face-to-face semistructured interviews to gain an understanding of how to implement corporate governance based on the perception of 15 purposefully selected senior managers and directors of the host bank. Data were analyzed using Yin's 5-Stage data analysis approach. Findings revealed that the involvement of senior bank managers and the adoption of global best practices, training, education, and awareness creation are the prerequisites for effective implementation of corporate governance. Findings may be used to reduce corporate failure, improve compliance, and restore confidence in the banking industry through enhancing the understanding of practitioners, investors, and policymakers on how to implement corporate governance in a highly regulated banking environment and contribute to positive social change.

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# Dedication

I dedicate this study to the Blessed Virgin Mary, my mother, and my darling wife Sarah in appreciation of her unwavering support and encouragement. Thank you for all your love, patience, understanding and especially your continuous prayers.

Acknowledgments

I am very grateful to God who has been gracious and kind to me and made this dream become a reality. I would like to appreciate my entire family for their support, care, and understating during my dissertation journey. I thank my children Roland, David, Mary, Simon, Immaculata, Rosemarie, and especially Josemaria who would always compare his nursey two school work with mine and challenge me on "the first to finish the school assignment."

Thank you, Dr. Hamid Kazeroony, my mentor, committee chair, and methodologist for all the encouragement and directions toward completing my dissertation. The hope of achieving my program on time was threatened when my second chairperson resigned from the handling of the dissertation at Walden, but you restored that hope by agreeing to be my chair and methodologist a role you played with unflinching support and passion. You provided a shining light to follow in this journey.

I also thank Dr. Javier Fadul, my second committee member and content expert, and Dr. Daphne Halkias, my university research reviewer, for your support and insightful feedback to strengthen the dissertation. Thank you, Dr. Sandra Kolberg, my program director, for your expertise in research design and faculty advising. Your comments on my prospectus were a source of inspiration and encouragement to me throughout the dissertation journey. I appreciate my course mates for the support and sharing during the dissertation journey. I am forever grateful to all those individuals and organizations that in one way or another contributed to the successful completion of this dissertation.

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# Chapter 1: Introduction to the Study

In the first part of the 21st century, corporate governance became a prominent global issue for investors following the failure of corporations such as Enron (Afolabi & Dare, 2015; Gupta & Shallu, 2014). In Nigeria, 50 commercial banks collapsed between1994 and 2010 and an additional eight were on the verge of crumbling before being rescued by Central Bank of Nigeria in 2011 (Bello, 2016). Corporate scandals and failures in the banking industry in Nigeria are traceable to ineffective corporate governance (Garuba & Otomewo, 2015).

Effective corporate governance reflects a company's values, culture, and policies that seek maximization of benefits for stakeholders in a legal, ethical, and sustainable way (Adegbite, 2015) and drives economic transformation, effective allocation of capital, and development of the financial market (Obigbemi, Omolehinwa, Mukoro, Ben-Caleb, & Olusanmi, 2016). The essence of effective corporate governance is to ensure transparency, protect investors, and carry out processes that meet objectives of stakeholders (Obeten, Ocheni, & John, 2014). Implementation of corporate governance increases investors' confidence in organizations, enhances transparency of governance, increases profitability, reduces unethical conduct of managers, and attracts new investor interest (Afolabi & Dare, 2015).

Chapter 1 contains the background of the study, problem statement, purpose of the study, the research question, and conceptual framework. The chapter also includes a description of the nature of the study, assumptions, limitations, delimitations, scope, and significance. The chapter concludes with summary. Chapter 2 contains the literature

search strategy, conceptual framework, and literature review. Chapter 3 includes the research method, design, rationale, and issues of trustworthiness.

**Background of the Study**

Corporate failures have become global phenomena that deserve attention (Adereti & Sanni, 2016; Kuye, Ogundele, & Otike-Obaro, 2013). Abreu, Cunha, and Barlow (2015) stated that although developed countries have clear and precise guidance on how corporate governance should operate, in developing countries the rules are slightly blurred because regulatory institutions are weak and organizations dictate the practices of corporate governance. The challenge to corporate governance is not in the creation of laws and regulations but in the implementation (Agyemang & Castellini, 2015).

High-profile corporate failures in Nigeria have been due to poor corporate governance (Afolabi & Dare, 2015; Akinyomi & Olutoye, 2015). Poor corporate governance in Nigeria has been attributed to weak boards, ineffective executive managers, corrupt practices, insider trading, misuse of resources, and a lack of enforcement of regulations (Adegbite, 2015; Awan & Akhtar, 2014; Osemeke & Adegbite, 2016). The near collapse of the Nigerian banking system before the intervention of Central Bank of Nigeria (CBN) in August 2009 was a direct result of ineffective corporate governance (Afolabi & Dare, 2015). The response to the near banking collapse cost Nigeria 620 billion naira (4.3 billion U.S. dollars) to bail out banks (Kuye et al., 2013). The findings of this study may improve understanding of corporate governance implementation processes in banks and may be used to avoid future recurrence of failures in the banking industry. The practices of corporate governance by

an organization are necessary for developing countries such as Nigeria to protect rights of stakeholders (Adeyanju, 2012).

## Problem Statement

The increasing level of fraud among banks and high-profile corporate failures in Nigeria have resulted from poor corporate governance (Afolabi & Dare, 2015; Akinyomi & Olutoye, 2015). The poor governance has been attributable to weak boards and ineffective executive management, corruption, and a lack of implementation of regulations (Adegbite, 2015; Osemeke & Adegbite, 2016). The near collapse of the Nigerian Banking system before the intervention of the CBN in August 2009 was a direct result of poor corporate governance (Afolabi & Dare, 2015). The response cost the Nigerian nation N620 billion (USD 4.3 billion) to bail out banks (Kuye et al., 2013). The general problem was the loss of investment and confidence that stakeholders and the public suffer when institutions collapse due to nonadherence to the tenets of corporate governance (Agyemang & Castellini, 2015; Awan & Akhtar, 2014; Arora & Sharma, 2016). The specific problem was the lack of understanding in the implementation process for effective corporate governance in the Nigerian banking industry in the light of a multiplicity of regulations (Afolabi & Dare, 2015; Osemeke & Adegbite, 2016).

## Purpose of the Study

The purpose of this qualitative single case study was to understand how corporate governance is implemented in the Nigerian banking industry in the face of a multiplicity of regulations. This case study allows for a longitudinal study (see Easterby-Smith, Thorpe, & Lowe, 2002) of corporate governance implementation. Data collection in the

current study included documentary evidence in conjunction with semi-structured interviews of 15 senior managers of a banking institution in Lagos, Nigeria. The phenomenon of interest was the process of corporate governance implementation by the executive leadership of a bank.

## Research Questions

How do Nigerian bank managers implement corporate governance regulations in the face of multiplicity of regulations?

## Conceptual Framework

This single case study was rooted in stewardship theory. According to Donaldson (1990), stewardship theory states that managers are stewards whose interests align with organizational objectives. Stewardship theory provided the rationale to justify steward managers' loyalty and dedication to the implementation of corporate governance (see Davis, Schoorman, & Donaldson, 1997). According to Gitundu, Kiprop, Kibet, and Kisaka (2016), under the stewardship theory managers are considered to be good stewards of a corporation when they work diligently to attain high levels of corporate profit and shareholders' returns.

Stewardship theory views workers as collectivist, pro-organizational, and trustworthy (Davis et al., 1997). Stewardship aligns the interest of agents with the objective of the principal to achieve a common goal of maximizing wealth (Gitundu et al., 2016). In applying stewardship theory, managers de-emphasize individual goals, and when personal objectives do not align with those of the principal, the steward places a higher value on the corporation rather than defection (Davis et al., 1997). The behavior of

a steward is collective given that the focus of the steward's decision is the attainment of organizational goals, which are growth and profitability (Gitundu et al., 2016).

A steward protects and maximizes shareholders' wealth through a firm's performance (Davis et al., 1997). Stewardship theory states that managers will always act in the interest of the people, and behaviors of executives are aligned with the benefits for the principal (Davis et al., 1997). Stewardship theory offers a contractual agreement between owners and managers in which managers are appointed to perform services on behalf of owners. The owners of a bank entrust wealth to the managers to act on behalf of the owners. The motivating factor for a steward manager is to achieve set goals (Nwonyuku, 2016). Under stewardship theory, a board of directors is not constituted as a disciplining mechanism to align conflict of interest between shareholders and managers because no disagreement exists (Dabor, Isiavwe, Ajagbe, & Oke, 2015). The foundation of stewardship theory hinges on the notion that the interests of owners and managers are united (Davis et al., 1997).

Stewardship theory is used to define the type of executive leaders who operate the banking systems as a steward manager. The critical characteristics of a steward manager that will enhance the implementation of corporate governance include being trustworthy, pro-organizational, and accountable (Davis et al., 1997). An appreciation of the principles of stewardship theory may help in understanding how to implement corporate governance in Nigerian banking system.

The emphasis of stewardship theory, according to Davis et al. (1997), is a structure that facilitates and empowers managers instead of a structure that monitors and

controls managers. Donaldson and Davis (1991) emphasized that operating structures should facilitate the goal of effective management of resources and provide managers with clear, consistent role expectations, authority, and empowerment to work. Implementation of corporate governance requires a structure that will empower managers to operate efficiently. Unlike agency theory, which emphasizes the separation of roles between the chief executive officer and chair of the board, the stewardship theory supports the appointment of a single person to the position of chair and CEO (Gitundu et al., 2016). Stewardship theory was appropriate for this study because of the emphasis on the unity of purpose and structure that facilitate implementation of corporate governance as espoused by Nwonyuku (2016).

The choice of stewardship theory over other corporate governance theories such as agency theory, stakeholder theory, resource-based theory, and property rights theory was not about a right or wrong theory. Rather the focus of the conceptual framework was on a theory that could be used to understand how to implement corporate governance in a Nigerian bank successfully (see Nwonyuku, 2016). When a common goal exists between manager and principal, cooperation and implementation of regulations are achieved in line with tenets of stewardship theory (Nwonyuku, 2016). Donaldson and Davis (1991) used stewardship theory to analyze one of the mechanisms of corporate governance (CEO duality) by examining the role structure issue of CEO duality about the higher performance of the firms. Biesenthal and Wilden (2014) applied the concept of stewardship theory to the context of project governance and found that empowering

project managers and building trust enhanced long-term performance of the organization and best served the interest of stakeholders.

## Nature of the Study

The selected research method was a qualitative single case study. According to Yin (2014), researchers could use a case study to investigate a single contemporary phenomenon in-depth in a real-world context. A single case study design was appropriate for the current study. Merriam and Tisdell (2015) stated that a qualitative single case study is appropriate for in-depth study that will enable a rich and profound understanding of a phenomenon.

Qualitative research offers the ability to explore a subject in depth to arrive at new theories. The method of data collection varies and affects participant selection logic and data saturation limit (Cleary, Horsfall, & Hayter, 2014). The phenomenon of interest was corporate governance implementation by the executive leadership of a bank. Corporate governance implementation processes include planning, compliance with requirements of regulations, monitoring, and controlling operations (Afolabi & Dare, 2015).

Trotter (2012) stated that qualitative research methodology is dependent on the saturation model of data collection. The approach for this study was on data saturation, analysis of themes, and arriving at a consensus, which made a qualitative approach appropriate for the study. The quantitative method was not appropriate for the study because it is used to examine relationships, test theories, standardize reporting, and collect quantifiable data (Cole, Chase, Couch, & Clark, 2011; Ketokivi & Choi, 2014). A mixed-methods approach was not appropriate because quantitative data were not required

to answer my research question (see Johnson, Onwuegbuzie, & Turner, 2007). The qualitative method aligned with the purpose of the study, which was obtaining an in-depth understanding of corporate governance implementation. The study of how to implement corporate governance in the face of a multiplicity of regulations in a Nigerian bank is an issue that a researcher can explore in the natural settings of the participants' work environment, thereby supporting the use of the qualitative method.

The five qualitative designs are ethnographic, grounded theory, case study, phenomenological, and narrative research (Stake, 1995; Yin, 2014). The purpose of the current study did not align with ethnographic, grounded theory, phenomenological, or narrative designs. Ethnographic design are used to examine real-life situation from the participant's environment, phenomenological designs are used to analyze participants' lived experiences, narrative designs are used to examine personalized stories, and grounded theory designs are used to construct a theory from data (Lewis, 2015).

A single case study was conducted using 15 employees of the host bank located in Lagos, Nigeria. Participants were purposefully selected and included senior management staff who worked at least 10 years in the bank and at least 5 years in a senior management or director position. I assumed that corporate governance implementation would be best understood by senior management and directors of a bank. A purposeful selection was appropriate for participant selection in this qualitative single case study to ensure that participants who could provide necessary information were included in the study. According to Trotter (2012), the researcher's judgment is crucial in ensuring the selected participants have a direct relationship to the population and can contribute to the study.

The financial performance of each zone of the bank, in addition to the numbers of years in the banking industry, formed the basis for selection of participants. The host bank operates using a zonal structure in which all of the branches of the bank in the country are divided into zones and each zone is headed by a zonal manager for ease of monitoring and management of performance.

The case study included face-to-face semistructured interviews with a designed interview protocol. Interviews were digitally recorded and validated through member checking and probing questions where necessary. Attainment of data saturation determined the sample size. Data saturation occurs when the finding of a subsequent interview does not yield additional new information (Houghton, Casey, Shaw, & Murphy, 2013). Data collection also included archival documents (annual reports from the banks) and documents from regulatory authorities (Central Bank of Nigeria and Nigerian Stock Exchange).

Data from the interview transcripts were analyzed to identify themes. NVivo 12 was used to organize the raw data collected from the interviews for coding and analysis by placing words and phrases into themes. NVivo 12 is an efficient platform for analyzing qualitative data and ensuring consistency and validity of the process (Buchanan & Jones, 2010). I compared interview data themes with data from secondary documents to draw findings and make suggestions for further research.

## Definitions

The following terms are defined as they were used in the study.

*Agency problem*: Agency problem is a situation in which a gap exists between the agent and principal with the agent focusing on personal gains against the interests of the principal (Boshkoska, 2015).

*Board of directors*: Board of directors is a committee elected by shareholders of a company to be responsible for the policy of the company (Awan & Akhtar, 2014).

*Board size*: Board size is the number of members on the board (Peters & Bagshaw, 2014).

*Conflict of interest*: Conflict of interest refers to a situation in which managers or board members pursue their individual interest for personal gains at the expense of the shareholders' interest (El-Chaarani, 2014).

*Corporate governance*: Corporate governance in Nigerian banks is a system of controls, regulations, and incentives designed to prevent fraud corporate governance determines the direction and performance of a corporation through formal and informal mechanisms to meets stakeholders' expectations (CBN, 2006).

*Corporate governance codes*: Corporate governance codes are a voluntary set of principles, recommendations, standards, or best practices issued by a collective body that relate to the internal governance of corporations within a country (Kabbach de Castro, 2009; Osemeke & Adegbite, 2016).

*Corporate governance mechanisms*: Corporate governance mechanisms refer to the processes and systems that a company's laws and corporate governance regulations are enforced in a country (Peters & Bagshaw, 2014).

*Effective corporate governance:* Effective corporate governance involves balancing interests of stakeholders in a company by resolving business relationship problems, eliminating government regulations constraining investors, and enhancing the ability to process information required to monitor firms (David & Kochhar, 1996).

*Financial performance*: Financial performance is a measure of how a company uses assets of the company to generate revenue (Arifin, 2016).

*Implementation of corporate governance:* Implementation of corporate governance is the process of putting best practices into effect for the benefit of the company, shareholders, and stakeholders (Siagian, 2011).

*Investor confidence*: Investor confidence is a measure of investors' faith in the economy, sector, and securities and depicts the level and quality of legal system protection (Essen, Engelen, & Carney, (2013).

*Organizational resilience:* Organizational resilience is the ability of an organization to anticipate, respond to, and adapt to economic conditions and withstand economic shocks (Lampel, Bhalla, & Jha, 2014).

*Senior manager*: Senior managers are individuals at the top of a bank with many responsibilities that are broader in scope than a front-line managers; senior managers exercise responsibility at the highest levels within the bank and are responsible for successes and failures of the bank (Territt, 2013).

**Assumptions**

According to Wargo (2015), an assumption is a statement that is presumed to be true for a specific purpose such as building a theory. Assumptions are claims in a study

that are not validated but are assumed to be true (Shungu, Ngrirande, & Ndlovu, 2014). In this study, the first assumption was that participants had sufficient knowledge, information, and understanding of the role of corporate governance in their organization. A lack of knowledge of the phenomenon of corporate governance implementation would make it impossible for the participant to identify the problem and offer feasible solutions.

The second assumption was that data obtained from interviews were truthful and that respondents did not exaggerate their responses about the implementation challenges of corporate governance at the host bank. I assumed that participants would be sincere in finding a solution to the problems of corporate governance implementation in banks. The assurance to participants of the confidentiality of their interview responses was intended to encourage them to be truthful. The third assumption was that participants had a sincere interest in participating in the study and did not feel pressured to impress or assist as a colleague undertaking a research study. The desire to participate in the study should have been borne out of a sincere desire to contribute to addressing the challenges of corporate governance in banks because of the relevance to the growth of the Nigerian economy.

The fourth assumption was that the sample size adequately represented the population of board members and managers of the host bank. When the population does not have balanced representation, the results of a study may be skewed, and the findings and recommendations may not adequately address the problem of the study (Wargo, 2015). The fifth assumption was that the semistructured interviews provided an opportunity to discover themes from the participants' responses involving the implementation of corporate governance. For the themes to be valid and reliable, the data

collected through semistructured interviews must be trustworthy to remove all forms of bias from the data collection. The sixth assumption was that effective corporate governance practices enhance organizational performance. The result of effective corporate governance implementation should have a bearing on the performance of the organization to differentiate the firm and to justify the need for the practices. The seventh assumption was that I would have unhindered access to documents and that the journals, books, and secondary data sources contained relevant information for this study. Leadership literature on corporate governance implementation in Nigerian is scanty which made study of the phenomenon challenging.

## Scope and Delimitations

The purpose of this study was to understand how to implement corporate governance in a Nigerian bank. A conceptual framework to guide the study was based on stewardship theory. The sources for data collection for this study were interview and documents. Interview participants were managers and directors of the host bank. The managers were selected using a purposeful selection strategy. Purposeful selection enables a researcher to choose settings, individuals, or activities that will provide information relevant to the research question and goal (Maxwell, 2013). Document data were obtained from government regulatories agencies publications and the bank's annual report and financial statements. The data were analyzed using Yin's (2014) five-stage data analysis approach because of the satisfactory results several qualitative scholars have achieved using the approach (Gu, 2014).

Only the stewardship theory of corporate governance was used in the study;

agency theory, stakeholder theory and other corporate governance theories were excluded. Delimitations are choices that a researcher makes for a study that can be controlled and can be justified (Dika, Dibra, Brahimi, & Bezo, 2013; Nwonyuku, 2016). The purpose of delimitations is to maintain objectivity and add credibility to a study as a researcher works within the boundaries of a study (Nwonyuku, 2016). The current study was delimited to one of the large banks in Nigeria that had been able to demonstrate resilience over the years irrespective of the turbulence in the Nigerian financial system. The choice of participants to interview was delimited to directors and managers of the Nigerian bank given the assumption that they had a good understanding of corporate governance.

A thick description was used to ensure transferability of findings. Thick description involves providing sufficient detail to enable users of the study to evaluate the extent to which findings are transferable to other settings, times, and populations (Lincoln & Guba, 1985). Thick description is a way of achieving external validity called transferability (Lincoln & Guba, 1985). Thick description was appropriate for this study because it enabled readers to understand the context and interpret the findings of the study as applied to other banks (see Froggett & Briggs, 2012).

## Limitations

Limitations are elements of a study that are not under the control of a researcher and that are likely to affect the outcome of the study (Wargo, 2015). A limitation of this study related to the source of data collection. The financial reports of the bank and related documents from financial regulators were provided at the discretion of the participants.

Also, interviews were limited to selected managers and directors of the bank. Participants had the freedom to provide their personal views and perceptions about the implementation of corporate governance in Nigerian banks.

Potential bias that could have influenced the study outcome may have been insider's bias. Insider's bias is an opinion formed based on knowledge as a result of membership in an organization that will affect the way a study is conducted (Berger, 2015). Subordinates and managers working in the same branch location with me were not allowed to participate in this study to avoid coercion and potential influence created by insider's bias. Another measure to mitigate insider's bias was adopting reflexivity in the conduct of the study. Reflexivity is a self-scrutinizing lens through which a researcher views the phenomenon studied (Berger, 2015).

Another measure used to address the potential limitations of this study was triangulation of data and prolonged contact. Triangulation of data is the convergence of data collected from different sources to ensure the consistency of findings (Yin, 2014). Triangulation involves using multiple data sources in research to enhance validity (Lincoln & Guba, 1985). The use of multiple sources of evidence reduces potential limitations of any single data source. Prolonged contact is a technique for establishing credibility by spending sufficient time in the field to learn or understand the phenomenon being studied (Lincoln & Guba, 1985). Prolonged contact enhances the accuracy of findings and addresses research limitations (Lincoln & Guba, 1985).

## Significance of the Study

The findings of this study were important because it made unique contributions to the application of corporate governance and positive social change. The examination of governance implementation may lead to the restoration of confidence in the banking sector, investment flow, and growth of the Nigerian economy.

### Potential Contributions

The potential contribution of the study that may advance knowledge in the discipline was the study's emphasis on understanding how corporate governance is implemented in the Nigerian banking industry in the face of a multiplicity of regulations to ensure adherence to corporate governance practice. Implementation of corporate governance can provide transparency in company records, ensure accountability of the board to stakeholders, and endear the governing board as a trustee of the stakeholders (Awan & Akhtar, 2014). Osemeke and Adegbite (2016) emphasized that implementing corporate governance may enhance the quality of reporting and accountability of companies. Implementation of corporate governance practices improves accountability of the board of directors as a trustee to all stakeholders. Implementing full disclosure of financial reports as a tenet of corporate governance enhances transparency in the records and reduces the chances of information asymmetry between managers and shareholders (Abdulmalik & Ahmad, 2016).

The findings of the study may enhance ethical conduct and attract investors (Feldioreanu & Seria, 2015). Good ethical practices are critical for successful corporate governance and ensure fairness in all activities of a company (Awan & Akhtar, 2014).

Without an adequate understanding of corporate governance implementation processes, providing solutions to the challenges posed by nonadherence to regulations becomes difficult. The findings of this study may be beneficial to investors, researchers, directors of banks, and regulators.

**Significance to Practice**

The study results may help Nigerian Policymakers formulate policies that will guide the corporate governance implementation processes in banks. The results of this study may help managers of the host bank focus on the processes that should enhance the implementation of corporate governance in the organization. Nonadherence to practices of corporate governance for the banking industry has led to a global financial crisis, removal of banks' management, and restructuring of banks (Lu & Whidbee, 2013). The findings from the study may help managers and operators to focus on the mechanism that will enhance the implementation of corporate governance in their organizations.

The findings of this study may help investors decide which environment to invest in because an environment with good corporate governance is likely to attract more investment than an environment with poor corporate governance (see Lipunga, 2014). Good corporate governance practice enhances bank performance, reduces risks for investors, and attracts capital to an economy (Lipunga, 2014). Investors stay away from an environment with poor corporate governance because nonadherence to tenets of corporate governance reduces interests for shareholders (Adegbite, 2015).

### Significance to Social Change

The results of this study may provide a better understanding of the implementation of corporate governance, which may increase banking performance and bring a positive social change. The findings may provide an opportunity to enhance knowledge among stakeholders and boost confidence in the banking industry. Implementation of corporate governance has the potential to stimulate productivity, growth, and prosperity of an economy (Dika et al., 2013). Implementing corporate governance may encourage stewardship, job ownership, trust, and restoration of confidence in the banking system. The effect of corporate governance implementation on Nigeria's economic growth may be valuable to the country.

## Summary and Transition

In Chapter 1, I explained the problem as a lack of understanding of the implementation process for effective corporate governance in the light of a multiplicity of regulations. The purpose of the study was to understand how corporate governance is implemented in the Nigerian banking industry in the face of a multiplicity of regulations by addressing how Nigerian bank managers implement corporate governance. The conceptual framework for the study was based on the stewardship theory to provide a rationale for examining the implementation of corporate governance. The method of investigation was a qualitative single case study using multiple data sources to strengthen the validity of findings. Triangulation of data and prolonged contact were used to address potential limitations and reflexivity and professionalism were used to reduce bias in the study. The findings may contribute to the enhanced implementation of corporate

governance, enhance practice and make a positive social change.

Chapter 1 contained the introduction, background of the study, the problem statement, the purpose of the study, research questions, nature of the study, and definition of terms. Also, the chapter included the conceptual framework, assumptions, delimitations, and limitations of the study. In Chapter 2, I review the current literature relevant to the study topic.

# Chapter 2: Literature Review

The specific problem was the lack of understanding of the implementation process for effective corporate governance in the light of a multiplicity of regulations (Afolabi & Dare, 2015; Osemeke & Adegbite, 2016). The purpose of this qualitative single case study was to understand how corporate governance is implemented in the Nigerian banking industry in the face of a multiplicity of regulations. Effective implementation of corporate governance is crucial for the survival and growth of an organization in any country (Afolabi & Dare, 2015; Gupta & Shallu, 2014).

Implementation of corporate governance is a problem for corporations operating in developed and developing countries (Agyemang & Castellini, 2015). The challenge includes a multiplicity of regulations, lack of enforcement of regulations, weak regulatory agencies, and corruption (Bello, 2016; Osemeke & Adegbite, 2016). The review of the literature includes a description, summary, and critical evaluation of works about understanding the implementation process for effective corporate governance.This chapter includes the literature search strategy, conceptual framework, and review of literature relating to corporate governance implementation and corporate governance theories. Also, this chapter includes synthesis of studies of the evolution of corporate governance, issues in the Nigeria banking industry, corporate governance mechanisms, and regulations.

## Literature Search Strategy

I used the following databases to conduct the literature review: ABI/Inform collection, ScienceDirect, Academic Search Complete, ProQuest Central, EBSCOhost, SpringerLink, and SAGE Journal. The search engines used were Google, Google Scholar, and Bing. The focus was on locating peer-reviewed journal articles relevant to the study. The strategy that I adopted for searching the literature started with the identification of important concepts of the search, keywords and related terms, and selection of appropriate databases.

I used the following key terms and a combination of search terms to find the literature: *corporate governance, profitability of banks, corporate governance theory, process of implementation*, and *multiplicity of codes*. Others terms included *relevance of corporate governance*, *Nigerian banking sector*, *poor corporate governance*, *financial performance*, *financial crisis*, *researcher bias*, *and developing countries*. Terms used in the search that relates to the research method included *qualitative study*, *single case study*, *sampling strategy*, *semistructured interview*, *and case study triangulation*.

I limited the search to peer-reviewed journals published within the past 5 years to provide recent articles on corporate governance implementation in the Nigerian banking industry. I used publications older than 5 years for seminal works sparingly when necessary. The journals were checked through Ulrich's Periodicals Directory to confirm whether they were peer-reviewed (see Grimes & Morris, 2006). I also searched websites of regulatory institutions like the Central Bank of Nigeria, the Nigerian Stock Exchange, and the Nigerian Deposit Insurance Corporation to obtain documents on corporate

governance implementation in the banking industry. I used published books on corporate governance and research methods relevant to my research method.

Because corporate governance study is relatively new in Nigeria (Afolabi & Dare, 2015), adoption of an additional search strategy was necessary. The additional search strategy included the use of critical papers recommended by experts, targeted audiences, and Google Scholars updates. Other approaches includes citation searching by looking at reference lists to see which authors were cited, and registering with a specific organization like the Society for Corporate Governance Nigeria. Society for Corporate Governance Nigeria is a nonprofit organization committed to the development of corporate governance in Nigeria. The management of the society provides members with regular updates in the practice of corporate governance through seminars, breakfast meetings, and training.

## Conceptual Framework

The conceptual framework for this study was based on Davis et al.'s (1997) stewardship theory. The tenets of stewardship theory guided this study of corporate governance implementation. According to stewardship theory, managers left on their own will act responsibly regarding the assets entrusted to their care (Davis et al., 1997). Stewardship theory emphasizes a structure that facilitates and empowers managers to work in the interest of the organization. Other factors considered in the construct of the conceptual framework were leadership principles and practices, regulations, and proceedings of the board of directors. The seminal theory applicable to this study focused on leaders and formed the conceptual framework for effective corporate governance

implementation.

According to Davis et al. (1997) stewardship theory emphasizes, that steward managers are trustworthy, pro-organizational, and committed to the common goal of maximizing wealth. The interest of the steward manager aligns with that of the principal. Many researchers, including Nwonyuku (2016), have tested the seminal work of Davis et al. on stewardship theory. The critical contribution of Davis et al. on stewardship theory is the pro-organizational motives of directors. The personal identification of directors with the aim and purpose of the organization drives the performance of directors. The underlying assumption of stewardship theory is that the interests of shareholders and the interests of management are aligned; therefore, management is inspired to make decisions that will enhance the performance of the company and increase value for the stakeholders (Nwonyuku, 2016).

Pro-organizational actions are best facilitated when corporate governance structure gives the managers authority and discretion to discharge the duties assigned to them. The context in which the managers work, the structure of the task, and relationships with followers influence leadership behavior and productivity (Sethuraman & Suresh, 2014). Nwonyuku (2016) argued that it is not the leadership structure but the potentials and attributes of the leadership that determine the performance of the firm. According to Donaldson and Davis (1991), stewardship theory postulates that managers left on their own act responsibly toward the assets entrusted to them in the best interest of the organization. There is a greater utility in cooperative than individualistic behavior and actions of management toward maximizing shareholders' wealth and meeting individual

needs. The collective focus reduces self-centeredness on the part of principal and manager and agency problem while promoting good corporate governance.

Regarding board quality, Davis et al. (1997) identified four components of management philosophy of stewardship as trust, empowerment, open communication, and performance enhancement. Nwonyuku (2016) stated that in line with the principles of stewardship theory, an organization must be ready to appoint a sizeable number of executive directors with adequate skills and independence of mind to the board and put in place policies that will encourage training and development, accountability, transparency, and effective information flow. Because the motive for managers accomplishing their job is personal satisfaction derived from achieving performance, the listed qualities are essential for effective implementation of corporate governance.

The dual role of CEO and chairperson combined in one person anchored by Davis et al.'s (1997) stewardship theory ensures that the company is operating under one direction and getting more commitment from the top leaders. The concentration of power and authority in a single person creates unity of direction and strong control and command. The unified role ensures strong central leadership and increases efficiency and role performance because involvement in a managerial role reduces conflicts in the organization (Gitundu et al., 2016). However, researchers have argued that the unified role causes a lack of oversight and diminishes the independence of a board (Nwonyuku, 2016). Several international regulations including those in the United Kingdom, South Africa, and Nigeria encourage separating the roles in best practice codes and guidelines (Dabor et al., 2015). The issue that remains is determining the most appropriate model for

an organization to adopt for effective corporate governance implementation.

The key statements inherent in this conceptual framework include the following:

- In the use of theory, the emphasis is on the application of one theory that illuminates the implementation aspect of corporate governance, rather than a one best way approach (Nwonyuku, 2016).
- Governance mechanisms are designed to protect shareholders, minimize agency cost, and ensure principal agent alignment.
- Stewardship theory encourages the unification of command by combining the role of CEO and chair under one authority because of inherent benefits (Abels & Martelli, 2013; Donaldson & Davis, 1991).
- Executive and agent are motivated to act in the best interest of their principal (Donaldson & Davis, 1991).
- Stewardship theory is pro-organizational and collective behavior (Donaldson & Davis, 1991).
- Management’s philosophy of a company, the attitude of promoters toward risk, the objectives of the company, and the organizational culture determine the adoption of stewardship theory by an organization (Davis et al., 1997).
- Corporate governance structure enables high authority discretion in the organization rather than self-serving objectives.
- A principal is trusting and willing to assume risk.
- Stewardship theory posits that managers left on their own will act as responsible stewards of assets they control (Nwonyuku, 2016).

Nwonyuku's (2016) study of food and beverage firms in Nigeria used stewardship theory among other theories of corporate governance. The use of those theories helped shed light on the relationship between corporate governance and profitability of firms and indicated good corporate governance practices are critical to company growth and survival. Adegbite (2015) used institutional theory and agency theory to examine the connections between corporate governance mechanisms and good practices using contextual analysis. In conceptualizing what was going on in the practice of corporate governance in Nigeria, Adegbite showed how the two theories provide insight into corporate governance mechanisms and good practice. Adegbite found antecedents of good corporate governance in Nigeria and proposed that each of the antecedents must be understood, harnessed, and articulated by relevant institutions to address the contextual governance challenges.

## Corporate Governance Theories

A theory, according to Tavallaei and Talib (2010), is an organized body of concepts and principles intended to explain a phenomenon. Theories form the foundation to explain how and why something operates the way it does. Corporate governance theories include agency theory, stakeholder theory, stewardship theory, property rights theory, and resource-based theory. The theories are used in different approaches to explain the relationship between corporate governance and performance (Gitundu et al., 2016).

**Agency Theory**

The differences in goals between owners of businesses and their agents can result in a conflict of interest (Renders & Gaeremynck, 2012). A shareholder's interest is compromised if an agent pursues a goal of maximizing immediate returns and profitability to enhance personal interest at the expense of shareholders (Gitundu et al., 2016). Asogwa (2016) stated that agency theory is used to explain a situation in which managers create agency cost for a company by not working for the maximization of shareholders but rather engaging in activities that promote self-interest. Emphasis is on monitoring the performance of agents and increasing need for accountability. Principal and agent relationships result from principals hiring agents to act on their behalf.

The foundation of agency theory is rooted in an environment of information asymmetry amid uncertainty, risk, and cost (Kapooria, Sharma, & Kaul, 2014). At the point of recruitment, the agent and principal do not have accurate knowledge of each other’s capabilities (Brandas, 2011). A principal may not know how well an agent can perform apart from what is on the resume, and the agent does not know what the entire job being undertaken entails (Sarenz & Abdolmohammadi, 2011). According to Tricker (2015), one of the criticisms of agency theory is the assumption that governance involves a contract between two parties that will always seek to maximize personal gains. The vagueness in information creates uncertainty and risks in the agency relationship. The associated cost of agency is due to the existence of high agency conflict to reduce agency cost, companies should increase their level of financial disclosures to reduce information asymmetry (Asogwa, 2016). Gitundu et al. (2016) argued that inducing managers to own

shares in a company and concentrating ownership are mechanisms that could reduce agency conflict. Relationships of various stakeholders such as minority and majority shareholders, and shareholder and employees do not encourage harmonious implementation of corporate governance and consequently reduce returns to investors as well as the business value (Ratnawati, Abdul-Hamid, & Popoola, 2015). Fanta, Kemal, and Waka, (2013) advised putting control mechanisms in place to align the interest of principal and agent.

**Stewardship Theory**

Stewardship theory is used to define the situation in which the interest of managers aligns with the objective of the principal to achieve a common goal of maximizing wealth (Nwonyuku, 2016). Fanta et al. (2013) stated that managers do not act based on their interest, but rather they are motivated by organizational goals that are represented by the principal. Managers are satisfied and motivated when organizational success is attained because their goals align with those of the organization (Abdullah & Valentine, 2009). Trust is inherent in the concept of stewardship theory and emphasizes the responsibility of boards to maximize values for a company by encouraging shareholders to delegate more autonomy to managers on trust (Tricker, 2015). The underlining principle of trust in stewardship theory follows a legal understanding of company incorporation that assumes that directors will act in the best interest of the company.

The emphasis of stewardship theory is on building a structure that facilitates executive action rather than monitor and control of an executive as in the case of agency

theory (Gitundu et al., 2016). The tenet of stewardship theory supports combining the chairman of the board and the post of CEO based on the belief that the combination of the two positions in one person maximizes the interest of shareholders (Gitundu et al., 2016). Donaldson and Davis (1991) empirically found that return on investment (ROE) to shareholders is improved when the chair and CEO are combined unlike when there are separated. The CEO will act in the interest of an organization because intrinsic satisfaction is derived from achievement of organizational goal (Duru, Iyengar, & Zampelli, 2016). The common goal between organization and steward makes for easier implementation of regulations that will enhance financial performance. Abdullah and Valentine (2009) stated that by a steward maximizing shareholders' wealth through performance optimizes the steward's utility functions. The criticism of the stewardship theory is the erosion of trust with major corporations in the first decade of the 21st century that adversely affected stakeholders (Madison, Holt, Kellermanns, & Ranft, 2015). Nwonyuku (2016), stated that stewardship theory assumes that managers, left on their own, will act as responsible stewards of the assets placed in their control. In the application of stewardship theory, investors are encouraged to assume the responsibility of overseeing corporate governance implementation and involved in the management of their investment to avoid corporate collapses and loss of confidence (Song, Van Hoof, & Park, 2017).

**Stakeholder Theory**

Abdullah and Valentine (2009) defined stakeholder theory as any individual or group that can affect or be affected by achievement of an organization's goals.

Stakeholder theory emphasizes the need to have a broad-minded approach to business because all constituent parts contribute to the generation of an outstanding result. Stakeholder theory articulated by Freeman (1984) emphasizes that a company should operate and be accountable to all groups and individuals and that the organizational purpose should go beyond maximization of shareholders' wealth (Nwonyuku, 2016). Stakeholder theory encourages managers to articulate the shared sense of value they created and identify a binding force that brings the core stakeholders together.

According to Gitundu et al. (2016), stakeholder theory encourages managers to develop relationships that inspire stakeholders to enhance a firm's performance. Fanta et al. (2013) averred that managers in organizations should be responsible for the interest of shareholders and the relationship among employees, suppliers, and business partners. Stakeholder theory proposes the inclusion of stakeholders in the constituent board to attract the best resources around that will manage the organization in the best interest of all stakeholders (Nwonyuku, 2016). Freeman (1984) defined stakeholders' as any group or individual whose support to an organization is essential for the survival of the organization.

The challenge to users of stakeholder theory is how to identify the genuine groups that have the interest of a company (Tricker, 2015). Another challenge in the application of stakeholder theory is that a manager is accountable to a large and indefinite number of stakeholders without specific guidelines on how to manage different conflicting interests. According to Nwonyuku (2016), the complexity in operationalizing stakeholder theory is

the difficulties in deciding what weight to attach to the competing interest of shareholders and other stakeholders.

**Property Rights Theory**

According to Gitundu et al. (2016), a property right is the right to acquire, use, and exchange assets. The property rights theory was developed by Coase in 1960 (Coase, 2013) and later advanced by Alchian and Demsetz (1972). Emphasis of property right theory is an allocation of right with the attendant incentive to monitor managers, influence decision-making, and enhance the performance of a company. Property right theory provides a theoretical basis for conceptualizing and predicting a company's performance. Property rights theory helps in understanding history, and to compare likely outcome of alternative arrangement. The size of ownership determines the rights and influences that owners wield in a company, share of income to receive, and the right to vote to exercise property rights (Gitundu et al., 2016).

The challenge of property rights theory is the over-emphasis on separation of public and private ownership that does not address the different models of ownership and the fact that shareholders are viewed as a small supplier of capital (Gitundu et al., 2016). Another problem with property rights is the market failure because of imperfect property rights. Imperfect property occurs when property rights are not allocated based on economic considerations but other extraneous factors like political favoritism (Foss & Foss, 2015).

**Resource-Based Theory**

Abdullah and Valentine (2009) stated that resource-based theory focuses on the role that directors play in providing resources to an organization through connections to the external environment. Directors who are part of human resources of an organization play an important role as links of the company to the outside organizational system. In applying resource-based theory, a director is a linkage between outside resources and the resources that a company needs for survival and growth (Tricker, 2015). Gitundu et al. (2016) emphasized that because the director acts as a linkage possesses critical information, the director exacted significant control over the environment. The use of independent facilitators to ease access to critical resources for the success of the company is the primary tenet of the resource-based theory (Gitundu et al., 2016). The critical resources that may be treated as a node in an organization include individual skills, information, access to key suppliers, policymakers, buyers, lawyers, bankers, and others that grantees competitive advantage (Tricker, 2015). Resource-based theory is an important framework for explaining and predicting competitive advantages and performance outcomes.

Resource-based theory is static and fails to address the impact of organizational actions on resource effectiveness (Kozlenkova, Samaha, & Palmatier, 2014). Because of the static nature of Resource-based theory, managers cannot use it to describe the effects of resources in a turbulent environment (Kozlenkova et al., 2014). The use of resource-based theory cannot adapt marketing capabilities that allow a company to anticipate trends and events before the event are fully apparent and efficiently take advantage.

Resource-based theory recognizes the uniqueness that resources must have to yield income without concerns with the process of creating resources through strategic innovation.

## Critical Concepts of the Study

The subsequent sections of the literature review include a review of current literature on the key concept of the study under various subheadings. The subheadings include a description of studies related to corporate governance and qualitative case study, approaches of scholars to the problem of corporate governance implementation, and rationale for selection of the concept. Also, was a review and synthesis of studies including what is known, unknown, and controversy under headings of the evolution of corporate governance, issues in the Nigeria banking industry, corporate governance mechanisms, and regulations. Other subheadings relate to research questions and application of corporate governance implementation in Nigerian banking sector regulation, a multiplicity of regulations, the profitability of banks, and financial distress.

## Corporate Governance Studies in the Nigerian Banking Industry

Adegbite (2015) conducted a qualitative case study using instruments such as in-depth interview, focus group discussion, and direct observations to evaluate effective corporate governance in Nigeria: antecedents, proportions, and peculiarities. Adegbite used agency theory and institutional theory as the theoretical framework for the study. The author used agency theory as a driver of good corporate governance and institutional theory to drive deeper the resilient aspect of cultural, social structure peculiar to the country. The summary of findings from the study was that performance evaluation and

suggested solutions should take into consideration peculiarity of socio-cultural and institutional contingencies of that environment. Also, that corporate governance standard for developed countries should not be the only basis to prescribe or assess corporate governance effectiveness in Nigeria. The contribution on the need to rely on the alternative theoretical framework (institutional theory) instead of depending only on agency theory, offered a new horizon to the study. The relevance of Adegbite's study to this research was the emphasis on understanding the antecedents of effective corporate using Nigeria peculiarities. The limitation of the research was in the methodology because the data collected for the survey could not be quantified to enable comparison.

Still, on issues of corporate governance, Afolabi and Dare (2015) conducted quantitative research on corporate governance exploring issues and challenges in the Nigerian banking sector. The authors found the need for effective corporate governance for proper functioning of a bank, curb unethical practices, and reduce the risk for investors. Afolabi and Dare (2015) recommended the culture of good corporate governance including whistleblowing, promoting business ethics, ensuring compliance at all levels, and an establishment of strong anti-fraud policies. The recommendations also included an increase in regulatory oversight functions to reduce gaps and improve risk management framework. The suggestions were in tune with the existing code of corporate governance and the separation of the corporate governance mechanisms into external, and internal, made it easier to focus control measures correctly. The data were collected through a survey questionnaire while SPSS was the tool used in analyzing the data. The method as presented cannot be easily replicated thereby creating reliability

concerns. The study is relevant to this research both from the locational advantage of using Nigeria as the case study and the contributions to the topic.

Osemeke and Adegbite (2016) studied regulatory multiplicity and conflict toward a combined code on corporate governance in Nigeria and gave an insight into the confusing and complicated state of corporate governance in Nigeria due to a multiplicity of codes. Osemeke and Adegbite (2016) found that despite the multitude of regulations designed to curb corporate fraud and malpractices in Nigeria, the practice of corporate governance is nevertheless poor, weak, and ineffective. The presence of conflict among the various codes contributes to the reduced compliance by companies and weak enforceability by the regulators and consequently, hampers good corporate governance. They advanced reasons for a combined code of corporate governance as a means of strengthening the institutional enforcement mechanism. Osemeke and Adegbite (2016) used a mixed method approach to provide an exploratory account of the implication of the multiplicity of codes to the practice of corporate governance. The use of mixed methods and research instruments like survey, interview, documentary analysis and application of focus group methods was to add depth to the study and cover broad population. Osemeke and Adegbite (2016) findings provided an excellent explanation why the implementation of corporate governance in Nigeria has been ineffectual and also addressed the core of this research which was to understand corporate governance implementation process.

Further on regulatory challenges, Bello (2016) conducted a study on duplication of corporate governance codes and the dilemma of firms with dual regulatory

jurisdictions to determine the impact on compliance. The author found that the application of corporate governance reforms is challenged by the multiplicity of regulations and created a problem of implementation and monitoring. Because the banking sector is regulated by different Nigerian government agencies like The Securities and Exchange Commission (SEC), National Insurance Commission (NAICOM), Central Bank of Nigeria (CBN), and National Pension Commission (PenCom) face more daunting challenges from the proliferation of codes. The proliferation of regulations causes implementation problems for both the firms and the enforcement or regulatory agencies. Lack of consensus on the level of compliance and applicable sanctions for non-compliance were cited as the examples of the problems. Bello (2016) therefore recommended a check on the proliferation of codes, review of existing company laws, and the need to strengthen external mechanisms to enhance corporate governance. A qualitative explanatory research method was used to review the codes of corporate governance issued in Nigeria over the past years. The study was divided into six sections each section focusing on a particular aspect of the survey thereby making it easier to understand the assessment of the review. The choice of Nigeria as the case study in addition to the focus of the study provided more literature and a foundation for my study.

Ajibo (2015) study of risk-based regulation and the future of Nigeria banking industry found that Nigerian banking regulation needs to adopt risk-based approach as is applicable in the developed economies in addition to the bank's reliance on recapitalization strategy and agency rating publications. The risk-based approach will reduce frequent distress and failures in the banking sub-sector. Ajibo (2015) advocated

for the implementation of a risk-based approach and that the CBN as the Nigerian apex regulator should embrace Basel 11/111 capital accord that emphasized risk regulations and management as a way of improving regulatory supervision and industry transparency. A group of G-10 (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States) is countries that consult and co-operate on economic, monetary, and financial matters. In 1974 the G-10 formed a standing committee under the auspices of the Bank for International Committee (BIS), called the Basel Committee on Banking Supervision to level the international regulation field with uniform rules and guidelines. The committee had issued three sets of regulations called Basel 1, 11, and 111 accords. The collaboration of committees and provision of information on borrowers will act as a medium for credit risk mitigation and competency framework to address identified capacity gaps. The method adopted for the study was a qualitative exploratory research method. The weakness of the study was that Ajibo (2015) did not describe the methodology, which prevents replication of research and difficult to evaluate the transferability of the study. The recommendations and the locational advantage of the study justify inclusion in this study.

Another proposed solution found was in Mahadeo and Soobaroyen (2016) longitudinal study to investigate the implementation of the corporate governance code in a developing country using Mauritius as a case study. Mauritius being a developing country, the corporate governance structure shares some similarities with that of Nigeria corporate governance structure. The contribution by Mahadeo and Soobaroyen (2016)

was the new and detailed longitudinal evidence of business implementation and the introduction of emerging governance model, which is a combination of control and ownership features operating in advanced economies. Another contribution was the development of comprehensive assessment of implementation by using a scoring system that combines weighting of each governance component and rating of application for each element. The findings highlighted the fact that corporate governance in developing economies is evolving, context-specific, and not a mere principal and agent problem. At the firm's level, the measure of corporate governance implementation includes profitability, size, gearing ratio, shareholding by directors, remuneration data, and proportion of independent non-executive directors and non-executive directors on the board. The relevance of the study to this research is on the contributions made to corporate governance implementation in a developing country with similar corporate governance structures like Nigeria. The method adopted was a qualitative exploratory study. The limitation of the study is that analysis was for a particular period (three years) and did not give an indication of the implementation in subsequent years. Also, Mahadeo and Soobaroyen (2016) relied only on secondary data (annual reports of the companies) without an interview as a follow-up to identify motivations for the implementation.

Isukul and Chizea (2015) researched into environmental factors influencing corporate governance in Nigeria and found that adoption of democratic institutions did not have any significant increase in institutional quality of political and regulatory institutions in Nigeria. They found that weak regulatory institutions were responsible for poor corporate governance and attributed the weakness of regulatory institutions to an

extended period of rule of the country by an unelected military elite. The method adopted for the study was a cross-country research analysis using research data from Worldwide Governance Indicators (WGIs) for three countries, Nigeria, South Africa, and Egypt. The WGIs is used in over 200 countries and consist of indicators of board dimensions of governance. The WGIs enable comparison among the three African countries selected for the study.

Nagarajan (2014) conducted a study on banks as regulators of corporate governance, the possibilities, and challenges and found the need for banks to be involved in the regulation of their activities. Nagarajan (2014) proposed that banks should play an active role in the regulation of corporate governance in their sector as a way of ensuring compliance and implementation of corporate governance. The researcher highlighted responsibilities of both corporations and individual operating the banking system in the entrenchment of corporate governance. The proposition to develop corporate governance through the introduction of a meta-regulatory role was one of the key findings from the study. Meta–regulatory implies that banks are made part of the regulators to regulate corporate governance. The effectiveness of meta- regulator requires infrastructure that enables scrutiny of the banks and makes them accountable. Another way of getting banks to participate in regulating itself is through equator principles that require banks to develop processes to screen project request and monitor projects. Nagarajan (2014) made a substantial contribution that may help countries with weaker jurisdictions, motivate banks to take the role seriously and encourage practitioners to get involved in regulating of corporate governance in the industry. The author addressed the challenges of global

finance in the face of limited state-based regulations and proposed the combination of risk-based regulation and meta-based regulation in addition to co-opting the corporation to complement each other. The emphasis is that through internal and external forces, institutions can contribute to building strong corporate governance. Nagarajan (2014) did not describe the methodology, which prevents replication of the research study but the presentation in sections made it easier to appreciate.

Baker and Quere (2014) conducted a study on the role of the state in corporate governance because of the persistent interactions between the state and business enterprises. The authors analyzed several ways in which state play their roles in corporate governance through regulations, supervision of business entities, and maintenance of the stable economic system. The role of the state can be seen through direct ownership and control, granting of monopolies, and as a facilitator of capitalist development. The role had evolved ranging from when the state was a major stakeholder in the enterprises, to when the state exerts their part through legislation and regulation. Baker and Quere (2014) used discussion and analysis of several ways the state has enacted its role in corporate governance to conduct the study. The weakness was that no defined research method was used thereby making confirmation of findings difficult. The contribution of the article was in highlighting the fact that the state has roles to play in the implementation of corporate governance.

A review of the above works of scholars showed a collective agreement on the relevance of corporate governance in an organization. Scholars also identified common issues and challenges of corporate governance including the problem of implementation,

duplications, and a multiplicity of regulations (Adegbite, 2015; Afolabi & Dare, 2015; Bello, 2016; Osemeke & Adegbite, 2016). The literature also contained recommendations and suggestions that will address the problem of corporate governance in organizations including strong institutions for enforcement of regulations, the role of government, and harmonization of codes in Nigeria (Bello, 2016; Osemeke & Adegbite, 2016). From the review of past studies, there had been no studies that focused on how to implement corporate governance in Nigeria. Therefore, this research may contribute to addressing the identified gap. Mahadeo and Soobaroyen (2016) longitudinal study of corporate governance made significant contributions on how to implement corporate governance in developing countries but could not address the Nigerian context –specific because Mauritius was the country of study. Another justification for the research was that most of the previous researchers' approach was quantitative. In line with the scope of this research, the qualitative single case study design will enable an in-depth understanding of corporate governance implementation process.

## Problem of Corporate Governance Implementation

Effective implementation of corporate governance is crucial for the survival and growth of an organization in any country of the world (Afolabi & Dare, 2015; Gupta & Shallu, 2014; Orazalin et al., 2016; Waweru, 2014). Karam (2016) stated that corporate governance is one of the measures of bringing transparency and enable banks to gain an international reputation, and with appropriate steps at the right time, good corporate governance reduces bank failures. Orazalin et al. (2016) in their study of corporate governance, financial crises, and bank performance using the example of top Russian

banks found that improved governance structure leads to better bank performance. The findings confirm the importance of primary stakeholders because they influence internal corporate governance practices and consequently affect firm performance significantly.

In the developing world, the relevance of corporate governance implementation is seen in the level of investors' confidence in the countries and other growth parameters. Gupta and Shallu (2014) study of evolving legal framework of corporate governance in India highlighted the importance of corporate governance to includes keeping pace with growth around the world, inspires, strengthens and maintains investors' confidence, and economic liberation. Gupta and Shallu averred that sound corporate governance would help the transition world to attract investors, drive economic transformation and effective allocation of resources, and contribute to the process of national development. Waweru (2014) empirical study of factors influencing the quality of corporate governance in Sub Saharan Africa found good corporate governance as associated to higher company performance and that weak corporate governance practices scare foreign investors from developing countries. Afolabi and Dare (2015) researching into corporate governance in the Nigerian banking sector, issues, and challenges agreed that effective corporate governance would enhance proper functioning of a bank, curb unethical practices by bank managers, and reduce the risk for investors.

Problems of corporate governance in developing countries are many and deserve attention to enhance effectiveness of the governance system. Mahadeo and Soobaroyen (2016) stated that corporate governance in emerging economies is evolving, context-specific and not a mere principal and agent problem. Al-Malkawi, Pillai, and Bhatti

(2014) conducted a study in the Gulf Cooperation Council (GCC) countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) and concluded that corporate governance is still at the nascent stage among GCC countries and fraught with several challenges.

On specific problems, Waweru (2014) enumerated factors that influence quality corporate governance in Sub-Saharan Africa to include leverage, firm size and investment opportunities. Agyemang and Castellini (2015) study of corporate governance in emerging economy revealed that significant shareholders exact strong control over activities of the companies without regards to minority shareholdings. Agyemang and Castellini (2015) also highlighted the fact that the presence of dominant shareholdings interferes in the board matters and render boards of directors to a mere advisory body without power. They identified the absence of a strong institution for enforcement of regulations as the primary challenge of corporate governance.

Gupta and Shallu (2014) summarized the problems of corporate governance in developing countries to include complex corporate ownership, weak legal and judicial systems, weak institutions and a dearth of the workforce. Other issues include principal shareholders that can influence the political system, ineffective independent director, unethical business practices and multiplicity of regulators. All the issues and problems of corporate governance highlighted point toward ineffective implementation of lay down regulations. Biswas (2015) stressed that despite the several reforms in emerging countries like Bangladesh what is critical to upholding and improving corporate governance was implementation particularly in monitoring and enforcement by regulators.

Nigeria as a country is faced with a similar problem of corporate governance like any other developing countries. In discussing the country's peculiarity, the intention was to review the corporate governance challenges that are unique to the country to situate this study in a proper context. According to Onakoya, Fasanya, and Ofoegbu, (2014), Nigerian bank managers are keen on improving the prosperity of stakeholders at the expense of safeguarding the assets. Onakoya et al., 2014 found that Nigerian banks can absorb or conceal domestic shocks arising from board composition, regulatory influence, and economic conditioning factors without impacting financial performance. Isukul and Chizea (2015) agreed on the challenges and further listed environmental factors affecting corporate governance implementation to include weak legal and regulatory systems and weaknesses of the government institutions. They attributed the institutional weakness to an extended period of military rule in Nigeria (Isukul, & Chizea, 2015). Ugoani (2016) looking at corporate governance from the perspective of loan performances enumerated insiders dealing, over-extension of credit to promoters, bad and irresponsible management teams as indicators of non-adherence to corporate governance in Nigeria. All the issues and challenges raised by the scholars can be summarized as indicators of non-implementation of corporate governance.

Orazalin, Mahamood, and Lee (2016) proposed measures to improve banking performance to include increase governance, better corporate disclosure, diversified ownership structure, and a higher level of education for the management team. Afolabi and Dare (2015) emphasized the culture of good corporate governance including whistleblowing, promotion of business ethics, ensuring compliance at all levels and

establishment of strong antifraud policies. They recommended an increase in regulatory oversight functions to reduce gaps and improve risk management framework.

Isukul and Chizea, (2015) suggested strengthening of existing institutions and establishing new ones capable of forcing firms to comply with rules and regulations and embrace transparent and fair corporate governance practices. Other measures suggested include the involvement of regulatory agencies, ensuring compliance with internal and external lending procedures (Onakoya et al., 2014; Ugoani, 2016). Biswas (2015) also emphasized collaboration between external bodies and internal forces to effect corporate governance reforms in a country.

On internal measures, Nagarajan (2014) proposed that banks should play an active role in the regulation of corporate governance in their sector as a way of ensuring compliance and implementation of corporate governance. Banks should be part of the regulators to control corporate governance. Another way of getting banks to participate in regulating itself is through equator principles that require banks to develop processes to screen project request and monitor projects. The emphasis was that through internal and external forces, institutions could contribute to building strong corporate governance.

Another proposition to complement position of scholars on the role of banks was that Nigerian banking regulation should adopt risk-based approach as is applicable in the developed economies in addition to reliance on recapitalization strategy and agency rating publications (Ajibo, 2015). The risk-based approach will reduce frequent distress and failures in the banking sub-sector unlike when reliance is on rating agency information with their peculiar challenges. Awan and Akhtar (2014) advocated the

inclusion of flexibility in the regulatory procedures because of the changing environment.

Adegbite (2015) summation from the study of good corporate governance in Nigeria was that performance and evaluation of corporate governance should not be the case of finding one solution for all the problems irrespective of socio-cultural and institutional contingencies. The peculiarity of locations should be taken into consideration instead of using corporate governance standard for developed countries as a basis to prescribe or assess its effectiveness in Nigeria. It beholds on the developing world to copy and modify whatever corporate governance regulation they are importing from another country before implementation (Abreu, Cunha, & Barlow, 2015). Vigorous enforcement of laws, more knowledge of environment, social and ethical issues, negotiation and consensus, are required on the part of the developing country.

Osemeke and Adegbite (2016) advanced reasons for a combined code of corporate governance as a means of strengthening the institutional enforcement mechanism in Nigeria. Bello (2016) recommended a check of the proliferation of regulations, review existing company laws, and strengthening of external mechanisms to enhance corporate governance. Akinyomi and Olutoye (2015) study of corporate governance and profitability of Nigerian banks in their recommendation stressed a regular review of corporate governance codes. Al-Malkawi et al. (2014) went further to recommend a yearly review of codes of corporate governance to ensure adequacy of existing regulations that will improve compliance.

In summary, scholars agreed on the importance of corporate governance in banking and also concurred with the highlighted problems of corporate governance in

developing economies in general and Nigeria in particular. Scholars collectively agreed on the issues to include complicated corporate ownership, weak legal and regulatory institutions, political institutions, a multiplicity of regulations, and unethical practices among others. A collective agreement also exists in the proposition of suggested solutions to the problem although with some differences in the details. While some scholars strongly advocated external regulations including strengthening of regulatory and enforcement agencies, others scholars proposed internal measures by the banks. Some of the internal measures proposed include taking an active role in self-regulation, flexible operations, and adoption of a risk-based approach to reduce distress. However, only scant information existed on how to implement corporate governance in Nigerian banks which is the area this study may contribute.

## Rationale for Selection of Concepts

The selection of corporate governance for this study was based on the relevance of the phenomenon to the survival and growth of corporations in the World and Nigeria in particular. The complexity of corporate governance stems from the role of financial intermediaries and institutional investors as providers of capital, the size of businesses, the availability of alternative investment options, and the magnitude of crisis and scandal (Organization for Economic Co-operation and Development [OECD], 2009). The impact of corporate governance failure has been monumental and illustrated the effects on the economy of countries (Berk & DeMarzo, 2014).

Understanding the meaning scholars attributed to the concept will better enhance appreciation and justification of the phenomenon in this study. Claessens and Yurtoglu

(2013) stated that corporate governance is a set of constraints that determine profit generated by a company during activities with stakeholders. Dabor et al. (2015) argued that corporate governance is a set of processes, structures, cultures, and systems through which firms' measure, direct, and control operations of a company. Aguilera and Jackson (2010) defined corporate governance also as a process whereby suppliers of finance to corporation assure themselves of getting an adequate return on their investment. The above scholars in defining corporate governance were particularly concerned with the control functions of the phenomenon. However, Nagarajan (2014) deviated from the above definition and defined corporate governance as a relationship between various participants in determining the direction and performance of a corporation through both formal and informal mechanisms. The emphasis was on making companies and managers accountable. A more comprehensive definition adopted for this study was that provided by the Central Bank of Nigeria in the bank's Code of Corporate Governance for Banks and Discount Houses in Nigeria (2006). Corporate governance in Nigerian banks is a system of controls, regulations, and incentives designed to prevent fraud from happening determines the direction and performance of corporation through both formal and informal mechanisms, and meets the expectations of stakeholders (Central Bank of Nigeria, 2006).

The objective of corporate governance is to maximize the wealth of the stakeholders (Claessens & Yurtoglu, 2013). The control mechanisms of corporate governance may be internal or external and are all geared toward reducing agency cost (Dabor et al., 2015). This is because corporate governance encompasses all stakeholders

thereby incorporating operators and regulators who are directly involved in the implementation of corporate governance (Claessens & Yurtoglu, 2013). The various operators in organizations play a part in the regulation of corporate governance activities (Nagarajan, 2014). By aligning interest of managers and principals, corporate governance implementation enables maximization of shareholders' wealth in an ethical, legal, and sustainable way (Adegbite, 2015).

Implementation is crucial in achieving the set objective. Under corporate governance, strategic planning, compliance with the requirement of regulations, monitoring, and controlling operations of a company are at the core of implementation processes (Afolabi & Dare, 2015). Berk and DeMarzo (2014) stated that corporate governance, regulations, and practices vary widely across countries because of laws, ownership structure, and dual class of shares. To strengthen the implementation process, the regulatory framework should be used to encourage efficient markets, effective enforcement, and precise definition of the responsibilities between the regulator and enforcement authority (Afolabi & Dare, 2015). Corporate governance is a dynamic phenomenon responding to corporate codes, regulations, organizational culture, internal and external relationships, and guiding principles (Nagarajan & Vijaya, 2014).

However, despite the differences in the definitions and practices of corporate governance, a consensus exists among scholars on the relevance of good corporate governance to companies, individuals, governmental agencies, and society in general. Al-Malkawi, Pillai, and Bhatti (2014) affirmed the importance of corporate governance when listing the numerous benefits of corporate governance such as operational

efficiency; risk mitigation, improved and easy access to funds, and increased public confidence.

## Evolution of Corporate Governance in Nigeria

Nigerian corporate governance evolved from the Anglo-Saxon shareholder-oriented corporate governance system (Okike, 2007). With independence from Britain in 1960, a need arose to develop corporate governance to achieve economic independence in Nigeria. Before independence, British entrepreneurs dominated ownership of companies and after independence, the Nigeria government immediately began to revise the disproportionate ownership structure through the enactment of the Nigerian Enterprises Promotion Decree (NEPD) of 1972 (Nigeria. Nigerian Enterprises Promotion Board). The intention of the NEPD 1972 was to transfer the control, management, and ownership of the country productive enterprises to indigenes. The transfer was to satisfy citizens' nationalist inclination though without regard to competency. The 1972 decree aimed to grant more control to locals in the ownership of companies by categorizing enterprises in the country into three distinct groups represented by Schedules One, Two, or Three with majority ownership given to Nigerians (NEPD). In sectors that lack a skilled workforce, the Nigerian Enterprises Promotion Decree that was changed to Indigenization Decree (ID) 1977 allows foreign partnership up to a maximum of 40% while Nigerians control 60% equity ownership in multinational corporations (Raimi, Patel, Yekini, & Fadipe, 2014, p. 297).

Scholars were unanimous on the need to take into consideration the peculiarity of a socio-political and economic environment of Nigeria in the practice of corporate

governance. Adegbite, Amaeshi, and Nakajima (2013), in their research on multiple influences of corporate governance practice in Nigeria, stated that after Nigeria had gained independence, the laws remained firmly influenced by the United Kingdom and did not address the peculiarity of Nigeria's environment. The imposition of laws by the colonial masters created difficulties in the implementation of corporate governance. To mitigate the difficulties in implementing corporate governance, Okike (2007) stated that in adhering to global corporate governance standards, the code of best practices adopted in Nigeria must reflect the peculiar socio-political and economic environment and provide the right assurance to prospective and existing shareholders.

Other areas of collective agreement are challenges and scandals in the practice of corporate governance in Nigeria. Political instability; corruption, bad leadership, religious tension, and ethnic rivalry exacerbated the challenges of corporate governance and made implementation difficult (Adegbite et al., 2013). Frequent changes in the political system with disruptions of democratic rule by the military intervention and the accompanied changes in the system coupled with institutionalized corrupt practices were some of the challenges managers of businesses had to surmount in implementing corporate governance. The antiquated penalties stipulated in company laws were not prohibitive enough and did not encourage operators to take compliance and enforcement seriously (Okike, 2007).

As more Nigerians became involved in the management of corporations following the divestment of state enterprises, the inadequacies in training and experience of workers became apparent and called for an urgent need for corporate governance (Adegbite,

2012). The expropriation of the rights of minority shareholders by majority holders and the absence of transparency, accountability, and enforcement mechanism created an avenue to perpetrate fraud in the management of companies (Bello, 2016). Reforms of corporate organizations, post-independence, created a need to have an approach in meeting human resources required to keep businesses indigenized and to improve performance. Sustained efforts on the part of the Nigerian government to address the shortage of trained workforce were lacking thereby making manpower scarcity apparent with the consequent failure of corporate governance (Miko & Kamardin, 2016).

Prominent corporate governance failures in Nigeria include the Unilever Nigeria PLC share price manipulation, Cadbury Nigeria PLC falsifications of financial reports, and the collapse of 50 commercial banks between 1994 and 2010 (Bello, 2016). Because of the magnitude of the corporate scandal in the Nigeria financial sector, Kasum and Etudaiye-Muthar, (2014) advised that the Nigerian government should take corporate governance implementation more seriously as the system evolves. Kasum and Etudaiye-Muthar explained that corporate governance and agency problems were the primary causes of the financial crisis in Nigeria and that top management of banks enriched themselves to the detriment of shareholders.

As a response to finding solutions to corporate governance scandals, the Nigeria government amended the country's main corporate law; the Companies and Allied Matters Act (CAMA) (1990), to include a code of conduct for audit committees. Other laws implemented include the Banks and Other Financial Institutions Act (BOFIA) in 1991, the Money Laundering Act of 1995; Failed Banks and Financial Institutions Act of

1994, and the Advance Fee Fraud and Other Related Fraud Offences Act of 1995 (Bello, 2016; Miko & Kamardin, 2016). The creation of laws in response to corporate governance scandals was a direct response by the Nigeria government to win the confidence of the public both locally and international to invest in the country and to improve direct foreign investment (Miko & Kamardin, 2016). According to Bello (2016), regulatory reforms in the area of corporate governance was to attract foreign investment, which was very low during the 1979-1999 period of political turmoil and military rule, and the need to promote measurable international standards for best practices in Nigeria. The effectiveness of the proposition is what cannot be judged because of the persistence scandals still happening in corporations.

The report of the Atedo Peterside committee on corporate governance led to the issuance of the first code of corporate governance in Nigeria in 2003 by the Nigerian Stock Exchange Commission (SEC) in conjunction with the Corporate Affairs Commission (CAC) (Aina & Adejugbe, 2015). The SEC codes were criticized for being too generic and did not take into consideration the peculiarity of industries (Bello, 2016). In response to the challenges of the codes, the CBN issued the first industry-specific code of good corporate governance for banks operating in the country (Central Bank of Nigeria, 2006). According to the Central Bank of Nigeria (2006), the motive for the formation of the new code of corporate governance was to curb financial scandals and improve public confidence in banks amidst challenges of industry consolidation. Government expectations were that banks operating in Nigeria would comply with the Nigerian Securities and Exchange Commission codes of best practices on corporate

governance for publicly quoted companies and code of governance for banks and other financial institutions. The review of the evolution of corporate governance shows that while scholars agreed on the problems, challenges, and corporate governance scandals, application and effectiveness of the various suggested solutions has not been established.

**Corporate Governance Issues in the Nigerian Banking Industry**

Effective corporate governance can significantly enhance the profile of institutions in a country, attract foreign investors, and enhance managerial excellence because of the high correlation between corporate governance and investors' decisions (Okike, 2007). Several factors militated against the effective development and implementation of corporate governance in the Nigerian Banking Industry. Among the factors suggested as issues and barriers of corporate governance in Nigerian banking sector were non-adherence to compliance procedures, the existence of different regulations, lack of independence, and poor monitoring (Abdulmalik & Ahmad, 2016; Okpara, 2011). Others problems of corporate governance implementation include a lack of transparency, fraud, and weak or non-existence law enforcement mechanisms (Abdulmalik & Ahmad, 2016; Kasum & Etudaiye-Muthar, 2014).

The need to identify corporate governance issues in an organization is important; however, corporate governance problems are more critical when discussing a sector like the banking industry, because of the sensitive intermediary roles and impact on the growth of any economy (Berger, Imbierowicz, & Rauch, 2016). Organizations in Nigeria should be encouraged to adopt good corporate governance to enhance performance as in other countries. For instance, in Ghana, organizations are induced on an annual basis to

apply good corporate governance to enable them to compete effectively and efficiently in the international market (Agyemang & Castellini, 2015).

**Compliance Procedures and Conflicting Regulations**

One of the challenges of implementing corporate governance in the Nigeria banking sector is poor monitoring mechanisms arising from conflicting regulatory laws (Abdulmalik & Ahmad, 2016; Afolabi & Dare, 2015). In Nigeria, because disclosure requirements from different regulatory authorities are many, some of the disclosure requirements conflict with one another (Osemeke & Adegbite, 2016). The conflicts inhibit the effectiveness of enforcement and compliance mechanisms in Nigeria (Abdulmalik & Ahmad, 2016). Managers of companies can exploit loopholes and take advantage by choosing regulations that better serve their purpose. The selective implementation of regulations enables managers of companies to evade compliance with stricter regulations. Osemeke and Adegbite (2016), in their study of regulatory multiplicity and conflict in Nigeria, using the mixed method approach, stated that presence of conflict among the various regulations contributed to reduced compliance by companies and made regulatory agencies ineffective to enforce codes of conduct.

Conflicts in the regulations set up by the different institutions operating in a country as evidenced by the United Kingdom have the potential to weaken the laws (Elgharbawy & Abdel-Kader, 2016). For instance, the general warranty in various regulatory codes states that when a conflict exists, the position of the stricter rule on the subject will prevail over the less severe one (Aina & Adejugbe, 2015). But in reality, when conflict occurs, the pledge is abandoned because each agency insists that the

operator should comply first with the sector's specific regulations (Abdulmalik & Ahmad, 2016). Suggestions from many scholars have been to harmonize all regulations for ease of operations and monitoring of compliance (Abdulmalik & Ahmad, 2016; Osemeke & Adegbite, 2016).

The controversy was in deciding which codes banks should adopt, the general codes established in the country or the industry-specific codes because various agencies insist on adoption of their codes. Establishment of an institution to perform a regulatory function is aimed at achieving a particular goal of compliance and harmonious operations of companies. For instance, in Nigeria, Financial Reporting Council of Nigeria ([FRCN] Act. 2011) was established to perform the role of setting accounting standards and guidelines for reporting of accounting information in line with international best practices (Abdulmalik & Ahmad, 2016). The Nigeria Stock Exchange Commission (SEC) established the first code of corporate governance in Nigeria called Code of Corporate Governance for Public Companies 2003 to minimize insider trading and prevent inadequate disclosure (Osemeke & Adegbite, 2016). Establishment of Code of Corporate Governance for Public Companies 2003 was the first major attempt at having a defined code for companies listed on the stock exchange irrespective of the sector whereas CBN established the industry-specific code in 2006 (Abdulmalik & Ahmad, 2016). Monitoring of compliance in line with a standard that guarantees independence to all parties is easier when the various regulations are harmonized. Cooperation among operators may reduce the impact of conflicts in the implementation of corporate governance (Osemeke & Adegbite, 2016).

**Lack of Independence of Board Members and Committees**

One of the challenges confronting corporate governance was the issue of lack of independence of the external auditors, board members, and board committees (Abdulmalik & Ahmad, 2016). The board is at the pinnacle of an institution and its actions shapes the direction of a company. Just as the board is essential in a company, ownership plays a significant role in an organization and actions have grave implications for corporate governance (Abdulmalik & Ahmad, 2016). A single influential and dominant ownership have the potential of gaging powers of the various operating organs of the company including the committees that set rules, formulate policies, and review activities of the organization (Abdulmalik & Ahmad, 2016). Regulatory authorities should encourage board equity ownership but with a caveat to discourage domineering ownership structure, prevent interest entrenchment, and restore the confidence of the public in banking institutions (Ahmed & Manab, 2016).

According to Agyemang and Castellini (2015), the presence of a single significant shareholding in a company and interference of that dominant shareholder in board decisions, renders the board of directors to a mere advisory body without power. A dominant ownership structure hinders effectiveness of financial reporting framework (Agyemang & Castellini, 2015). Impairment of board and external auditors portend danger to the operation of corporate governance in Nigeria (Akinyomi & Olutoye, 2015). The challenge was how to constitute a board to curb domineering shareholder activities. Kumar and Singh (2013) proposed that a board should have an adequate number of

independent directors to protect the interest of shareholders and regulations should be in place to separate the independent board from the management of an organization.

**Inadequate Monitoring of Control Systems**

The phenomenal growth after the 2004 post-consolidation of banks in Nigeria revealed that both regulators and operators were not sufficiently prepared to sustain and monitor the sector's exponential growth (Afolabi & Dare, 2015). The macroeconomic instability caused by sudden and large capital inflows from the minimum capital base of N2 billion (USD 14 million) to N25 billion (USD 167 million) created tension in the Nigerian banking system (Afolabi & Dare, 2015). A single action of the CBN governor to increase minimum capital base reduced the number of banks from 89 to 25 in 2005 and 24 in 2012 (Afolabi & Dare, 2015). Mergers and acquisitions contracted were not because promoters had a similar ideology, strategy, or interest but just as a survival strategy, which further compounded the workability of the different human resources views under a single institution (Oluitan, Ashamu, & Ogunkenu, 2015). For instance, the merger of six banks to form Spring Bank from the start of the negotiation showed clearly that the merger was doomed to fail. Members of the proposed new bank struggled to outwit each other for lucrative positions thereby leading to the collapse of Spring Bank (Afolabi & Dare, 2015).

The scarcity of the workforce to meet up with the sudden increases, including the monitoring of the extended credit facilities and operation affects the control capacity (Oluitan et al., 2015). The post-consolidation posed a direct task to skills and competencies of the board and management to meet the desired yield. The weak internal

control system and override of the control measures by some directors contribute to weakening the monitoring system and render control ineffective (Afolabi & Dare, 2015).

**Lack of Transparency**

Another issue affecting the operation of corporate governance in Nigeria was the lack of transparency in the company's dealings (Adegbite, 2015). Activities of companies should be open and transparent devoid of any form of secrecy especially in executive compensation structure (Abdulmalik & Ahmad, 2016). Integration into the financial reporting system of International Financial Reporting Standards (IFRS) in Nigeria banking system is another way of providing full disclosure, accountability, and transparency. Feldioreanu and Seria (2015) stated that more profitable institutions disclose more information than other less profitable companies and that disclosure is necessary to guarantee credibility and transparency in the implementation of corporate governance. The quality of financial reporting among operators and regulators in a globalized financial market is an indicator of transparency in the implementation of corporate governance (Abdulmalik & Ahmad, 2016).

Identifying a clear benchmark for assessing the implementation of corporate governance may help resolve part of the challenges of corporate governance in Nigeria (Miko & Kamardin, 2016). Miko and Kamardin (2016) asserted that corporate governance is irrelevant unless the internal and external measures are installed to ensure transparency. Nkundabanyanga, Ahiauzu, Sejjaaka, and Ntayi (2013) stated that transparency in the board to detail disclosures to investors is an essential mechanism for aligning investors' and management interests.

**Fraud in Banking Operations**

Fraud is another major concern of both the investing public and regulators in the corporate governance of banks in Nigeria (Atu, Adegbe, & Atu, 2013). Strict adherence to policies, procedures and regular review of processes in line with the reality in modern banking exigencies can reveal fraud. Atu et al. (2013) stated that internal auditing helps in assessing compliance with codes of conduct and ethical guidelines. The regular review of the accounting system will frustrate activities of fraudsters and incidence of fraud should be taken very seriously at all levels. Punishment for misconduct should attract stiff penalty. Afolabi and Dare (2015) recommended strong antifraud controls to serve as deterrents and the system should not be left vulnerable for fraudsters. Alberto (2015) advocated professionalism in banking to curb unethical behavior, encourage sincerity and integrity in the conduct of banking activities. Internal control is important for effective implementation of corporate governance and to reduce the incidence of management excesses (Sarenz & Abdolmohammadi, 2012).

**Weak or Non-Existence Law Enforcement Mechanisms**

Law enforcement institutions in Nigeria are weak and unable to combat the challenges posed by violators of corporate governance (Adegbite, 2015). In a study conducted on environmental factors influencing corporate governance in Nigeria, using a cross-country research analysis, Isukul and chizea (2015) found the weakness in the political institutions to be a result of long periods of military rule. Also, regarding weakness in the legal system, regulatory agencies in a way contributed to the challenges of corporate governance in banking. Institutions should be created to stand on their own

with enabling powers and be revered for what the institution stands for, strengthened by the imperative of ethics, and not because of who is in charge (Marcinkowska, 2013). Strengthening of existing institutions and creating new ones with a specific mandate to focus on the banking sector may enhance implementation of corporate governance (Isukul & Chizea, 2015). Dynamic regulations and laws are necessary to address the challenges of governance because the attendant problems keep changing with the passage of time and to meet global best practices (Aina & Adejugbe, 2015).

The effort on the part of the Nigerian government to combat corruption may not have yielded results as expected but with more power allocated to the institutions created to fight corruption and stiffer penalties, will result in a positive impact (Isukul & Chizea, 2015). The institutions established to fight corruption in Nigeria are the Independent Corrupt Practice Commission (ICPC) and the Economic and Financial Crime Commission (EFCC), but the effectiveness of the institutions is a concern to all (Isukul & Chizea, 2015). When the risk of being caught, and punished is high, operators tend to avoid bad behavior unlike when the punishment is light, and the chances of being caught are slight (Isukul & Chizea, 2015).

Scholars have made several submissions to address the challenges of corporate governance in Nigeria including Isukul and Chizea's (2015) study of environmental factor militating against effective corporate governance. Isukul and Chizea attributed the problem of corporate governance to the long absence of a democratic rule in Nigeria, thereby allowing the culture of impunity to reign during the military era thus weakening institutions. A recommendation by Isukul and Chizea was to strengthen existing

institutions and establish new ones capable of forcing firms to comply with rules and regulations and embrace transparent and fair corporate governance practices. As part of the solution, the Nigerian government should play an active role in the implementation of corporate governance. The role of the Nigerian government should evolve in line with the creation and supervision of adherence to legislation and regulation (Baker & Quere, 2014). Government agencies are responsible for identification of the most appropriate role to emphasize in line with the exigencies of the time (Baker & Quere, 2014). Afolabi and Dare (2015) summarized solutions to issues and challenges beseeching the banking sector in Nigeria to include the culture of whistleblowing, promotion of business ethics, ensuring compliance at all levels, and the establishment of strong anti-fraud policies. Government agencies need to increase regulatory oversight functions that will reduce gaps, improve risk management framework, and encourage a strong corporate governance mechanism (Afolabi & Dare, 2015).

## Corporate Governance Mechanisms

A corporate governance structure is a combination of controls, guidelines, and policies that managers used to direct organizations toward the achievement of a set objective (Elgharbawy & Abdel-Kader, 2016). A corporate governance structure combines both internal and external mechanisms (Elgharbawy & Abdel-Kader, 2016). Although managers can use internal mechanisms to focus on activities that control and safeguard performance measurement, external mechanisms are used to focus on how to address the concerns of external stakeholders such as government regulators, financial institutions, and all relevant parties (Elgharbawy & Abdel-Kader, 2016). Corporate

governance mechanisms play a major role in monitoring managers and mitigating agency conflict (Elgharbawy & Abdel-Kader, 2016). The various mechanisms put in place help to ensure that the interests of all stakeholders are protected. The corporate governance mechanisms are reviewed from time-to-time against how corporate governance structure is implemented. Elgharbawy and Abdel-Kader (2016) listed internal mechanisms to include management ownership, independent board of directors, board committees, separation of CEO and chair position. The external mechanisms included a competitive labor market, external auditor, legal environment, stakeholder activism, and media (Elgharbawy & Abdel-Kader, 2016).

Irrespective of what constitutes corporate governance mechanisms, the effectiveness of a governance system is dependent upon the strength of an institution (Claessens & Yurtoglu, 2013). Governance mechanisms have less effect when the state regulatory system is weak and unable to enforce the regulation compared with strong enforcement institutions. Corporate governance mechanisms are legal systems that can be altered through the political process (Claessens & Yurtoglu, 2013). Corporate governance mechanisms like ownership structure, board appointment, and compositions among others are mechanisms that are affected by changes in the political and legal dynamics in the environment. For instance, a new law promulgated may alter an existing ownership structure either by increasing or reducing the number of directors that a bank may appoint into the board at a time (Claessens & Yurtoglu, 2013).

Corporate governance as a control medium is essential to enhance the performance of a company. According to Claessens and Yurtoglu, (2013), the impact of

improvements in corporate governance quality on measures of economic activity is positive, significant, and relevant to companies that depend on external financing. Belghitar and Khan (2013) stated that internal governance mechanisms are more efficient for companies with high growth investment opportunities whereas external governance mechanisms are more effective with firms with low growth investment opportunities.

Although scholars agreed on the relevance of corporate governance mechanisms as a control medium, what constitute elements of internal corporate governance mechanisms varies and difficult to have a consensus (Claessens & Yurtoglu, 2013; Elgharbawy & Abdel-Kader, 2016). For this study, internal corporate governance mechanisms acceptable included board composition, board size, board committees, and ownership structure.

**Board Composition**

The composition of a board of directors refers to executive and non-executive representation on the board. Executives provide the day-to-day operations of a company whereas the non-executives set and review strategic plans for implementation by management (Claessens & Yurtoglu, 2013). The factors that guide the composition of a board include a size of the business, nature of the firm, growth phase of the company, professional experience required, and gender sensitivity (Claessens & Yurtoglu, 2013). Board composition constitutes a vital governance mechanism because of the connection between board composition and market valuation (Claessens & Yurtoglu, 2013).

On the composition of the board, an independent board member is appointed to checkmate and monitor the activities of agents and reduces agency conflicts by ensuring

that management complies with policies (Peters & Bagshaw, 2014). A board dominated by a non-executive director is an indication of a board grounded in agency theory whereas a significant number of executive directors over non-executives is a strong indication for stewardship theory (Peters & Bagshaw, 2014). According to Donaldson and Davis (1991), stewardship theory postulates that managers are good stewards and will work in the interest of a company to attain set goals. The argument for or against the proportion of executive directors to non-executive is not crucial, but rather emphasis should be on the right mix of individuals with relevant skills, experiences, qualifications, and ethical values (Christensen, Kent, & Routledge, 2015).

The more independent a board is perceived to be, the more likely will investors, and other stakeholders place reliance on the board's judgment and actions (Belghitar & Khan, 2013). Companies with a higher percentage of independent directors have higher valuation because of an ability to curtail fraud. Belghitar and Khan (2013) indicated that the presence of non-executive directors safeguards the independence of the board and as a control mechanism, aligns the interest of both executive directors and shareholders. Board composition and quality aid in the implementation of corporate governance regulations in companies. The process of nominating and appointing directors must be transparent and guided by agreed-upon criteria (Claessens & Yurtoglu, 2013). In addition to the independence of the board, the quality of board decisions is a function of the directors' understanding of the company. The use of insiders in the execution of company policies makes it easy to implement corporate governance in companies (Christensen et al., 2015).

**Board Size**

A large board may become unwieldy and slow down the process of decision-making (Dabor et al., 2015). Also, dereliction of duties is very common when a company has a large number of board members; some board members may not fully participate in the strategic decision because they believe others are there to make the decisions (Claessens & Yurtoglu, 2013). A large number of members of the board may lead to contention and fragmentation and consequently reduces the collective ability to manage a company. Allegiances of individual members to a group created within the board may work to safeguard the interest of the group instead of the interest of the entire organization (Claessens & Yurtoglu, 2013). An organization with a large board may benefit from the collective experiences of many individuals with varied experiences, training, skills, and background (Peters & Bagshaw, 2014).

The determination of the number of board members depends on several factors ranging from the complexity of an organization, professional and technical expertise required to strategically give direction to the company, industry requirements, age of the organization, and other diversity criteria (Peters & Bagshaw, 2014). The size of a board has been a contentious issue among scholars because some scholars advocate for a large number of directors and others contend otherwise (Dabor et al., 2015).

Small boards elicit more vigorous and active participation from members to make decisions (Malik & Makhdoom, 2016). Malik and Makhdoom (2016) strongly supported small board size to ensure independence of the board to generate better firm performance and improve transparency in the board decision-making process. The challenge of a

small board might be a lack of expertise, knowledge, and experiences among members to cover all the critical aspects of the business and perform adequate board oversight function (Peters & Bagshaw, 2014).

In determining board composition, the focus should be to make the board size sufficient to guarantee relevant skills and knowledge required for the execution of responsibilities (Akinyomi & Olutoye, 2015). The size of the board needs to be sufficient to carry out all oversight functions imposed on a company and provide enough members to chair the various committees in the organization (Akinyomi & Olutoye, 2015). Akinyomi and Olutoye (2015) suggested that the creation of equilibrium between the requirements for timely advice and the financial implications of maintaining a large board should be the guiding principles for the size of a board.

**Board Committees**

Another important mechanism of corporate governance is the board committee that provides independent professional oversight functions over the activities of a company to protect the interest of shareholders (Abdulmalik & Ahmad, 2016). Abdulmalik and Ahmad (2016) summarized the functions of a board as advising and monitoring of senior management. The board of directors performs oversight responsibilities through board committees. The committee system provided the human resources required to the separate structures set up by the board to guide a company's operations. Peters and Bagshaw (2014) averred that committees made up of independent non-executive directors strengthen the control systems and equip professionals with relevant competencies to handle functions efficiently for the benefit of an organization.

The general committees commonly formed in various organizations include audit, remuneration, and nomination committee to nominate a director and principal officers of the firm (Peters & Bagshaw, 2014). The audit committee ascertains if the accounting and reporting policies are in line with regulations and acceptable ethical practices. Scholars strongly advised that audit committee should maintain independence to avoid becoming a puppet to rubber stamp reports by management (Abdulmalik & Ahmad, 2016). The remuneration committee determines a fair, competitive compensation practice for major employees including the executive directors. However, determinants of number and types of committees a bank should form and operate to ensure efficiency remains uncertain.

**Ownership Structure**

The shareholding of individuals in a company represents ownership of the enterprise and can be classified into family, institutional, governmental, and foreign (Siagian, 2011). Ownership can also be characterized as either fragmented or concentrated (Agyemang & Castellini, 2015). Ownership is fragmented if different people without a dominant shareholder hold shares of the company and shareholder control leads to struggle among the shareholders whereas ownership is concentrated if control is confined to an incumbent and is not contestable (Agyemang & Castellini, 2015). One of the functions of shareholders is to monitor and control decision making in the company. Shareholders have access to management and board and could influence the retaining or dismissal of the directorate. Dabor et al. (2015) stated that the ownership structure constitutes a measure of a corporate governance structure in a company and influences the performance of a firm. Given the control rights, shareholders could change

the decision of the board during the annual general meetings by voting for or against the management.

Scholars were divided on the best form of shareholding structure in an organization that will ensure effectiveness either as a dominant or fragmented shareholding structure. Agyemang and Castellini (2015) argued that significant shareholders exercise excellent control over activities of companies. Siagian (2011) added that even cost of monitoring management is lower because of the dominant ownership structure. However, in a substantial shareholding, expropriation of wealth is rampant with fewer disclosures, which negate good corporate governance (Siagian, 2011). Firms dominated by family ownership, for instance, tend to implement poorly in corporate governance compared to different ownership (Siagian, 2011). Adeyemi and Olowu, (2013) inferred that individual with controlling interest in an organization exhibit overbearing influence in the organization and do not give regards to separation of ownership from management. Significant shareholder interferes with the board activities and renders board of directors to a mere advisory body without power (Munisi, Hermes, & Randoy, 2014).

Irrespective of the ownership structure, size and value of a business influence the implementation of corporate governance (Siagian, 2011). The bigger the size or value of a company, the more seriously management discusses the issues of corporate governance and implementation (Siagian, 2011). The result of this research might provide a clue as to the best form of ownership for effective corporate governance implementation process and how to achieve the same.

## Nigerian Banking Sector Regulations

The Nigeria banking system is highly regulated by many institutions and agencies to ensure that the system operates optimally (Taylor & Smits, 2016). But to what extent can the system be regulated and whose responsibility is it to regulate the sector were some of the concerns expressed by scholars. The sensitive nature of the banking industry justifies the need for regulations because a failure of one bank may have a ripple effect on another bank and consequently become systemic on the entire economy. The regulatory and supervisory authorities of banks in Nigeria are the Federal Ministry of Finance (FMF), Central Bank of Nigeria (CBN), Securities and Exchange Commission, and National Insurance Commission [NAICOM,] (Taylor & Smits, 2016). National Pension Commission (PenCom), Federal Mortgage Bank, the Corporate Affairs Commission (CAC), the federal tax authorities, and the National Board for Community Bank (NACB) are other regulatory and supervisory authorities (Taylor & Smits, 2016). The CBN, as the apex bank, is responsible for supervising and controlling all merchant banks, commercial banks, development banks, and other financial institutions operating in Nigeria (Central Bank of Nigeria, 2006). The Nigeria Deposit Insurance Corporation (NDIC) complements the CBN role by insuring depositors' funds.

The CBN carries out supervisory and regulatory activities in the Nigerian financial sector through a formal framework called Financial Services Regulation Coordinating Committee [FSRCC] (Financial, Services Regulation Coordinating Committee, n.d). The functions of the FSRCC entail regular inter-agency meetings, resolution of issues of common concerns to regulatory and supervisory roles. The

monitoring function includes banking supervision for deposit money banks, consumer protection, and supervision of other financial institutions (OFID) like Bureaux-de-change, finance companies, development banks, and primary mortgage banks. Another important department of FSRCC is that of financial policy regulation to develop and implement policies to ensure financial system stability, licenses, and grant approval for banks and other financial institutions (Central Bank of Nigeria, 2006).

Marcinkowska (2013) in a comparative study of regulation and self-regulation stated that the reason for regulations is to ensure sound and safe financial institutions and protect customers with limited financial monitoring ability. According to Marcinkowska (2013), strict regulations protect the banking market structure by licensing and safeguarding the system. The delicate balance in banking regulations is the trade-off between safety, stability, and prevention of bankruptcies versus efficiency, competitiveness, and profitability (Marcinkowska, 2013).

The decision to take risks is a function of the premium the regulator places on risk and rewards and the type of banking environment regulators intend to create that ensures soundness and safety of an individual bank (Marcinkowska, 2013).

One of the controversies surrounding regulation in Nigerian banking sector was in determining the extent both the banks and government can be involved in regulation for the effectiveness of the systems. The state has a role to play in the establishment of regulations for banks in Nigeria (Ogbechie, 2016). The Nigerian government's role is explicitly carried out through the CBN supervisory functions in the governance of banks. Also, the role of state agencies can be seen through direct ownership and control,

granting of monopolies, and as a facilitator of capitalist development. The government has a responsibility to create a legal framework that strengthens the banking system and encourages ethical behavior (Marcinkowska, 2013). Because of the benefits associated with sound corporate governance, the state government is expected to perform their duties by introducing policies that will enhance the objective and the effective implementation of corporate governance (Ogbechie, 2016).

While relying on state government agencies and other regulatory institutions to provide rules and regulations to guide the operation of banks, banks were advised to adopt a self-regulatory framework to guide their operations (Nagarajan, 2014). Nagarajan proposed that banks should play an active role in regulation as a way of ensuring compliance and implementation of corporate governance. A bank's active participation in self-regulation may help to develop corporate governance through the introduction of meta-regulatory role (Nagarajan, 2014). The principle of meta–regulatory stipulates that banks should be part of the regulators to enable them to pinpoint the exact areas of their operations where strict regulations are required and where general overriding rules apply (Nagarajan, 2014). The effectiveness of meta-regulation requires an infrastructure that enables scrutiny of banks and makes them accountable. Another way of getting banks to participate in self-regulating is through equator principles that require banks to develop processes to screen and monitor projects (Nagarajan, 2014).

Nagarajan (2014) stated that a self-regulating approach of corporate governance help states with weak jurisdiction, encourages banks to play an active role in regulations, and practitioners to get involved in the regulating of corporate governance. Self-

regulating addresses the challenges of global finance in the face of limited state-based regulations and the combination of risk-based regulation and meta-based regulation and co-opting the corporation complement the state role (Marcinkowska, 2013). Through internal and external forces, institutions can contribute to building strong corporate governance. The limitation of self-regulating is that the regulating institutions still have to work in tandem with the regulatory authorities supervising operations with their full cooperation (Marcinkowska, 2013).

Another challenge to banking regulation in the Nigerian banking sector has been the issues of over-regulation which directly or indirectly affects operations. Marcinkowska (2013) stressed that lenient regulation might undermine economic stability at the same time overregulation can be costly. Afolabi and Dare (2015) proposed an increase in Nigerian regulatory oversight functions to reduce compliance gaps and improve risk management framework for banks. Also, the act of reporting infractions by anonymous persons called whistleblowing keeps both operators and regulators in check (Afolabi & Dare, 2015). Regulations should be such that easily adaptable to the changing times as against inclusion of every conceivable rule into the system which might be difficult to operate (Baker & Quere, 2014). Regulations should also, allow room for discretion of an operator to keep up with innovation and at the same time discourage excessive risk-taking (Baker & Quere, 2014).

## Review of Studies Related to the Research Question

The research question for this study was how do Nigerian bank managers implement corporate governance regulations in the face of a multiplicity of regulations?

Recovery from financial distress is a function of corporate governance in practice and the type of regulation in place (Ajibo, 2015; Lu & Chang, 2009). Several recommendations made in the past have not addressed the question of how to make the process of corporate governance implementation effective (Afolabi & Dare, 2015). Grouped under three subheadings was a synthesis of studies related to the research question.

**Corporate Governance Implementation and Multiplicity of Regulations**

Corporate governance in Nigeria is complicated because of the multiplicity of regulations operating in the country (Osemeke & Adegbite, 2016). The complications contribute to challenges of implementation. The codes of corporate governance in Nigeria according to Demaki (2011) include (a) Security and Exchange Commission (SEC) Code 2003 for all public companies listed on the Nigeria Stock Exchange (NSE), (b) Central Bank of Nigeria (CBN) Code 2006 established for banks and other financial Institutions Act (BOFIA). Other codes are National Insurance Commission (NAICOM) Code 2009 directed at insurance companies and Pension Commission (PENCOM) Code 2008 for all licensed pension operators (Demaki, 2011). Also, the Federal Government of Nigeria through Financial Reporting Council of Nigeria Act 2011 established Financial Reporting Council of Nigeria (FRCN) and vests it with the power to regulate the financial reports of companies operating in Nigeria and power to establish corporate governance (Aina & Adejugbe, 2015). The FRCN is responsible for developing principles and practices to ensure good corporate governance in Nigeria (Aina & Adejugbe, 2015).

The elements of corporate governance such as the composition of the board, board committees, multiple directorships, independence of the director and

accountability, and transparency are all contained in the Code of Corporate Governance for Public Companies 2003 (Demaki, 2011). However, each code provision for the elements of corporate governance was what may differ, because some were stricter than others. Banks are subject to the general rule as stipulated by SEC and also sectoral and compulsory codes of the CBN and FRCN regulations (Demaki, 2011). However, disparities exist in content between the general and specialized codes and such differences constitute the challenges in the implementation of corporate governance and resolution of inter-code conflict (Bello, 2016). The conflict in the implementation of corporate governance also occurs due to overlaps and gaps in coordination among the multiple regulators (Osemeke & Adegbite, 2016). Osemeke and Adegbite stated that overlaps and gaps of codes from different regulators cause conflicts, confusion, and inter-regulatory problems. Although operators describe the banking industry as an overregulated sector because of the many regulations, ensuring the safety of depositors' funds and confidence in the system is paramount (Ogbechie, 2016).

The impact of corporate governance failure is grave not only to the sector but also to the economy in general (Aina, & Adejugbe, 2015). Isaac (2014) found the presence of several regulations and weak corporate governance as a contributing factor to poor performance and the banking crisis in the Nigeria banking sector. Osemeke and Adegbite (2016) indicated that the presence of conflict among the various codes contribute to the reduced compliance by companies and weak enforceability by regulators and consequently, hampers good corporate governance. Bello (2016) in the explanatory study of the dilemma of dual regulatory jurisdiction stated that some of the problems firms have

with dual regulatory jurisdiction include lack of consensus on the level of compliance and the applicable sanction for non-compliance. According to Osemeke and Adegbite (2016), banks in Nigeria face implementation challenges because of the multiple regulatory authorities supervising the banks.

From the longitudinal study of Mauritius on implementation of corporate governance, Mahadeo and Soobaroyen (2016) proposed a model that combines control and ownership features that operates in advanced economies. Another important introduction to implementation was the use of a scoring system that combined weighting of each governance component and rating of application for each element. Also, Mahadeo and Soobaoyen proposed that a measure of corporate governance implementation at the company level should include profitability, shareholdings by the director, and composition of the board. For instance, the composition of the board of director classified into the independent nonexecutive director, nonexecutive, and executive directors was a fair measure of adoption of corporate governance. The presence of majority non-executive directors in a board protect the interest of all stakeholders because they supervise and control activities of management and can reject decisions that may be inimical to the existence and growth of the company (Mahadeo & Soobaroyen, 2016).

A review of the literature showed that scholars were in agreement on harmonization or combining of regulations for effective implementation of corporate governance. Whereas Osemeke and Adegbite (2016) recommended a combination of codes of corporate governance as a means of strengthening institutional enforcement

mechanism, Bello (2016) proposed a check on the proliferation of regulations. Demaki (2011) stressed that disparities in the regulations should be harmonized. Fanta et al., (2013) asserted that a review of corporate governance implementation processes is necessary for investors to enjoy the benefits of sound corporate governance. The question that remained unanswered is how to make the process of corporate governance implementation effective in the face of a multiplicity of regulations which has been the focus of this study.

**Corporate Governance Implementation and Profitability of Banks**

Scholars agreed that implementation of corporate governance enhances the profitability of banks. Fanta et al. (2013) stated that the implementation of good corporate governance improves economic performance, stimulates growth, attracts investors, and strengthens shareholders' confidence because of the positive influence on profitability. Mishra and Mohanty (2014) stated that an organization with strong corporate governance is likely to report exceptional financial performance than an organization with poor management. Orazalin et al. (2016) in reviewing corporate governance financial crisis and bank performance using top Russian bank as a case study alluded to the fact that post-2007-2008 financial crisis banks show a better operating performance because of improved governance structure in Russian. Another contribution to the relevance of corporate governance to the profitability of banks is the findings of Waweru (2014) linking profitability to good corporate governance implementation.

Lipunga, (2014) advanced the need for involvement of all stakeholders. Lipunga stated that promotion of good corporate governance is a collective effort and cooperation

of all the stakeholders. The cooperation of all stakeholders including regulators is critical to maintaining public trust and confidence in the banking system and the economy as a whole because of the significant role that the banking sector plays in daily activities in the economy. Siagian, Siregar, and Rahadian (2013) study of corporate governance, company values, and accounting reporting found that organizations that implement superior corporate governance have higher profit.

However, the study by Orazalin et al. only focused on internal governance practices among top Russian banks and did not apply to other financial institutions in the country. The narrow scope without a detailed discussion of a method of study, presents transferability difficulties. Also, external factors such as environment and laws that affect regulations were not taken into consideration in Orazalin et al. (2016) study. Ugoani 2016) recommended a reduction to the barest minimum nonperforming loans as an indication of effective implementation of corporate governance but did not explain how to achieve the said objective. Waweru use of ordinary least squares regression on firm-specific and corporate governance study did not address the shortcomings in other studies. In addition to methodological challenges, no explanation on how the corporate governance will be implemented to improve profitability. In an attempt to propose a direction, Abreu et al. (2015) stated that vigorous enforcement of regulations, knowledge of the environment, and consensus, are required on the part of the developing country for effective implementation of corporate governance that will improve performance.

**Financial Distress**

The frequencies of distress in the banking industry is a cause for concern among regulators and practitioners alike (Kan & Bagheri, 2015). Manzaneque, Priego, and Merino (2016) described financial distress as a condition whereby a corporation cannot fulfill financial obligations to creditor due to a combination of liquidity problems, loan losses, and fraud. In the banking sector, distress occurs when the bank is unable to or is not in a position to meet its obligations to their customers (Kan & Bagheri, 2015). In distress situations, banks are unable to carry out their primary functions of paying out money to depositors.

Distress in banking causes anxiety and may culminate in a run on an institution when the crisis is not correctly handled (Manzaneque et al., 2016). Given the challenges caused by distress, managers need to look beyond the impact to determine the cause. According to Lu and Chang (2009), financial and corporate variables can be used to predict financial distress of a company. Lu and Chang carried out a study using listed companies on Taiwan Stock Exchange on the relationship among financial distress, firm performance and corporate governance and found that ability of a poor company to recover from distress depends on its corporate governance practices. In an environment of good corporate governance practices, a company is likely to return to profitability quicker than where the practice is poor (Joshua, Joshua, & Tauhid, 2013).

The type of regulation practice contributes to the frequency and severity of financial distress occurring (Ajibo, 2015). Ajibo (2015) advocated a risk-based regulation to secure the future of Nigeria banking industry and consequently reduced the rate of

distress in the system. Ajibo conducted exploratory research on risk-based regulation and the future of Nigeria banking industry, and from the result of the research, advocated for the implementation of the risk-based approach. Ajibo also stated that Nigeria's apex regulator should embrace a risk base regulation called Basel 11/111 capital accord that emphasized risk regulations and management as a way of improving regulatory supervision and industry transparency. The collaboration of committees and provision of information on borrowers will act as a medium for credit risk mitigation.

## Gap in Literature

The purpose of this qualitative single case study was to understand how corporate governance is implemented in the Nigerian banking industry in the face of a multiplicity of regulations. Previous studies on corporate governance in Nigerian concentrated on the regulatory framework (Abdulmalik & Ahmad, 2016; Bello, 2016; Osemeke & Adegbite, 2016). Other studies were on corporate governance in Nigeria banking sector issues, antecedents and challenges (Adegbite, 2015; Afolabi & Dare, 2015), bank profitability and performance (Akinyomi & Olutoye, 2015; Obeten et al., 2014). The closest study was Mahadeo and Soobaroyen, (2016) longitudinal study of the implementation of corporate governance code in developing countries but the researcher used Mauritius as the case study which is different from Nigeria context. Ogbechie 2016 corporate governance practices in the Nigerian banking industry was on a general practice without addressing the implementation processes which was the area this study may contribute.

This study is unique in several ways as the research aimed to fill the gap in literature left by previous studies and adds to scholarship. Although the need for

understanding practice of corporate governance is very high in the developing countries, most literature on the subject concentrates on industrialized countries thereby making the gap more apparent (Adeyanju, 2012). Also, no study was found on corporate governance implementation using a Nigerian bank. This study as a qualitative single case study of a Nigerian Bank will enable an in-depth understanding of implementation processes in the Nigerian bank. Also, no known study used Stewardship theory as a conceptual framework to understand corporate governance implementation process in a bank. The study may provide relevant knowledge to the board and management of the bank, banking industry in general, and future researchers that may want to further the course of the study. The banking regulatory agencies may benefit from the result of this research as the findings from the study may help in the formulation of policies.

## Summary and Conclusions

In this chapter, I provided the literature search strategy, the theoretical framework for the study, and the conceptual framework, based on stewardship theory. Scholars used stewardship theory to explain reasons why a steward manager will be effective in implementing corporate governance because a steward manager is pro-organizational and is motivated by the success of the entire organization. Also, in this chapter, I presented an exhaustive literature review of corporate governance implementation, theories, issues and challenges, corporate governance mechanisms and related topics. Scholars agreed on a common theme of issues and challenges facing implementation of corporate governance to include non-adherence to compliance procedures, conflicting regulations, and weak or non-existence law enforcement mechanisms. In Chapter 3 I provide an account of the

research methodology for this study including design, planned data collection methods, data analysis strategies, and ethical consideration.

# Chapter 3: Research Method

The purpose of this qualitative single case study was to understand how corporate governance is implemented in the Nigerian banking industry in the face of a multiplicity of regulations. A case study of corporate governance implemented processes was conducted using semistructured face-to-face interviews with participants in the case study bank. Interview data were triangulated with document data from the management of the bank and regulatory authorities. Chapter includes the research design and rationale, the role of the researcher, methodology, participant section logic, and instrumentation. I also describe participants recruitment, participation, data collection, data analysis, and trustworthiness.

In the research design and rationale section, I define the central concept of corporate governance and present the rationale for choosing the research tradition and design. Next, I explain the role of researcher, my personal relationship with participants and how I mitigated bias. Also I provide a detailed description of the method, selection of participants, rationale for the sample size, data collection instrument and content validity. The issues of trustworthiness including credibility, transferability, dependability, confirmability, and ethical procedures are also presented.

## Research Design and Rationale

The following research question guided the study: How do Nigerian bank managers implement corporate governance regulations in the face of a multiplicity of regulations? The research design was a qualitative single case study. Bryman (2014) stated that qualitative research provides a description of the phenomenon. Researchers

use the qualitative method to increase the depth of understanding of the situations studied (Eriksson & Kovalainen, 2015).

The qualitative method aligned with the purpose of my study, which was to understand how corporate governance is implemented in the Nigerian banking industry in the face of a multiplicity of regulations. A qualitative approach enables the researcher to generate data about a human group in a natural setting, analyze data inductively, extract meaning from participants, and interpret the findings (Stake, 2010). In contrast, a quantitative approach is a means of testing relationships among variables by focusing on numeric data. Quantitative methodology is also used to examine a concept in terms of amount and intensity, to test theories, to standardize measures, and to collect of quantifiable data from participants by asking specific narrow questions (Ketokivi & Choi, 2014; Yin, 2014). The quantitative method does not produce an in-depth understanding of the participants' perspective, experience, and knowledge about the research question (Merriam & Tisdell, 2016). A mixed-methods research design combines both qualitative and quantitative approaches either concurrently or sequentially in a single study (Yin, 2014). The intent of researchers using mixed-methods is to expand breadth and depth of the data for a more comprehensive result, to obtain different information, and to use one method to develop another approach by using different means of inquiry (Johnson et al., 2017). Because quantitative methodology did not align with the purpose of this study, a mixed-methods approach was not appropriate.

The five qualitative research designs are ethnography, grounded theory, case study, phenomenology, and narrative (Yin, 2014). Researchers use the ethnographic

design to describe the cultural characteristics of people or incidents. Grounded theory is used to generate theory, the phenomenological design is used to study human lived experiences, and the narrative design is used to examine individuals' life stories and experiences. The ethnographic design was not appropriate because the focus of the current study was not to describe the cultural characteristics of people or incidents (see Merriam & Tisdell, 2015). Grounded theory focuses on the systematic generation of theory but fails to recognize the involvement and role of the researcher in data collection, analysis, and interpretation that will deepen understanding (Foley & Timonen, 2015). Phenomenology did not align with this study because the design is used to make sense of participants' feelings and the essence of their lived experiences (see Gill, 2014). According to Lindsay and Schwind (2016), the narrative design is used to examine personalized stories of an individual or small group of people, which was not the purpose of the current study. A case study is used to explore a program, event, activity, process, or individuals in-depth (Baran & Jones, 2016). According to Yin (2014), a case study is an in-depth practical investigation of a current event in a real-life context. The case study enables the researcher to preserve critical features of real-life occurrences.

The single case study enabled me to conduct an in-depth study of a single unique bank with a high performing record in Nigeria (see Easterby-Smith, Thorpe, and Jackson 2012). I chose this research design to understand real-life corporate governance implementation under natural conditions of a bank that were relevant to the phenomenon. The single case study design was a practical and appropriate approach to understanding the implementation of corporate governance. The design enabled access to rich data for

in-depth analysis and understanding of issues of corporate governance implementation in the natural life context (see Gaya & Smith, 2016). In the study, a total of 15 top managers including directors of the bank were purposefully selected to participate. The participants were deemed to be reliable and knowledgeable about corporate governance implementation in the bank where they work.

## Role of the Researcher

In a qualitative study, the researcher is the instrument through which data are collected (Sutton & Austin, 2015). According to Sanjari, Bahramnezhad, Fomani, Shoghi, and Cheraghi (2014), a researcher is involved in all stages of a study from planning, collecting data, analyzing data, and reporting findings. Qualitative researchers start from their understanding of the subject, the assumptions of the study, and the underlying theory to develop their role in the study (Bluhm, Harman, Lee, & Mitchell, 2011).

My role as the researcher was to ensure the method of data collection was reliable, convenient, and verifiable. I ensured validity by keeping logs of data collection activities, creating field notes, and maintaining a journal to report observations in the course of the study. My role as researcher was also to ensure that the interview questions could elicit the desired data, to select the venue for the interviews, and to arrange equipment for the recording of data. I assured participants of the utmost confidentiality and that no harm would befall them because of their participation in the study. The use of pseudonyms (like P01 to P15) to refer to the participants in this study helped keep their identities confidential. I had no relationship involving power in a supervisory or

instructor capacity over the participants. The participants were senior managers who did not work under me and I did not have any authority over them.

Protection of privacy was communicated to all participants in the study in writing as a condition for participation. I avoided the use of names of participants or the organization when presenting findings. Participation was optional and did not involve any benefits or incentives for the participants. The invitation letter to participants stated that only those who were willing to be interviewed need respond, and that participants were at liberty to withdraw from the study at any time. There was full disclosure in a log of all activities and potential impact or bias-related conflicts.

The potential bias in this study may have been insider bias because the bank selected as the study site was my workplace. Reflexivity was used to monitor and control effects of my involvement to reduce bias and enhance the validity of the research findings. The use of reflexivity is essential in a qualitative study to secure trustworthiness and credibility through self-scrutiny of the researcher's perspective on the phenomenon studied (Berger, 2015). Berger's application of reflexivity in this study included a log document to note what the participant said, repeated review of interviews responses, and consultation with colleagues. The interview protocol was structured to allow room for respondents to add suggestions that I may not have thought about previously to remove personal bias (see Drew, 2014).

To avoid ethical issues, I informed participants of the different stages of the study, I clarified participants' role, I listed types of data to collect, and I described how data would be used. My conduct aligned with ethical guidelines set forth in the Belmont report

that authorized the use of institutional review boards (IRBs) and emphasized respect and equal treatment for participants (Office of the Secretary Ethical Principles and Guidelines for the Protection of Human Subjects of Research, 1979). I completed the National Institute of Health's web-based training course on (Protecting Human Research Participants) on September 5, 2015, with Certificate Number 1838170.

## Methodology

The ability to explore a subject in-depth grounded in a conceptual framework is one of the values of qualitative research. Collins and Cooper (2014) noted that the primary role of a qualitative researcher includes data collection, data organization, and data analysis. Data gathering, and analysis procedures affect participant selection, determination of data saturation, and maintenance of an approach that ensures trustworthiness. Also, the qualitative approach involves identification and mitigation of bias and may include the use of software such as NVivo for data analysis.

### Participant Selection Logic

The target population of this case study was senior managers and directors of the host bank. The research site was the branch offices and corporate headquarters of the host bank where the interviews took place. The sampling strategy for this study was purposeful selection. Purposeful selection enables a researcher to select settings, individuals, or activities that provided the information relevant to the research questions and goals that cannot be obtained from other sources (Maxwell, 2013; Palinkas et al., 2015). Purposeful sampling is a technique widely used in qualitative research for the

identification and selection of information-rich cases for the most effective use of limited resources (Palinkas et al., 2015).

One of the goals of purposeful selection is to recruit participants with whom a researcher can establish the most productive relationship to answer the research question (Eriksson & Kovalainen, 2015). The adoption of purposeful selection with a small number of interviewees was necessary for this case study to understand how to implement corporate governance. The small sample size enabled in-depth and detailed interviews to enhance understanding of the problem. Yin (2014) stated that when the goal of the study is to extract deep-rooted knowledge of the participants about a phenomenon, purposeful sampling is appropriate to gain in-depth data for the study.

The criteria for selection of participants were a minimum of 10 years banking experience, senior management staff position, familiarity with corporate governance implementation at the Nigerian host bank, and knowledge of banking regulations. Appointment as director of the host bank was considered sufficient evidence of familiarity with corporate governance and regulatory issues. The sample was purposefully selected taking into consideration the skill set exemplified by the nature of participants' job and the position occupied in the bank. Simple random sampling was not appropriate for the study because the small sample size might have led to a substantial chance error in the selection of participants who may not have had the requisite knowledge (see Maxwell, 2013).

Prerequisites planning was used at the preliminary stage to restrict access to participants who met the selection criteria. Qualifying as a top manager of the host bank

with 10 years of experience and appointment as a director in the bank were sufficient evidence to establish that the participants met the selection criteria. Information from the annual report of the bank corroborated the claim of the participant as a director in the host bank.

In this study, a small sample was used, and data saturation guided the number of participants. The number of participants may changes depending on the findings in the fieldwork, which may require more participants or fewer to obtain reliable results (Stake, 2010). The size of a sample is dependent on the purpose of the study, the setting for data collection, data availability, usefulness of data, credibility of data sources, available time, and resources, and the researcher (Merriam & Tisdell, 2015). Sample size can be flexible, and the number may emerge from the situation depending on data collection the issues being researched (Stake, 2010). According to Eriksson and Kovalainen (2015), the result of small samples may not be generalizable, but the findings provide in-depth knowledge of the problem. The smaller the sample, the higher acceptability a study commands because the possibility of errors is slim (Merriam & Tisdell, 2015). According to Baskarada (2014), a case study may involve an intensive study of a single case to understand a broader class of similar cases observed at a single point in time or over some delimited period.

According to Onwuegbuzie and Byers (2014), a single case study can be very vivid and illuminating. In a qualitative study, the selection parameter to adopt even within a single case includes the choice of people, settings, events, and processes (Maxwell, 2013). The specific procedures of how to identify the contact, and recruit

participants needed to be described for ease of replication of a study. Identification of the participants for this study was through a purposeful selection of the managers. Contact with the participants to collect their details and to deliver consent form was personal considering that the number was small. A proposed date was agreed for a re-visit to retrieve the signed consent form. A digital signing was not acceptable. The participants were recruited by telephone or email to seek their interest if they would want to participate in the study. Participants that gave a favorable response had a preliminary chat about the study and to further determine their suitability and knowledge of the corporate governance implementation in the host bank.

Saturation occurs in a study when the collection of new data does not shed any further information on an issue. According to Houghton et al. (2013), data saturation occurs at a point where no new information emerges from the addition of new or existing participants. Saturation is only a guide for qualitative data collection and might not be the only way of ensuring that qualitative design or studies cover the issues under investigation comprehensively (Mason, 2010). Sandelowski (1995) stated that sample size is unimportant in a qualitative study because the sample size may either be too small to reach theoretical saturation or too large to address the issue of study. The adequacy of sample size was a matter of experience and judgment in evaluating the quality of information collected with detailed information required to achieve the research objective.

Fusch and Ness (2015) espoused that after the capacity to process additional new information has been attained, further coding is no longer feasible. Although the

proposed sample size was 15 participants, data saturation was used in conjunction with the numbers of participants to determine when to stop the interview process. Data saturation relies on the type of data source and integration of the research question (Suri, 2011). Using senior managers and directors of the bank as a purposeful sample, in addition to using related documents from regulators, and annual reports of banks often provide sufficient information to achieve data saturation (Adegbite, 2012). The emphasis on data saturation is to ensure validity because failure to reach saturation has an adverse impact on the validity of the research (Fusch & Ness, 2015).

**Instrumentation**

The types of qualitative data collection instrument commonly use in a research method are observations, interviews, and documents (Merriam & Tisdell, 2015). The research instruments for this study were the researcher, interview protocol (semistructured interviews with open-ended questions see appendix A), and archival documents. The use of multiple sources provides an invaluable advantage to a case study because the weakness and strength of each of the sources help to improve the overall quality of data collected (Yin, 2014). For instance, while documents provided a stable, accurate, and broad coverage, the interviews were targeted to addressing the research question. The researcher, as an instrument, relies on experience and competencies to assess the complete data, and make interpretations of what is seen, heard, and understood to deduce meanings (Sutton & Austin, 2015).

The source of each data collection instrument was researcher produced. The instrument for this study was a set of researcher-developed semistructured, open-ended

interview questions that relate to the implementation of corporate governance. This approach is in line with Qu and Dumay (2011) confirmation that researchers use open-ended interview questions to learn about the experience of the participants relevant to the phenomenon under study. To ensure content validity as sufficient and appropriate to address the research problem, I shared interview questions with faculty experts on my dissertation committee. I based the final selection of questions that address the problem of study on my judgment and approval of my dissertation committee. The researcher prepared the interview protocol together with the collection of documentary evidence. The historical and legal documents used for data collection were financial reports of the bank, the CBN Code 2006 established for Banks and Other Financial Institutions Act (BOFIA), Companies and Allied Matters Act (CAMA) 2004, and Nigeria Stock Exchange Security and Exchange Commission (SEC) Code 2003 for all publicly quoted companies.

The financial report used as a documentary source for the study was an audited annual report and financial statements certified in line with CAMA 2004 and BOFIA 2006 regulations. The justification for inclusion of the financial statement was because the report is a mandatory and independent document required by law for director of the company to present the financial performance of the bank including the bank's compliance with corporate governance regulations. Other documents such as BOFIA, CAMA 2004, and SEC code 2003 were all regulations enacted by laws of the federal government of Nigeria. BOFIA is an industry-specific regulation to guide conduct and activities of banks and financial performance whereas the CAMA and SEC code are

general and relate to activities of all limited liability company. These laws were established specifically to address the challenges confronting the effective implementation of corporate governance in organizations.

The selection of interview protocol and documentary evidence as sources of data collection was to provide sufficient data to answer the research question of implementation of corporate governance in the Nigerian bank. Interviewing in a qualitative study is a mode of data collection involving communication between the researcher and the participants with the aim of understanding participants' views about a phenomenon that is being studied. Included in the documentary data collection were public documents such as published annual reports, legal and regulatory documents, and newspaper or private documents including journals, and diaries.

The use of an interview protocol was necessary for my collection of data by asking and recording of responses during the semistructured, open-ended question interviews. The interview protocol indicated the date, place, interviewer, interviewee, and interview instructions. Other components of the interview protocol include the questions, space for recording of responses, and appreciation of participant time spent on the interview (Bahrami, Soleimani, Yaghoobzadeh, & Ranjbar, 2015). Formentini and Taticchi (2016), in their investigation of how corporate sustainability approaches are implemented aligned with governance mechanisms at the supply chain level, made use of interview protocol. The interview protocol was designed to gain a broad understanding of corporate sustainability approaches through interviews with top executives and functional line managers. Kim and Kim (2015) used an interview protocol to understand the

relationship between public affairs strategies and organizational effectiveness in their study of factors that influence corporate governance and formulation of public relations strategies for public engagement.

Interviewing, according to (Yin, 2014), is a mode of collecting verbal information from a case study participant. The nature of the interview should be conversational and guided by an agenda of the sequence in which the questions may be asked (Yin, 2014). The conversational tone of the interviews will encourage interviewees to talk freely. The face-to-face semistructured interviews with open-ended questions with participants were audiotaped and transcribed. Face-to-face interviews enabled the assessment of the body language of the participants. The open-ended question format of the interviews allowed for emerging thoughts of participants and to document the connection between particular pieces of evidence and other issues (Yin, 2014).

Another source of data collection for this study were documents such as annual reports and financial statements from the case study bank and the reports of CBN and other agencies that have the responsibility of regulating the banks. The documents from regulatory authorities were CBN Code of Corporate Governance for Banks and Discount Houses in Nigeria 2014, Companies and Allied Matters Act (CAMA) 2004, and The Nigeria Stock Exchange Commission (SEC) Code of Corporate Governance for Public Companies, 2011. The strength of the bank’s published documents as a source of evidence is that the document remains changeless and can repeatedly be retrieved, unobtrusive, specific, and broad. However, published documents can be difficult to retrieve, and are subject to biases including selection and reporting biases (Yin, 2014).

The fact that a source of evidence was not created specifically for a case study adds credibility to the study. However, reliance on the documents should be with caution since the documents were designed for different reasons. One of the ways of addressing the difficulties in retrieval is by annotating the document to make for compact storage easily retrievable and consequently make storage handy (Yin, 2014).

Several scholars in the past had used interview and other data collection instruments as a means of collecting data to address corporate governance challenges in organizations. For instance, Agyemang and Castellini, (2015) used archival records and semistructured interviews to examine the relationship between ownership structure and shareholders control. Trangkanont and Charoenngam (2014) in Thailand used semistructured interviews to capture the perception of participants on how risks delay project output and business performance. Also, Silic and Back (2013) used semistructured interviews with open-ended questions together with archival documents on information management to develop an innate understanding of information management and governance in organizations. Abreu et al. (2015) used secondary data and in-depth face-to-face interview to deepen the understanding of factors influencing corporate social responsibility in a developing country.

The publishing of critical documents, such as annual report and financial statements is only after regulatory approvals of the CBN and Financial Reporting Council of Nigeria (FRCN). The use of annual financial statement, as a secondary source of data collection in the study of corporate governance, is very common among scholars. Mahadeo and Soobaroyen (2016) relied only on the annual reports of companies in

Mauritius to develop a comprehensive assessment of implementation by using a scoring system that combined weighting of each governance component and rating of application for each element. Al-Malkawi et al. (2014) used annual reports, stock exchange reports, and websites as sources of data collection for their study of corporate governance. Awan and Akhtar, (2014) in a qualitative study of problems of corporate governance in the United States, collected data mainly through secondary sources and the Internet.

The use of multiple sources of data collection was to enable the convergence of the lines of inquiry that makes the case study findings more convincing and accurate. The combination of interview and documents will lead to an in-depth understanding of corporate governance implementation problem. Osemeke and Adegbite (2016) used multiple sources including interviews, documentary analysis, and application of focus group methods to give insight into the confusing and complicated state of corporate governance in Nigeria. Interview data as a vital source of the case study can provide valuable insights into how to implement findings of the study (Yin, 2014). From the interview data, the researcher will extract prior history of the corporate governance implementation. Even though interviewees may have biases, poor recall, and inaccurate articulation of presentation, the information gathered was corroborated by other sources including the financial reports of the bank, the CBN code of corporate governance, and Nigeria Stock Exchange codes for publicly quoted companies.

I established content validity through triangulation of data from interviews and documents. Yin (2014) defined triangulation as the convergence of data from different sources to determine the consistency of findings. Of the four types of triangulation (data,

investigator, theory, and methodological) described by Eriksson and Kovalainen (2015), data and methodological triangulation were used to establish content validity.

Data triangulation entails the use of a variety of data sources in a study (Rohrbeck & Gemunden, 2011). The documentary source data corroborate the data obtained from interview sources and such documents according to Agyemang and Castellini (2015) included financial reports, regulations, codes, and policies. Data triangulation provides in-depth details on a topic and analyzes each response thoroughly and detects any deviations. Methodological triangulation refers to the use of multiple methods to study a single problem (Merriam & Tisdell, 2015). The use of methodological triangulation enhances the validity and reliability of a study. White, Parry, and Puckering (2016) used methodological triangulation to improve the reliability of their study on information knowledge acquisition in the information system. In this study, a combination of semistructured interviews with open-ended questions, annual reports, financial statements, and codes of corporate governance enabled achievement of reliability. The design of the interview questions was to address the issues intended and seek assistance from fellow researchers who are conversant with the problems of corporate governance for member-checking. Through the use of member checking, participants were asked to review my transcribed interviews to confirm that the report reflected their views and opinions correctly to reduce my biases and personal perception of the study.

**Procedures for Recruitment, Participation, and Data Collection**

The data collection technique for this study included interviews and review of corporate governance documents from regulatory agencies and annual reports and

financial statements of the host bank in Nigeria. The conduct of interviews was with directors and managers who were involved in the implementation of corporate governance in the bank. The senior managers who were participants must have spent a minimum of ten (10) years in the service of the bank with at least five years in a senior management position. The aim of the face-to-face semistructured interviews with open-ended questions was to understand how to implement effective corporate governance in the bank. According to Onwuegbuzie and Byers (2014), asking preformatted open-ended questions draws rich responses from the participants while the emphasis on the face-to-face interview was to clarify meanings, verify interpretations, and to ask the relevant follow-up questions, including inferring from nonverbal communication. Haak-Saheem and Darwish (2014) used semistructured interview and documents to gain an in-depth understanding of the role knowledge management in creating a culture of learning and as part of the quality control to remove bias in data collections. Agyemang and Castellini (2015) used archival records, semistructured interviews, and observations in data collection to understand corporate governance in a new economy. According to Janesick (2011), the semistructured part of an interview in the form of follow-up questions helps to provide depth in a qualitative study making semistructured interviews a desirable tool for data generation.

The interview data were collected from the participants in their offices by me. The time frame for the conduct of interviews with all participants was two weeks to ensure adequate coverage. The interview duration with each participant was about 30 minutes in an interview session depending on the respondent. Interview dates were scheduled ahead

of time to ensure preparedness and also provide an opportunity to request interviewees to attend with documentary evidence, if available. A pre-design interview protocol was used to conduct and collect interview responses from the participants to ensure consistency. In addition to journaling during the interviews, the researcher with the permission of the participants audio-recorded the interviews, listened to the recording, and transcribed data to capture the responses of the participants after each meeting. The journaling included the documentation of nonverbal communication observed during the interview.

In an interview situation, the non-verbal communication between the participant and the interviewer contribute to understanding the feelings of the person and may give a better gauge than the verbal communication (Janesick, 2011). The encounter with each participant was documented, and the recorded interviews stored in password-protected folders to prevent unauthorized access to the data collected. After the transcription, member checking was conducted with the participants as a follow-up plan and used the result of the member checking to improve the credibility of the study. The advantage of member checking is that it provides participants with an opportunity to see that the interviews were transcribed correctly and make corrections where necessary (Houghton et al., 2013).

The main advantage of using interviews as a data collection tool was to capture detailed information about personal perspectives and achieve high participant response rate. McNulty, Zattoni, and Douglas (2013) used interviews to gather data in a qualitative study on corporate governance. Baran and Jones (2016) used interviews together with data triangulated from policy documents, IT corporate strategy reports, and consultancy

reports to enhance the reliability of their case study. The need to triangulate the sources of data was to improve internal consistency, reliability, and validity.

The second primary source of collecting data was by gathering information from the review of codes of corporate governance documents, publications, financial reports, and documents solicited from the participants. I collected documentary data from the host bank, participants, and also from regulatory authorities like the CBN and SEC. A review of the documents was made to generate data to address the research question. The notes, documents, narratives and other materials collected in the course of the study were kept in a physical box file that was locked in a fireproof cabinet for which the keys and combination were known only to me.

The function of a researcher goes beyond the formal, structured procedures, rules, and operational modalities because the researcher is an instrument in a study (Maxwell, 2013). Information for this study was from many sources including things observed, a gut feeling from the environment, and interactions with participants. As the researcher, adequate preparation was in place ahead of the interview including the use of a digital tape recorder, confirmation of functionalities, and a backup plan for equipment and resources. Other preparations included a reconfirmation of the interview date, time, venue, and field-testing anticipate possible changes that may occur in the course of the interview.

Participants were at liberty to exit the study at any time during the study and the out-going participants were automatically deleted after debriefing through a semistructured interview. The debriefing aimed to remove any misconception that may

have arisen during the study and to educate the participants. The debriefing procedure included a gathering of information at the pre-debriefing stage, contact participants, ask questions about their experiences, and assess the impact on the feeling of participants. Other steps were educating participants, finding out how participants are coping, and creating a coping plan, and follow-up.

Interview follow-up was be conducted to clarify any ambiguity or reaffirmed perception that was not evident during the initial interview. Participants were contacted on a scheduled date for follow-up and used a semistructured interview to inquire. The follow-up helped in recovering of considerable details and reduced the loss of information.

**Data Analysis Plan**

Yin (2014) defined data analysis as examining, categorizing, tabulating testing, or otherwise recombining evidence to produce empirically based findings. Data analysis for this research study was conducted in conjunction with the data collection process to ensure thoroughness. According to Miles, Huberman, and Saldana (2014), interweaving data collection and data analysis should be from the start and go on simultaneously to increase rigor in a study. Maxwell (2013) stated that the most common problem in qualitative studies is letting unanalyzed field notes and transcriptions pile up and becomes more difficult and discouraging to analyze.

The qualitative data analysis involves the process of turning written data, such as email interview and field notes, into findings and conclusions. The analysis process involves reviewing the data to determine what is worth investigating, following specific

analytical techniques, coding the interview responses, and interpreting findings (Miles et al., 2014). In reviewing data, Maxwell (2013) proposed that the initial step in the qualitative analysis is reading the interview transcription and the documents that are to be analyzed.

The analysis entailed using collected data to reveal important themes, patterns, and explanations relating to the central research question of the study. The object of this analysis was to discover themes and patterns that enhanced understanding of how to implement effective corporate governance in a Nigerian bank. From the categorization of the themes, emerged data in the study that reveals strategies that might improve understanding and implementation of corporate governance in the Nigeria bank. As a case study, a detailed description of the setting or individual was necessary before analysis of themes. In this study, analysis of data collected from the interviews and documents was connected to the specific research question, identified the data types and developed codes to apply to the data. Also, to identify the evidence that addresses the research questions, enables drawing of a tentative conclusion through analyses of the narrative structure and contextual relationships, and presents same in a way that a user can check the assessment. The data analysis process was repeated until I addressed all the research questions and potential validity threats to the findings.

According to Yin’s (2014), the five specific analytical techniques to add rigor to the case study analysis are pattern matching, explanation building, time-series analysis, logic models, and cross-case synthesis. In this study, I used pattern matching technique which is the most desirable technique according to Yin (2014) to analyze the data. Before

collection of data, I predicted the findings of the study based on the literature reviewed and my knowledge of stewardship theory. The empirical findings of the case study from participants were compared with the predicted case findings before the collection of data to draw a conclusion or offer a rival explanation. The overriding factor was to what extent the empirically based pattern matches the predicted one and as a single case study, a successful matching implies acceptability of the original explanation. Several authors including, Kikuchi et al. (2014), have used the Yin's approach and found it satisfactory. Gu (2014) also used Yin's five-stage data analysis approach and recommended it in glowing terms having found the approach satisfying a qualitative study.

A code is a symbolic representation that acts as a label, makes for secure storage and easy retrieval of data, and fast tracks the process of analysis (Miles et al., 2014). The code refers to brief, shorthand labels representing passages of data for more natural recognition and organization. Coding usually starts with the initial review of data, whereas some identified and allow codes to emerge from the data based on the information from the transcribed interviews. Pre-coding of data enabled comparison with the actual codes formed and the pre-codes. Pre-coding provided the basis for coding, points toward a purpose, enhance unity of codes and pre-codes. The coding process was used to generate and analyze themes. Coding of data was necessary before the application of computer-assisted qualitative data analysis (CAQDAS).

Adoption of computer-assisted qualitative data analysis (CAQDAS) assisted in the efficient analysis of data. CAQDAS is computer software designed to support the coding and analysis of qualitative data in a case study (Yin, 2014). The reason for the use

of software in my research is the legitimacy and credibility that it brings to the study (Miles et al., 2014). Although several computers assisted prepackaged software such as Atlas,.ti, HyperRESEARCH, NVivo, and others (Yin, 2014) existed, the challenge was in the identification of the one most suitable for a study. According to Rodik, & Primorac (2015), the learning and work environment that a researcher is exposed to influences the choice of the software to use. Having used NVivo 10 in the past coursework, NVivo becomes a natural choice for me to select for the study. NVivo is a comprehensive data analysis software package that can be used to organize and analyze interview, field notes, video files, and images. The computer-assisted program is an efficient means for storing, locating and manipulating the data collected, defines codes and interprets observed patterns. Houghton et al. (2013) used NVivo to analyze data from multiple sources of evidence, semistructured interview, observation, and documentary sources to illustrate the specific strategies that can be used to ensure credibility, dependability, confirmability, and transferability of study result. NVivo is a useful software that aids researchers in exploring mechanism and strategies for identifying evidence obtained from interview or documents (Morgadinho, Oliveira, & Martinho, 2015).

After data analysis, as a final step was an interpretation of the data. The interpretation included making comparison across the various themes that emerge from the data generated. Also, a comparison of the findings with information gleaned from the literature review or new questions that needed to ask. The outcome of the study was presented in a thick descriptive narrative form communicating the holistic picture of effective corporate governance implementation process. The thick description allowed

readers to vicariously experience the issues of corporate governance implementation using conceptual framework rooted in stewardship theory as a basis for future study in this area. The emphasis of stewardship theory is on building a structure that facilitates rather than monitor and control as the case of agency (Gitundu et al., 2016). The alignment of the conceptual framework of the research method and the outcome of the research is essential in a qualitative study. The perspective of stewardship theory will sever as a reference in interpreting the meaning of the data by examining strategies needed in understanding effective corporate governance implementation processes in a Nigerian bank. A comparison of the research findings to similar studies helped to validate the results. According to Hanson, Balmer, and Giardino (2011), a qualitative researcher uses the research design to establish a link with all the essential parameters of a study. The research design was used to determine consistency and alignment among the research questions, the purpose of the study, literature review, conceptual framework, and data collection procedures and analysis.

Discrepant cases are used in discussing elements of the data that do not support or appear to contradict patterns or explanation that are emerging from data analysis (Lincoln & Guba, 1985). Analysis of discrepant cases usually starts with an identification of the discrepant case and evaluation to see the potential contribution from the case to the research study and analyze in line with value expectation. Analysis of deviant case was critical because such analysis may broaden, revise, and confirm the patterns emerging from the data analysis. McPherson and Thorne (2006), proposed that thoughtful attention to contradictory or challenging observation can deepen expectation about the kinds of

knowledge products that qualitative research ought to yield. The observation helps a researcher to advance the credibility of findings and the ultimate utility of the empirical conclusion.

## Issues of Trustworthiness

According to Lincoln and Guba (1985), qualitative studies must address credibility, transferability, dependability, and conformability rather than the quantitative concepts of validity and reliability.

### Credibility

According to Lincoln and Guba (1985), credibility refers to confidence in the truth of the findings of a study and the techniques for establishing credibility include triangulation, pronged engagement, peer debriefing, and member-checking. Shenton, (2004) explained credibility as an ability of a researcher to demonstrate that a true picture of the phenomenon under scrutiny is being presented. Using a pattern matching as the technique for data analysis, a similarity between the empirical and predicted pattern results according to Yin (2014) will help strengthen the internal validity of the case study. The techniques for ensuring credibility in this study included triangulation of data, prolonged contact with participants, and member-checking.

**Triangulation of data.** Triangulation of data according to Yin (2014) is the convergence of data collected from different sources to determine the consistency of findings. Triangulation involves using multiple data sources in a research study to produce an understanding of findings (Lincoln & Guba, 1985). The use of multiple sources of evidence is a major strength of case study data collection. In qualitative

research, triangulation is used to ensure that a report is robust, rich, comprehensive, and well developed (Lincoln & Guba, 1985). The four types of triangulation are methods, sources, analyst, and theory triangulation (Merriam & Tisdell, 2015). Methods triangulation means checking the consistency of findings generated from different data collection method whereas source triangulation implies examining the consistency of different data sources within the same method (Lincoln & Guba, 1985). Analyst triangulation uses multiple analysts whereas theory triangulation refers to using multiple theoretical views to interpret a data (Lincoln & Guba, 1985). To triangulate the data in this study, I used method triangulation by plying documentary source data to corroborate the data obtained from interview sources. The use of multiple methods is necessary to confirm the triangulation of data (Rohrbeck & Gemunden, 2011). A qualitative researcher can improve credibility through information sharing and triangulation (Houghton et al., 2013).

**Prolonged contact.** Prolonged contact as a technique for establishing credibility means spending sufficient time in the field to learn or understand the cultural, social setting or phenomenon being studied (Lincoln & Guba, 1985). By spending time with the participants, I was able to develop an in-depth understanding of corporate governance implementation processes in the Nigerian bank and gave a detailed description of participants in their natural setting. Prolonged contact enhances the accuracy of findings because the long time spent with participants builds trust, researcher becomes oriented to the natural environment in which the participants work so that the context in which the findings were made is appreciated and understood (Lincoln & Guba, 1985).

**Member checking.** Adoption of member checking was through having participants reviewed and confirmed if the transcribed interviews represent their view during the interviews. Member checking aims to establish the validity of a report and to provide an opportunity to understand and assess what a participant intended to do (Lincoln & Guba, 1985). According to Tong, Chapman, Israni, Gordon, and Craig (2013), member checking enables participants to verify that their responses were correctly represented in the transcribed interview report. One of the drawbacks of member checking is that some participants may not remember what they said or how they said their views during the interview.

### Transferability

According to Shenton (2004), to allow transferability, a researcher provides sufficient details of the context of the field work for a reader to be able to decide whether the prevailing environment is similar to other settings. According to Yin (2014), external validity refers to the extent to which the results from a case study can be analytically generalized to other situations that were not part of the original study. Because the result of this study may be compared or used in discussing corporate governance implementation processes in other Nigerian banks, enhancement of transferability of findings is critical. The strategy for establishing external validity in this research was thick and rich detailed description of the findings.

Thick description refers to the detailed account of field experiences in which the researcher makes explicit the patterns of cultural and social relationships and puts them in context (Holloway, 1997). Lincoln and Guba (1985) described thick description as a way

of achieving a type of external validity called transferability. Description of a phenomenon in sufficient detail will enable a user of a report to evaluate the extent to which the conclusions drawn are transferable to other times, settings, and people (Sergi, & Hallin, 2011).

**Dependability**

Dependability is used to show that the findings are consistent which could enable a future researcher to repeat a study (Lincoln & Guba, 1985). As a qualitative study, the procedure must be reliable to ensure that another researcher can repeat the case study in another setting. The dependability requirement was to reduce errors and biases by confirming the findings, and the use of audit inquiry technique helped to establish dependability.

Audit inquiry entails having a researcher who is not involved in a research process to examine both the process and product of the research study with the aim of evaluating accuracy, findings, interpretations, and conclusions drawn from the data (Lincoln & Guba, 1985). The audit inquiry led to the collection of additional data that resulted in stronger findings. The justification of external audit as a dependability technique was because the technique helped to foster validity of a research study. Triangulation was also used as a strategy to establish dependability.

**Confirmability**

Lincoln and Guba (1985) stated that confirmability is a degree of neutrality or the extent to which the findings of a study is influenced by the respondents and not researcher bias, motivation, or interest. Techniques for establishing confirmability are

confirmability audit, audit trail, triangulation, and reflexivity (Lincoln & Guba, 1985). Confirmability ensures that the result of the study reflects the intent of the study and not the researcher's bias (Eriksson & Kovalainen, 2015). Awareness of the subtle influences resulting from interview reflexivity will minimize the methodological threats created by the conversational tone and its impact on the study (Yin, 2014).

Reflexivity is an attitude of attending systematically to the context of knowledge construction, especially to the effect of the researcher, at every step of the research process (Lincoln & Guba, 1985). A researcher must demonstrate that the findings of the study emerged from the data and not their predispositions.

**Ethical Procedures**

As part of the requirement to maintain ethical practices in research, Walden University requires all doctoral students to obtain approval for their proposals from the University's Institutional Review Board (IRB) before collection and analysis of data. In this study, compliance with IRB requirement followed the documentary requirements to gain access to the participants and data. To indicate their voluntary intent and wiliness to take part in the study, participants signed an informed consent form. The purpose of the informed consent form was to confirm that participants agreed to participate willingly. The inform consent form was in addition to a letter of introduction as a means to inform and enable participants to ask questions to understand the process of the research.

In line with Yin's (2014) recommendations, the conduct of this study followed the highest ethical standard, and the researcher took full responsibility for the scholarship, professionalism, and adoption of appropriate methodology. Ethical concerns involve all

aspects of research design ranging from goals, selection of research questions, validity issues, and methods (Maxwell, 2013). Attention to ethical conduct on the part of the researcher will ensure institution of appropriate measures to address participants privacy, develop trust and assure confidentiality of views expressed in the study (Palys & Lowman, 2012).

Humane treatment for participants was given priority in the conduct of this study and was obligatory to respect the rights, values, needs of the participants and more importantly protect them. Strict adherence to ethical standards and conduct regarding the protection of the participants was adopted to reduce possible risk. The protection of participants entailed the adoption of the following safeguards:

- My objective of the study will be discussed verbally and written to ensure that the participants have a clear understanding of the research including collection strategy and use.
- Written approval from each participant through the completion, signing and returning my informed consent form.
- Obtain approval from the Institutional Review Board (IRB)
- Inform the participants of the interview protocol and other data collection devices and actions.
- The exact transcription and written interpretations of the report will be made available to the participant in the form of member checking.
- The decision on further protection of the participant identity in the form of anonymity will be the responsibility of the participants.

The relevant institutional permission, including the approval of a proposal, was sought and obtained from IRB before embarking on data collection. As the researcher, an exhibition of readiness to answer the question that may come from the IRB and adequate protection of confidentiality of research participants was crucial.

Although ethical issues in qualitative research cut across all stages, ethical issues are more paramount at the data collections stage (Merriam & Tisdell, 2015). Ethical concerns to guard against in the data collections included approval of authority to conduct the study using their institution, respect for the site, non-reciprocity of benefits between researcher and respondent, the disclosure of how sensitive harmful information is handled, and interpretation of respondent information. The participants were assured they could exit at any time in the life of the research.

Treatment of data must take into consideration data sensitivity, ensure that data does not fall into the wrong hands, and be kept confidential (Merriam & Tisdell, 2015). Custodianship of data was agreed with participants and also provided data analysis and accurate interpretation of the data collected. The data was held in a secure physical place with access to the hard copies limited to me while the soft copies were in a password-protected computer and file. The identity of participants was kept private and confidential in this study and to ensure that the names of participants were labeled p1 to p15 to conceal the identity. A provisional duration of five years for storing data before destroying was strictly followed. The data deletion was after the five year period from the computer and the hard copies including consent forms, interview recording, and transcripts incinerated.

## Summary

In chapter 3, I covered research design and rationale for choosing a qualitative single case study design to explore the research question, role of researcher, and methodology. The research design was used to establish consistency and alignment among the research questions, the purpose of the study, and data collection procedures and analysis. The instrument for data collection together with sample selection strategy was to identify participants that are knowledgeable in corporate governance implementation.

The objective of the data analysis design was to discover themes that will enhance understanding of corporate governance implementation processes in a Nigerian bank. The plan was to triangulate interview data with corporate governance documents, regulatory reports, and annual reports of the bank to improve validity and accuracy. Based on the conceptual framework, the principles of stewardship theory will function as a reference in interpreting the meaning of the data by examining strategies needed on how to implement corporate governance in the bank and compare the findings with previous results. The issues of trustworthiness were equally addressed and proposed strategies to ensure internal validity credibility, transferability, confirmability, and ethical procedures. The strategies to preserve the integrity, show the process of my arriving at conclusions, and maintain ethical procedures that will help to protect all individuals involved in the study were discussed. Chapter 4 includes a detailed description of the research setting, demographics, actual data collection, and evidence of trustworthiness. The chapter also contains data analysis and results for the qualitative single case study.

# Chapter 4: Results

The purpose of this qualitative single case study was to understand how corporate governance is implemented in the Nigerian banking industry in the face of a multiplicity of regulations. Implementation of corporate governance in Nigerian banks has been fraught with opaque and poor governance procedures. The purpose of the study was to improve understanding of corporate governance implementation using a typical bank in Nigeria as a case study. Understanding the process of implementation may enhance compliance, reduce corporate scandals, restore confidence in the banking system, and improve financial performance.

The problem addressed in the study was corporate governance implementation process failure resulting in the loss of confidence and monetary investment by stakeholders in Nigeria. A research question and six open-ended interview questions (see Appendix A) were used to guide the study. The research question for this study was how do Nigerian bank managers implement corporate governance regulations in the face of a multiplicity of regulations? The findings generated from participants' responses and documents reviewed provided insight that may aid the implementation of corporate governance in the Nigerian banking industry. In Chapter 4 I describe the research setting, participant demographics, data collection procedures, data analysis procedures, evidence of trustworthiness, and results of the study. I conclude the chapter with a summary and transition.

## Research Setting

I conducted this study in five cities of Lagos State, Nigeria:Ikeja, Apapa, Mainland, Victoria Island, and Lekki. The settings were participants' offices. I did not observe any personal or organizational conditions of participants that may have influenced the study results.

Although there were several branches and zonal offices in those locations, I only interviewed zonal managers from 10 zonal branches and group managers of some strategic departments in the head office. The selection of the participants was based on the purposeful selection criteria for the study. Each zonal manager who is a member of the bank top management team oversees activities in all of the branches within the cluster called a zone. Each zonal manager ensures compliance with the corporate governance structure of the bank and reports exceptions to the management committee of the bank for necessary action. I did not interview participants from the remaining nine zonal offices because of the proposed sample size of 15 participants and the fact that some of the zonal managers did not meet the purposeful selection criteria.

## Participant' Demographics

The composition of the 15 participants is presented in Table 1. Fourteen of the participants held a position of senior management of the bank while one was a member of the board of directors of the bank. Each participant was assigned a pseudonym from P01 through P15. The purpose of assigning pseudonyms was to conceal participants' identity and maintain confidentiality. To protect their identity, I was careful not to report any data that would identify the participants. I verified that there were no vulnerable participants

and that none of the participants worked under my supervision, as required by Walden's IRB. No personal or organizational conditions influenced the participants or their experiences with corporate governance implementation.

Table 1

Participant Demographics

| Participants | Level | Years of Experience |
|---|---|---|
| P01 | Board member | Above 10 years |
| P02 | Group manager | Above 10 years |
| P03 | Zonal manager | Above 10 years |
| P04 | Group manager | Above 10 years |
| P05 | Zonal manager | Above 10 years |
| P06 | Zonal manager | Above 10 years |
| P07 | Zonal manager | Above 10 years |
| P08 | Zonal manager | Above 10 years |
| P09 | Zonal manager | Above 10 years |
| P10 | Group manager | Above 10 years |
| P11 | Group manager | Above 10 years |
| P12 | Zonal manager | Above 10 years |
| P13 | Zonal manager | Above 10 years |
| P14 | Zonal manager | Above 10 years |
| P15 | Zonal manager | Above 10 years |

## Data Collection

Interview data were collected from 15 participants who met the criteria for inclusion in this case study. The IRB approval number was 06-04-18-0551314. The documents used in the study were collected after I obtained a letter of cooperation (see Appendix B).

The two data collection techniques I used for this study were interviews and document reviews. The sample size was 15 participants which provided a sufficient sample to achieve data saturation and answer the research question. I conducted face- to-

face interviews with all 15 participants by starting each interview with an expression of appreciation to the participant and a brief overview of the study. Each interview was conducted with care to ensure an open mind and mitigate personal bias. The interviews took place in the comfort of participants' offices during weekdays. Most of the interviews were conducted in the afternoon during participants' less busy hours free from interference and interruption. The position of participants as senior management staff guaranteed them flexibility in the management of their time and made it possible for them to schedule interview time within working hours. Irrespective of the time for the interviews, the experience was the same. With permission from participants, I used my audio recorder to record the interviews.

I used six open-ended interview questions (see Appendix A) to guide the discussions and ensure consistency during the face-to-face in-depth interviews. The use of face-to-face interviewing enabled information sharing and capturing of experiences of participants in the implementation of corporate governance. In addition to the audio recording of the interview responses, I recorded other data in my field notes, such as participants' nonverbal reactions and body language observed during the interviews. Also, I recorded my overall perceptions of participants in my field notes at the end of each day. The average length of the interview was 21 minutes although planned time was between 20 and 55 minutes. In some cases, I used probes and follow-up questions to draw out a richer explanation during the interview.

The audio recordings were transcribed using Temi transcription software and saved in a Word document. After the transcription, I listened to the audio, made

corrections, and added reflective notes to the transcribed interviews. The transcribed data were sent to the participants to review, verify, and confirm that the transcription of their interview responses represented their views during the interview. I also offered participants the opportunity to reflect and amend the transcript where necessary. One participant made some changes, but they did not significantly alter the contents of the transcription. The transcriptions of the interview responses were uploaded into NVivo 12 for Mac for data management.

The second source of data collection that I used was corporate governance documents, publications, and financial reports of the host bank. The documents I reviewed were the Banks and Other Financial Institutions Act 2006, the Security and Exchange Commission Code of Corporate Governance for Public Companies Nigeria 2014, and the Central Bank of Nigeria Code of Corporate Governance for Banks and Discount Houses in Nigeria 2014.

## Data Analysis

The data analysis technique for this study was pattern matching Yin (2014). Pattern-matching analysis involves comparing or matching a pattern of the collected data with a pattern defined before data collection (Yin, 2014). The Thomas (2006) inductive coding procedure was used to generate themes from the data that were compared with the predicted themes using pattern matching to present the final themes. The themes were used to answer the research question based on how participants described the implementation of corporate governance in the Nigerian banking industry in the face of a multiplicity of regulations. Inductive coding allows the researcher to analyze data to

identify frequent or significant themes (Thomas, 2006). The steps adopted were as follows:

1. Collect the raw data which entailed transcription of interview and field notes.
2. Organize and prepare the data into files ready for analysis.
3. Read through the data to become familiar with the content.
4. Code the data using overlapping codes and changing codes as the need arises.
5. Create themes and continue with the iterative process to refine the themes (Thomas, 2006).

The initial coding of themes changed several times as I continued reviewing and reading the data. After identifying themes based on the general approach, I used a specific analytical technique to lay the foundation for a high-quality case study analysis. According to Yin (2014), pattern matching is one of five effective techniques for analyzing case study data. The meaning of themes generated from pattern matching is interpreted inductively to derive findings and propose recommendations from the study.

I used interview data, regulatory documents, annual reports, and financial statements of the host bank to generate themes. The themes provided insights into the strategies for effective corporate governance implementation processes. The themes from the analysis of data included the following: (a) the need for improved compliance with corporate governance regulations; (b) risk management and increased confidence; (c) sustainability and improved profitability; (d) involvement of top management in the implementation of corporate governance; (e) multiplicity of regulation and corporate

governance implementation effectiveness; and (f) the need for training, education, and awareness of global best practices.

In this study, I used NVivo12 for Mac by QSR International (2015). The transcribed documents were saved in a Word file and uploaded into NVivo 12 .Uploading data into NVivo 12 enabled me to ensure order, create nodes, and identify theme classifications. To analyze the data from the 15 interviews, I opened a new project and imported the 15 transcribed interviews verbatim from each participant file into the NVivo files. I conducted NVivo coding by assigning headings for interview responses as normal text. The key terms from the interview responses were used to develop the emerging themes derived through NVivo's word frequency query. Through the use of NVivo, I was able to interpret data by developing nodes, clustered code similarity, and word frequency query. The NVivo reports revealed relevant themes I used to answer the research question and relate to the conceptual framework of stewardship theory.

From the data analysis, I identified six themes that I interpreted inductively to derive findings and propose recommendations from the study. The first three themes related to the needs for the implementation of corporate governance while the other themes related to how to implement corporate governance. These six themes constituted the results from the qualitative single case study. There were no discrepant cases in the data.

## Evidence of Trustworthiness

In Chapter 3, I presented reasonable measures to address methodological and design limitations to make this study credible and contribute to existing knowledge on

corporate governance implementation. In this section, I describe issues of trustworthiness using the criteria of credibility, transferability, dependability, and confirmability of the study results.

**Credibility**

I enhanced credibility by using multiple sources of data. Credibility involves demonstrating that a true picture of the phenomenon under study is being presented (Shenton, 2004). The techniques I used to establish credibility were triangulation, pronged engagement, and member checking. Lincoln and Guba (1985) stated that credibility refers to confidence in the truth of the findings of a study. At the data collection stage, data collected from interviews and documentary reviews were triangulated to determine the consistency of findings. The prolonged contact with participants enabled me to become oriented to the natural setting in which the participants work so that the context in which the findings were made is appreciated and understood. Pattern matching of my predictions based on literature and practical views of the problem with empirical findings from participants' perception helped to strengthen the internal validity. Participants confirmed receipt of transcribed data sent to them through e-mail as the exact response they gave during the interview, except one who made some changes. By sending transcribed interview responses to participants, I achieved member checking. I used the reflective analysis of participants responses, analysis of documents for methodological triangulation to answered the research question.

**Transferability**

I implemented transferability without adjusting transferability strategies explained in chapter 3 which was thick and rich detailed description of findings. Houghton et al., (2013) stated that research should be presented in sufficient detail as to enable a reader to determine if the result of the study can be transferred to another context. I used thick and rich detailed description to achieved transferability. The full description of the research procedures, methods for selection of participants, instrumentation, and general assumptions central to the research were given to the participants to achieve transferability. The detailed presentation was to facilitate the application of the findings on corporate governance implementation in another bank that was not part of the study. According to Shenton (2004), the essence of providing sufficient details of the context of the field work for readers was to allow for transferability. The procedures and process of the entire research were written in great detail starting with how I identified, contacted, and recruited participants for the study from the bank. I explained details of how participants received the invitation, consent letter, and conduct of the face-to-face interview. I described the demographics of the selected participants with their role in the bank and procedure of verifying transcribed data through member checking via e-mail. Also discussed was how I used NVivo 12 for Mac software to codes nodes, categories, and themes. Analysis of themes for each coded node was summarized to form conclusions of the study.

**Dependability**

To ensure dependability in this study, I used audit inquiry to examine both the process adopted in the study and result of the study. According to Lincoln and Guba (1985), the procedure must be reliable and consistent to ensure that future researchers can repeat the study. I accomplished dependability through an audio recording of interviews, triangulation of data, use of external audit, and documentary audit trail. In line with Houghton et al., (2013) proposition, I ensured that the transcribed data were accurate with proper audit trail before being coded with NVivo 12 for Mac software. Nurunnabi (2015) achieved dependability by using all documents and interview data collected to provide an audit trail on the study. I achieved dependability by keeping detailed records of all the interviews conducted, manuscripts of interview protocol, responses of member-checking through emails, field notes and memos during interviews. The audio recording eliminated the dependence on recall basis after the interview, created a permanent recording of the interview and also produced a more reliable account of the data collected with ease of retrieval. Permission to audio record the interview discussions was granted by each participant when they signed the consent form and again verbally before the start of each interview.

**Confirmability**

I implemented confirmability without adjusting confirmability strategies explained in chapter 3 which was confirmability audit, audit trail, and reflexivity. Billups (2014) stated that a study is confirmed when the responses from participants are a true representation of their view free from researcher's bias. The use of triangulation, audit

trail, reflexivity, and member-checking were appropriate to confirm that the findings were from data devoid of researcher's predisposition. Lincoln and Guba (1985) explained confirmability to mean the degree of neutrality of research on the part of the researcher or extent the findings was influenced by the respondent. I took deliberate steps in data collection, analysis, and presentation of the conclusions to enable a reader to confirm the adequacy of results. To achieve confirmability, I used semi-structured open-ended interview questions and avoided personal opinion and leading questions based on past knowledge. Direct quotes from participants provided a rich, detailed description of data from the participants' point of view. Reflexivity entailed a conscious self-reflection which I adopted when the results were analyzed. I achieved methodological triangulation by comparing findings from the semi-structured interview data against findings from reviewed documents on corporate governance regulations and annual financial reports.

## Study Results

I organized the study result section by themes. The themes generated were identified from the reviewing of the transcripts and documentary reviews and are interwoven throughout the results thereby providing richer details and themes validation. The themes were relevant to the purpose of the study and directly relate to the research question. Table 2 shows the relationship between the participants' responses and the emergent coded themes.

All the responses are a direct quote from the participants' perspective to provide contextual, detail-rich data and enhance confirmability. Each of the interview responses was carefully analyzed with deep conscious self-reflection in the analysis of the results. I

adopted a reflexivity altitude in attending to the process of turning written data into findings and conclusions to ensure that the results emerged from data and not a researcher predisposition.

The themes generated from participants' responses that provided insights into strategies for effective corporate governance implementation are listed below:

1. The need for improvement on compliance to corporate governance regulations.
2. Risk management and increased confidence.
3. Sustainability and improved profitability.
4. Involvement of top management in the implementation of corporate governance.
5. A multiplicity of regulation and corporate governance implementation effectiveness.
6. The need for training, education, and awareness of global best practices.

The detailed report of the themes is presented in this section while the interpretation of the data based on the research question and themes is provided in Chapter 5. From Table 2, three of the themes relate to the need for the implementation of corporate governance while the other three themes focused on how to implement the corporate governance which is the crux of the study. N=15 represents the 15 participants that were involved in the interview. Only themes of 90% and above as expressed by the participants were major themes. I accepted over 90% participants source response as saturation for each of the themes (node) because it showed that most of their responses

favored the corporate governance implementation. According to Fusch and Ness (2015), saturation occurs when no new data and themes emerge from the data collected from the data collection method.

Table 2

Emergent Themes

| Codes | Themes | Participant response (%) |
|---|---|---|
| 01 | The need for improvement on compliance to corporate governance regulations | 100% |
| 02 | Risk management and increased confidence | 93% |
| 03 | Sustainability of business and improve profitability | 100% |
| 04 | Involvement of top management in implementation of corporate governance | 100% |
| 05 | Multiplicity of regulations and corporate governance effectiveness | 100% |
| 06 | The need for training, education, & awareness on global best practices | 93% |

**Theme 1: Improvement of Compliance with Corporate Governance Regulation.**

All the 15 participants recognized the need for an improvement in compliance with corporate governance regulations. Complying with corporate governance regulation have resulted in improvement in standards and profitability, adoption of global best practices, reduction in the collapse of bank and others. Given the stated benefits, implementation and compliance with corporate governance regulations should be encouraged by all and sundry. The following comments from participants provided support for theme 1.

- P01: Everybody knows that corporate governance is a way of doing business as to comply with a regulation, achieve the same profit level, meet the expectation of all stakeholders including regulators and the shareholders. Corporate governance

implementation is a way of keeping to global best practices. People will not run away from you because you keep to strict corporate governance rather will encourage them to patronize your business.

- P02: Compliance with it has gone beyond meeting a regulatory requirement, it's actual adoption of best practice because most of the regular corporate governance issues have been drawn from standard practice from all places around the world. Complying is a good practice and will best provide help to the strategy of the institution, therefore the need for improved compliance.
- P03: Nigerian banks have corporate governance structures they should comply with regards to implementation to ensure that the process put in place is improved upon, improve profitability and regulatory compliance. Where institutions do not take compliance with regulation seriously, it affects them especially the banking industry.
- P05: A lot has improved in the banking industry in Nigeria particularly with the advent of corporate governance code forced by the Central Bank of Nigeria. Before then, people acted in the way they felt will help their businesses but with the implementation of regulations, it helps the banking industry as a whole to function more effectively and efficiently. Everybody is now very conscious of what they should do because most organizations that have problems including banks could be traced to a failure in corporate governance.
- P08: Corporate governance from a regulatory point of view is quite a serious and important one in Nigeria and like anywhere in the world, the only way banks

survive in the long run is to comply with regulations and that is why the board of the banks must ensure that regulations are complied with at all times. In Nigeria, many banks have collapsed over time because they did not comply with corporate governance. One example is the issue of insider trading where banks lend money to their directors who refuse to pay back. Corporate has been quite positive regarding compliance with regulators.

- P11: The most important thing is that you have to have a structure in place because for every corporate governance expectation, there is a structure that the regulators want banks to put in place so that everybody in the bank aligns with policy implementation and still have to make a profit and satisfy all stakeholders in the organization.
- P14: Every institution should embrace corporate governance because it brings about standardization, transparency, accountability and attracts customers to the bank.
- P15: Management of banks have instituted structures and processes that enhance corporate governance outlook and compliance in banks with a particular focus on credit approval, limit on loans to director and relations, staff recruitment and reward system, the composition of the board, and emolument of executive directors.

Analysis of document reviewed such as CBN code of corporate governance and SEC commission code of corporate governance included evidence to demonstrate the theme of improvement of compliance with corporate governance regulations.

**CBN code of corporate governance for banks and discount houses in Nigeria (2014).** The code indicates that the provisions of the code are the minimum standard every bank must comply with and that banks are however encouraged to aspire to higher standards. All the participants agreed on the need for compliance with corporate governance. A participant (P08) went ahead to postulate that the only way for banks to survive in the long run is to comply with the regulations.

**SEC Commission Code of Corporate Governance for Public Companies, (2011).** SEC code states that operators should view the code as a dynamic document defining a minimum standard of corporate governance expected particularly of public companies with listed securities and the responsibility for ensuring compliance with or observance of the principles and provisions of the code is primarily with the board of directors. All the participants in my study indicated the need to increase compliance with regulations and suggested that the board of the banks must ensure that their management complied at all time with rules. Participant 08 stated that in Nigeria, many banks have collapsed over time because they did not comply with corporate governance. Lipton and Lorsch (1992) attributed the problem of corporate governance in the United States for instance, not to the system of laws, regulations, and judicial decisions which are the framework of corporate governance, but to the failure of too many boards of directors to make the system work the way it should. Griffith (2015) stated that compliance is the new corporate governance and that the compliance function is how firms adapt behavior to legal, regulatory, and social norms.

**Theme 2: Risk Management and Increased Confidence.**

Ninety-three percent of the participants interviewed discussed risk management and increased confidence to justify the essence of implementing corporate governance in the banking industry. Some participants alluded to the fact that effective implementation ensures there are standards, alignments with the codes, and curtail risk. For effectiveness, everybody should be involved, and there should be zero tolerance for non-compliance with stiff sanctions to serve as a deterrent. Corporate governance has helped to manage risk in the sector and increased confidence.

- P01: To manage risk, businesses must be done in a way that aligns with the code of corporate governance for your particular industry. For instance, in Nigeria, the strictest regulation for the banking industry is the sector-specific code established by Central Bank of Nigeria to guide activities of banks and other financial institutions. Establishment of threshold on traction to be accomplished by a person helps to reduce risk and boost confidence in the system. There must be standards in place to measure, monitor, to ensure adherence without being compelled.
- P02: Corporate governance will improve confidence in the Nigerian banking system. A good example is the improved credit discipline that has been brought to bear in many institutions by regulations.
- P04: And we also know that there are penalties involved if things are not done the way it should be done. If you do things right, irrespective of the number of regulations, you will always do the right thing.

- P05: Having a risk management and compliance group will ensure the monitoring and compliance of corporate governance policies as a bank. The team takes directives from the board and management of the bank. The new CBN regulations have corporate governance embedded in them to improve the implementation.
- P06: Implementing corporate governance is also a way of helping to curtail risk to a very great extent. Maintaining confidence in the banking industry is at the core of everything because everybody, customers, stakeholders want to deal with an organization with good corporate governance practices. The other side is that penalty or sanctions must be applied to show compliance and the fact that you cannot play with regulations. Sanction is a good deterrent because, in addition to the financial fine, you have to document it in your bank annual report for all stakeholders.
- P08: To curtail risk, banks should maintain zero policy on non-compliance with regulation.
- P09: Monitoring and implementation of corporate governance have become a lot harder than what it used to be; therefore, all hands must be on deck to maintain risk, increase reliability and confidence the banking system.

The CBN code and the SEC code unanimously agreed that the board is responsible for the process of risk management. The CBN code further specified that every bank should have a risk management framework detailing the governance architecture, policies, procedure, and process for identification, measurement, monitoring, and control of the risk inherent in its operations. The CBN code also stated the composition of the

board risk management committee (BRMC) all in a bid to managed risk and increased performance. Participant P01 emphasized the need for compliance by aligning with the code of corporate governance for the particular industry, while participant P09 stated that all hands must be on deck to maintain risk, increase reliability and confidence in the banking system. From the body of knowledge on the theme, Adeusi, Akeke, Adebisi, and Oladunjoye (2014) stated that risk management issues in the banking sector do not only have a greater impact on bank performance but also on national economic growth and general business development. To avoid underperformance and protect the interest of investors, banks need to practice prudent risks management (Adeusi et al., 2014).

**Theme 3: Sustainability of Business and Improved Profitability.**

Hundred percent of the participants agreed that effective implementation of corporate governance would ensure the sustainability of business and improved profitability. The adoption of corporate governance enhances the good qualities such as strict adherence, competencies, institutionalizing the culture that makes businesses sustainable and profitable even in times of recessions.

- P02: Compliance with corporate governance will improve profitability and confidence in the Nigerian banking system because it is a sign that standards are being implemented appropriately. Once there is a design for good behavior, your rating as an organization will improve, attract more business patronage, increase profitability, and improved confidence.

- P03: Managers that have successfully implemented corporate governance ensure regulatory compliance, improved profitability, and confidence by adhering strictly to regulations.
- P04: I will say corporate governance in Nigerian banking system is key, it has brought competencies to the system and had also improved profitability in the long run.
- P05: I think even as a country we need to ensure that we institutionalized corporate governance in all facets of our national life. And so whether it's in the corporate sector or the public sector, these are the things that will make the entire country and every business sustainable on the long run.
- P06: With corporate governance, you do not create assets that which could affect profitability; so I will say it has helped to improve profitability. It is only organizations that are strong that have fundamentals with strong corporate governance that can withstand an economic recession. So it's a good time to continue to emphasize the need for corporate governance and the way we do business in the banking industry and all other spheres of life in this market.
- P07: Banks are trying their best to comply with all relevant bodies because the truth is that corporate governance ensures sustainability and profitability.

In their contribution, Roy, Sarker, and Parvez (2015) stated that the banking industry holds a unique position with regards to sustainable development because of their intermediations function between depositors and borrowers. Participant P07 view is that corporate governance aids sustainability and profitability in the banking industry. On the

profitability, Odetayo, Adeyemi, and Sajuyigbe (2014) argued that there is a significant relationship existing between expenditure on corporate social responsibility and profitability of banks in Nigeria. Bank management should put in place the sound lending framework, adequate credit administration procedures and effective and efficient machinery to monitor lending function with an established rule for sustainable growth (Uwuigbe, Uwuigbe, & Oyewo, 2015). Participant 05 view agreed with the position stating that with corporate governance, bad loans and reversals reduces; therefore, banks can keep the profit they make.

On sustainability issues, the SEC commission code of corporate governance for public companies stipulate that companies should pay adequate attention to the interests of the stakeholders such as employees, host community, consumers, and the general public. The companies are required to demonstrate sensitivity to the Nigeria social and cultural, diversity in all their activities.

**Theme 4: Involvement of Top Management in Implementation.**

Hundred percent of the participants interviewed discussed involvement of top management as a critical factor for corporate governance implementation effectiveness. The top-down approach devoid of conflicts forms a strong base for the implementation of corporate governance. Adoption of professionalism and committee approach in taken certain critical decisions, sound regulator minds, and special roles of government were advocated to aid implementation.

- P01: The buying in of the management and that of all staff is very important and of course the actual practice of it from the top down.

- P02: The most important factor for me to improve compliance is that it must be driven from the top. Once the tone from the top is set right for corporate governance, all practices, all activities, and decisions, therefore, tends to be driven by that tone at the top. Setting the right tone is primarily driven by behavioral, policies, and practices built into the way activities are done in the institutions.
- P03: We need to ensure that there is no conflict of interest in the implementation of corporate governance, open, and transparent system.
- P04: Periodically short courses to serve as a reminder to every top management of the bank to ensure that things are done properly.
- P05: I will say there is a policy document that guides everyone and continuous training.
- P07: I believe that they must be interconnectedness between the private sector and the government sector. Because if you have found an infraction and you cannot persecute, it defeats the purpose, so all the institutions should be effective otherwise it will just be lip service.
- P08: The critical factors include zero tolerance, forging a good relationship with regulators, getting the buying in of employees of the bank has helped.
- P11: The tone for corporate governance implementation must be set from the top; right from the board to the executive management. Management back up, communication of expectations to those that will carry it out via training and seminars, discipline to deal with deviants, and monitoring structure. There is a need for soundness on the part of the regulators. The regulators, they need to up

their games because the present banking industry now is moving from the old traditional brick wall banking industry to electronic banking.

- P12: Approval of credit process must be professional and only through the global credit committee system.

The regulations from the CBN code and SEC code recognize the need for involvement of top management in the implementation of corporate governance. The CBN code stated that directors owe the bank the duty of care and loyalty and to act in the interest of the bank's employees and other stakeholders. The code also indicates that the board is accountable and responsible for the performance and affairs of the bank. All participants agreed that there was a need for the involvement of the top management in the implementation of corporate governance. In support of the claim for senior management involvement, Ishaya and Siti (2014) stated that their support is required towards the effective provision of resources, structure, and creation of a risk management culture which enhances implementation. Top management support is found to have a moderating effect on the relationship between the level of enterprise risk management (ERM) and bank performance (Ishaya & Siti, 2014).

**Theme 5: Multiplicity of Regulation and Corporate Governance Effectiveness.**

Hundred percent of the participants interviewed discussed multiplicity of regulation with corporate governance implementation effectiveness. Multiple regulations enhance implementation as long as the focus of the regulations is the same. However, some participants advocated harmonization of the various codes to reduce conflicts,

decrease extra time spent in attending to regulators, and duplication of regulations. Immediate stock market reactions show the rewards for effective implementation.

- P01: It is natural because the market reacts automatically. It is either poor corporate governance by the organization, so it's effective. There have been various sectorial codes that apply to different sectors. But the national code came trying to harmonize those regulations but because of the multiplicity of those codes it became difficult for various sectors to pick and choose from the various codes and that was what sparked off the initial resistance to the adoption of that code. The code was suspended to pass around a new idea to be able to come up with a more acceptable code.
- P02: It may be true that some regulations are overtly obstructive to institutional activities because they tend to demand quite a lot, but in all, I will say there have been effective. Multiple regulations may be a problem and portend danger that there may be different standards driven by different institutions, but if you are set for best practices, you are likely to be compliant no matter the multiplicity or standards that you find.
- P04: There might be some conflict of policies because different bodies issued them but at the end of the day when you picked that element of corporate governance from every policy they publish, I think it is towards the same direction. If you stick by the rules, you always do the right thing no matter who regulate you, that should not be a problem.

- P05: I think it has been effective thus far, but there's still room for improvement because it's a continuous exercise, continuous learning.
- P06: Provided the regulation is geared towards the same thing multiple or single should not be a problem. I think it shouldn't be a problem because if you implement one that means you have implemented the others along the line.
- P07: It is inevitable for them to get it right regarding corporate governance structure because improving it also helps them access to the international community concerning correspondent banking. The major issue is where you have to send the same reports almost across ten different regulatory bodies.
- P08: The board ensures we comply with regulators, you cannot fight your regulators; if you have a complaint, first of all comply and then you can engage. And sometimes some of the regulations are at loggerheads; they are not in consonants and so becomes difficult to comply. We engage and try to sort it out before it becomes a problem for the industry
- P11: To me, I will say that corporate governance implementation and compliance is effective because even though they complement one another, the overall objective is still the same thing. Multiple regulations are not negative. The only thing is that the regulations have their objective, but the overall objective irrespective of the way it comes is still to ensure the soundness of the financial system in the country.

The CBN code acknowledged the multiplicity of regulations and the conflict with other regulations. In the introduction, it stated an observation that banks could not

implement certain provisions because of their ambiguity and conflict with the provisions of the Companies and Allied Matters Act (CAMA)1990. The conflict was what informed participants proposal for a harmonized code for effective corporate governance implementation. Osemeke and Adegbite (2016) argued that the conflict among the various codes contributes to reducing compliance by companies and ineffective enforceability by regulatory agencies that impede good corporate governance in Nigeria. Osemeke and Adegbite then proposed harmonization of the various codes for effective implementation of corporate governance. Some participants were against the proposal for the harmonization because they believe if a bank is operating based on the best corporate governance practices, irrespective of the multiplicity of regulation, the bank would have complied with the regulations by implementing the global best practice. Bello (2016) stated that proliferation of codes has challenged the corporate governance reforms and made implementation difficult for both the affected firms and the regulators.

**Theme 6: Training, Education, Awareness on Global Best Practices.**

Ninety-three percent of the participants interviewed proposed training, education and awareness creation as the effective way of implementing corporate governance. Participants views are that you cannot implement what you do not understand therefore regulations must be made understandable, put the right structures in place, increase knowledge, enlightenment, and creation of awareness.

- P01: The most important critical factor you must have is the knowledge factor. You must ensure that you cascade the knowledge of the rules down from top to bottom. For instance, new staff are made to familiarize themselves with the code

of best practices for the bank when they join. We can improve understanding through the creation of awareness.

- P04: If you build the right structure and underneath the structure you have corporate governance embedded, everybody from all levels will know the rules and regulations and comply.
- P05: There has to be continuous training for all staff, regarding the company policies and institutionalization of corporate governance in all the bank activities. Awareness has continuously been created within the organization, and our compliance rate is also being monitored by the relevant departments that have been mandated to ensure compliance and send reports to regulatory authorities.
- P06: I think the key thing that is there is knowledge. The knowledge will come from understanding those issues that a bank wants to implement need to be appropriately documented and those who are supposed to implement are very much aware.
- P07: And then training; the training required for the relevant staff to keep abreast of the various models because corporate governance understanding keeps changing.
- P08: To improve understanding, is to make regulations understandable and reduce the frequency of regulations that come. Regulations are issued based on what happened, the challenges of the time. It will be interesting if it is based on principles so that whatever scenarios we're going through, those principles will hold and that will make it easier for us to understand and apply these regulations.

- P10: One of the ways to look out for corporate governance effectiveness is effective communication. Let people know what it entails. Show video where practicable. Get the experts to talk about it every day.
- P12: The critical factor affecting non-compliance is lack of education which is corrected through constant information by the compliance group to create awareness for everybody.
- P15: Understanding can be achieved through continuous enlightenment among all the stakeholders. In addition to the specific industry demand for better corporate governance, a drive towards minimization of corrupt practices in the nation as a whole will improve corporate governance implementation in the banking industry.

The SEC commission code of corporate governance for public companies stipulate that the board should establish a formal orientation program. To familiarize new directors with the company's operations, strategic plan, senior management and its business environment, and to induct them in the fiduciary duties and responsibilities. Mandatorily all directors must participate in periodic, relevant professional continuing education programs with the objective of the training assisting them to fully and adequately discharge their duties to the company. The education of all stakeholders is necessary for effective implementation of corporate governance. Participant P07 echoed the same sentiment and stated that training is required for the relevant staff to keep abreast of the various models because corporate governance understanding keeps changing.

## Summary

In this chapter, I discussed the research setting, demographics, data collection, and data analysis processes of the study using Yin’s pattern-matching. To answer the research question, I used a qualitative single case study design and multiple data sources that included documentary reviews and interviews with participants purposeful selected from a single bank in Nigeria. The data analyzed were collected from 15 senior managers and directors of the bank through a face-to-face interview using six semistructured, open-ended interview questions. NVivo 12 for Mac application software was the computer-assisted program used to analyze the data collected. The analysis generated six themes that were related to the research question and the conceptual framework used in the study. Participants responses to the questions were presented quoting verbatim participants words to let their voices be heard, deepen understanding, and ensure credibility.

The chapter also includes quality identification evidence and steps taken to ensure the validity of data collected in the study. I provided evidence of trustworthiness of the study results through data saturation from interviews and documentary reviews and methodological triangulation of data sources. The following measures of quality processes were adopted: credibility, transferability, dependability, and confirmability. Chapter 5 includes the interpretation of findings, limitations of the study, recommendations from the result of the study, implications, and conclusions.

# Chapter 5: Discussion, Conclusions, and Recommendations

The purpose of this qualitative single case study was to understand how corporate governance is implemented in the Nigerian banking industry in the face of a multiplicity of regulations. Previous researchers identified poor corporate governance as being one of the main causes of bank failures. One method to reduce the likelihood of bank failure is in the implementation of corporate governance. Corporate governance is encouraged in any economy, particularly a developing country like Nigeria, but the implementation of corporate governance is not always understood (Afolabi & Dare 2015). Understanding managers' perceptions of how to implement corporate governance in the Nigerian banking industry in the face of a multiplicity of regulations may be critical in reducing the collapse of banks, loss of investment, and loss of confidence. To answer the research question, I used a qualitative single case study approach with in-depth face-to-face interviews with 15 senior managers of a bank in Nigeria. The qualitative single case study design was adopted because of the need for an in-depth study of how to implement corporate governance in a natural setting of a Nigerian bank. Interviews included six open-ended questions to collect data from 15 senior managers.

The findings revealed six major themes related to the research question and the conceptual framework: (a) the need for improvement of compliance with corporate governance regulations; (b) risk management and increased confidence; (C) sustainability and improved profitability; (d) involvement of top management in the implementation of corporate governance; (e) multiplicity of regulations and corporate governance implementation effectiveness; and (f) the need for training, education, and awareness of

global best practices. The interpretation of the findings was based on the themes discovered.

## Interpretation of Findings

In this section I discuss how the findings in Chapter 4 confirm, disconfirm, or extend the body of knowledge linked to implementing corporate governance in a country with a multiplicity of regulations by comparing findings with those from peer reviewed in Chapter 2. Sections are organized according to the themes from the study. I also analyze the findings using the conceptual framework as a lens.

### Theme 1: Improvement of Compliance with Corporate Governance Regulations

There are several regulations in place in Nigeria, but when regulations are not complied with, the result is failures in the organization. Most bank managers in Nigeria do not comply with the regulations (Afolabi & Dare, 2015). The need for compliance with regulations was highlighted by all of the participants in the current study as one of the ways of ensuring transparency, accountability, and best practices to achieve expectations of stakeholders. Afolabi and Dare (2015) also found the need for effective corporate governance for the proper functioning of a bank to curb unethical practices and reduce the risk for investors.

Managers of banks should see compliance with regulations as a natural way of doing business and not just an exercise to meet regulatory requirements. Mishra and Mohanty (2014) stated that an organization with strong corporate governance is more likely to report exceptional financial performance than an organization with poor management. Regulations are not taken seriously as managers prefer to shun the process

put in place except the penalty for noncompliance is severe and the chance of being caught is high. This finding supported Lee and Isa's (2015) promotion of stringent regulations and close supervision by regulators to serve as mitigating factors. Bank managers saw regulations as aimed at curtailing their freedom to run their businesses especially regulations that guide against insiders' dealings. Consequently, bank managers sought an alternative way of circumventing the regulations instead of complying. Part of the reasons for noncompliance was that the regulations are numerous to comply with or too cumbersome (Osemeke & Adegbite, 2016). Therefore, simplifying regulations would make it easier for operators to comply. Also, participants agreed that bank managers should be made to see compliance with corporate governance as a way of improving the fortunes of their businesses and should put structures in place that will ensure such compliance. Afolabi and Dare (2015) also recommended good corporate governance, which includes ensuring compliance at all levels, establishing strong antifraud policies, increasing in regulatory oversight functions, and promoting business ethics. Bello (2016) further recommended a check on the proliferation of codes and a review of existing laws to enhance corporate governance compliance.

**Theme 2: Risk Management and Increased Confidence**

Management of risk is essential for ensuring the survival and growth of banks in Nigeria. There are regulations in place to ensure risk-free operations, but part of the challenge has been non-compliance with regulations by bank managers. The noncompliance with regulations justified Afolabi and Dare's (2015) proposal to increase Nigerian regulatory oversight functions to reduce compliance gaps and improve risk

management frameworks for banks. I found that there must be a standard in place to measure, monitor, and ensure adherence without compulsions. Findings from the current study confirmed Afolabi and Dare's proposition that effective corporate governance would enhance the proper functioning of banks, curb unethical practices by bank managers, and reduce the risk for investors.

Operators must be made to adhere to rules to minimize risk and boost confidence in the system because customers and stakeholders want to deal with companies with good corporate governance practices. Improved credit discipline, for instance, has helped to boost confidence in the banking system. The findings from my study also revealed that corporate governance is essential for effective risk management strategies in the banking institutions. Recommendations for strict adherence with regulations and enforcement of sanctions for violators of corporate governance aligned with what Al-Malkawi et al. (2014) considered to be the importance of corporate governance. Al-Malkawi listed risk mitigation, improved access to funds, and increased public confidence as the benefits of corporate governance. The findings from the current study also confirmed Isukul and Chizea's, (2015) recommendation of strengthening existing institutions and establishing new ones capable of forcing firms to comply with rules and regulations and embrace transparent and fair corporate governance practices. Also, the current study's recommendation of having a specialized unit as a risk management and compliance group supported Onakoya et al.'s, (2014) suggestions of involvement of regulatory agencies to ensure compliance with internal and external bodies.

**Theme 3: Sustainability of Business and Improved Profitability**

All the participants in the current study agreed that the implementation of corporate governance would ensure the sustainability of businesses and improve profitability because it would be an indication that standards are being followed appropriately. Waweru (2014) also linked profitability to good corporate governance implementation. Compliance in the current study was viewed as a design for good behavior that improves the organization's rating and attracts more business patronage. Gupta and Shallu (2014) asserted that sound corporate governance would help attract investors, drive economic transformation and effective allocations of resources, and contribute to national development.

Some participants in the current study noted that evidence of competencies in an organization is an indication that the organization's activities are sustainable, which is likely to enhance profitability. Siagian et al. (2013) examined corporate governance, company values, and accounting reporting and found that organizations that implement superior corporate governance have higher profit. Fanta et al. (2013) also stated that implementation of corporate governance enhances economic performance, stimulates growth, attracts investors, and strengthens shareholders' confidence because of the positive influence on the profitability of the organization.

From the current study, corporate governance institutionalization should become a way of life both in the public and private sector to make businesses and banks sustainable. Organizations with strong fundamentals in corporate governance can withstand an economic recession. All efforts must made to curtail risk, increase reliability, ensure business sustainability, and improve profitability. These findings were

consistent with Lipunga's (2014) conclusion that promotion of corporate governance is a collective effort involving cooperation of all stakeholders including regulators to maintain public trust and confidence in the banking system.

**Theme 4: Involvement of Top Management in Implementation**

Previous studies indicated the need for compliance with corporate governance in the banking sector in an unequivocal manner, but they did not address how to implement corporate governance. All participants in the current study agreed that the involvement of top management was a critical factor in the implementation of corporate governance. The effective implementation of corporate governance is believed to originate from the top because senior management sets the tone for the rest of the organization regarding strategy for execution. The setting of that tone is primarily driven by behaviors, policies, and practices built into the way activities are done in the organization. The top management must approve the policy document before it can be implemented. The emphasis on the top echelon was consistent with Ogbechie's (2016) assertion that state governments are expected to perform their duties by introducing policies that will enhance the effective implementation of corporate governance. Communication of policies and strategies must flow from the management to provide guidance and direction. These findings confirmed Abreu et al.'s (2015) assertion that vigorous enforcement of regulations, knowledge of the environment, and consensus are prerequisites for effective implementation of corporate governance.

**Theme 5: Multiplicity of Regulation and Corporate Governance Effectiveness**

Although all of the participants agreed on the relevance of corporate governance, they viewed the issue of a multiplicity of regulation and corporate governance effectiveness differently. Although some reported that multiplicity of regulation is a challenge in the implementation of corporate governance, others did not see any problem in having multiple regulations. The banking sector is regulated by different regulatory bodies including the Central Bank of Nigeria (CBN), the Nigerian Stock Exchange (SEC), the Financial Reporting Council of Nigeria (FRCN), the National Insurance Commission (NAICOM), and others. Each of the bodies has regulations that the bank must follow in the implementation of corporate governance.

Participants who had challenges with multiple regulations listed problems such as duplication of efforts, extra time in preparing reports, and conflicting regulations. Also, the participants stated that some regulations were overly obstructive to institutional activities and therefore proposed harmonization of regulations. These findings confirmed Osemeke and Adegbite’s (2016) observation that the presence of conflict among the various codes contributes to reduced compliance by companies and weak enforceability by regulators. Osemeke and Adegbite gave reasons for a combined code of corporate governance as a means of strengthening the institutional enforcement mechanism. Also, Bello (2016) listed lack of consensus on the level of compliance and applicable sanctions for noncompliance as problems of multiple regulations. Bello recommended a check on the proliferation of codes, a review of the existing company laws, and the need to strengthen existing regulations as the solution.

However, findings from the study indicated that the attempt by the government to harmonize the various regulations under FRCN failed and the attempt was suspended. The challenges included how to pick and choose from the various regulations to form a new one. To harmonize regulations the committee will need to begin a new wave of sensitization among the existing regulatory bodies and consider a culture of the people when formulating the policy.

Participants who did not have challenges with multiple regulations argued that irrespective of the number of regulations, all regulations are aimed at strengthening the banking sector, and if a bank's corporate governance practices are based on global best practices, the bank will be in compliance. Implementing a regulation driven by best practices will promote compliance with similar regulations. Although the augment sounds logical, there have been no studies to back up the claim, which provides an area for further study.

**Theme 6: Training, Education, and Awareness on Global Best Practices**

Almost all of the participants agreed that training, education, and awareness creation were some of the activities necessary for the implementation of corporate governance. These findings resonated with Gentry, Eckert, Munusamy, Stawiski, and Martin's (2013) findings that different approaches exist for the development of strategic leadership skill including seminars, short courses, formal learning, and executive leadership development programs.  Implementation of regulations requires understanding, knowledge and the appropriate structures in place to execute the regulations. Findings from the current study also aligned with Orazalin et al.'s (2016)

proposed measures to improve banking performance by increasing governance, corporate disclosure, and education for the management team. The knowledge factor is critical in determining how to implement corporate governance. The knowledge factor relates to the understanding of the company, regulations, environment, and culture. Participants reported that knowledge and understanding could be improved through awareness creation and training of staff across all levels, including the board members. The current study findings also confirmed Khan and Sethi's (2009) position that business graduates are less habituated to reading and the only information they read is from coursework. Khan and Sethi also stated that there is a gap between the training of business graduates and the requirements of corporate governance. Other strategies of implementing corporate governance include making regulations understandable, reducing the frequency of regulations, and formulating policies based on principles.

## Conceptual Framework

The case study method is used to augment external validity, safeguard against observer bias, (Stake, 1995) and advance theory extension which does not target representativeness as a relationship of sample and population (Ridder, 2017). This study is a theory extension study. Extension studies not only provide replication evidence but also extend the results of prior studies in new and theoretically important directions (Bonett, 2012). This research is significant to theory in that it made an original contribution of qualitative data on how corporate governance is implemented in the Nigerian banking industry in the face of a multiplicity of regulations and extends stewardship theory (Donaldson, 1990) to the Nigerian banking context. The stewardship

theory (Donaldson, 1990) provided the framework that guided the development of my research question, the basis for data collection and analysis, and discussions of findings. Based on the findings from this study, the involvement of top management, a multiplicity of regulations, training, education, and awareness influence implementation of corporate governance.

For managers, the desire to implement corporate governance was motivated by the personal goal of achieving better performance for the organization which confirmed Davis, Schoorman, and Donaldson (1997) representation of stewards as pro-organizational managers. The goal aligned with that of the organization which sees the implementation of corporate governance as a way of boosting profit, increase confidence in the system, and to attract new investment. The personal identification of managers with the aims and purpose of the organization drives the performance of managers.

As stewards, the findings revealed participants collective behavior was driven by the goal of improving compliance with the regulation. The same goal drives organizations activities because the organizational policies and structures are considerations geared towards implementation of corporate governance. The common goal between an organization and stewards made for more straightforward implementation of regulations that would enhance financial performance (Nwonyuku, 2016). The critical characteristics of a steward that will enhance the implementation of corporate governance are being trustworthy, pro-organizational and accountable (Donldson, 1990). The findings from the study revealed similar traits such as accountability, transparency among organizations as the guiding characteristics for

ensuring compliance with regulations. The focus of the organizations is to keep to best practices to achieve expectations of stakeholders. This findings resonated with Abdullah and Valentine (2009) proposition that managers are satisfied and motivated when organizational success is attained because their goals align with that of the organization.

## Limitations of the Study

The study had several limitations that I could not control. The limitations included sample size, specific geographical locations, sampling design, and potentials for bias. The first limitation was the sample size of 15 participants. The limited sample size may not truly represent the perception and understandings of the senior managers within the larger population of the bank’s management. Secondly, all the participants worked in Lagos state; therefore, the results may not be a representative of the geographical makeup of senior managers working in the bank including locations outside Lagos. Thirdly, the study design was limited, a non-random sampling design called purposeful sampling, which restricts the ability to generalize the findings from the study beyond the study participants. Fourthly, the interview responses were given by the participants themselves which may be subject to recall bias, misrepresentation of facts, and acceptability bias where the participants try to second-guess my view on the subject. Fifthly, truthfulness may have been another limitation. Although participants were encouraged to be truthful, participants own the disposition to provide their personal views and perceptions about the implementation of corporate governance in Nigerian banks. There were conflicts of interview schedule time with official working hours of some participants as result interviews were rescheduled to meet participants convenience. Prolong contact spent with

the participants during face-to-face interview enhanced the accuracy of findings and addressed the research limitations.

## Recommendations

The purpose of this qualitative single case study was to understand how corporate governance is implemented in the Nigerian banking industry in the face of a multiplicity of regulations. The findings of this study contributed to knowledge based on managers perception of how to implement corporate governance in the face of multiple regulations. Compliance with corporate governance regulation may guarantee increase confidence and investment in the banking system, improve profitability, and minimize the incidence of the collapse of banks. Assessment of knowledge of implementation in this study revealed a need for training, education, and creation of awareness to implement corporate governance regulations. Also, the involvement of top management is desirable for effective implementation of corporate governance in the Nigerian banking industry.

Recommendation is a continuation of research on corporate governance implementation in the Nigerian banking industry. This study offered numerous areas for continued research in various aspects of corporate governance because of the dearth of knowledge of corporate governance in Nigeria. One issue of corporate governance for further research is the effect of simplicity and compliance compared with multiple regulations. The research can generate enough data to compare the effectiveness of multiple regulations and simple regulation in an environment. Lack of awareness of the existence of regulation creates implementation challenges. Therefore, I recommend a study on awareness creation and effective corporate governance implementation.

Banking has gone beyond the confines of the banking premises due to technological advancement. A study of Corporate governance implementation in an electronic-based banking environment is another area of further study. The findings of my study revealed corporate governance practices in the banking industry more of compliance with regulation than a way of life. Recommended is a future study of corporate governance practices as a deliberate strategy towards building brand equity.

On the study approach, a qualitative multiple case study will enable comparison and provide a more rigorous method of finding how to implement corporate governance in a broader study base. Also, the participant may be expanded to include other levels of staff instead of a restrictive sample of a particular study group that may have similar views on the issues of corporate governance. I recommend that data may also be collected from the regulators such banking supervision group and compliance and inspectorate department. The opportunity to select different participants will enhance triangulation of the study for better reliability and transferability.

From a policy perspective, a further study could be conducted on how to harmonize multiple corporate governance regulations for effective implementation. A study may also be undertaken to determine the impact of corporate governance reform on implementation in the banking industry in Nigeria. Also, another recommendation would be to examine the collision of political dynamics and public sector regulations which may influence the nature of implementation.

## Implications for Social change

Social change implications for workplace behaviors must be addressed at the micro level for the impact of such a change is felt in the daily lives of people within communities (de la Sablonnière, Bourgeois, & Najih, 2013). This study provided results that may influence social change implications by addressing the general problem of loss of investment and stakeholder confidence, and community prosperity when banking institutions collapse due to non-adherence to the tenets of ethical corporate governance (Arora & Sharma, 2016; De Haan, & Vlahu, 2016), and more specifically within the Nigerian contact (John & Ogechukwu, 2018; Obioha & Garg, 2018). Findings of this study may have the potential to create positive social change for individuals, organization, and policymakers. The results of the study may boost confidence in the banking industry, enhance knowledge among stakeholders and increased profitability. The findings of the study should restore confidence in the system, attract investors, and ensures fairness in all activities of the banks. To the individual, implementing effective corporate governance may lead to an increase in morale, encourage stewardship, job ownership, trust, productivity, and restoration of confidence in the banking system.

In the banking industry in Nigeria, the findings from this study may help managers to understand how to implement of corporate governance in the banks. Non-adherence to practices of corporate governance for the banking industry had led to collapse of banks in Nigeria, loss of confidence and investment (Afolabi & Dare, 2015). Also, the findings from the study may contribute to existing knowledge on corporate governance implementation and enhance awareness of the challenges faced by managers

in the implementation of corporate governance in a country with a multiplicity regulations. The findings of the study provided unique opportunity to bridge the gap in knowledge of the implementation of corporate governance using stewardship theory (Afande, 2015) as a conceptual framework because there has been no known study in that area as noted in chapter 1.

The knowledge gained from this study may inform the development of government policy towards developing a more effective corporate governance regulations for the sector. The Nigerian government has a role to play in the formulation of corporate governance policies. Harmonization of regulations, for instance, can be better handled if in the process of policy formulation government takes into considerations peculiarities of the various constituent regulators (Bello, 2016). The effect of corporate governance implementation on Nigeria's economic growth may be valuable to the society. The overall benefit of understanding corporate governance implementation is to enhance compliance, increase investment, improve profitability, and restore confidence in the system (Afolabi & Dare, 2015; Alnaser, Shaban & Al-Zubi, 2014; Osemeke & Adegbite, 2016).

## Conclusions

I conclude that an understanding of corporate governance implementation should enhance profitability, reduce incidences of banks collapses, and restore confidence in the banking industry. The involvement of senior management of the bank, adoption of global best practices, training, education, and creation of awareness are the prerequisites for effective implementation of corporate governance. The findings from this study

contribute to the knowledge base of corporate governance implementation. The results of this study could enhance understanding of the challenges managers face in the implementation of corporate governance in a country with a multiplicity of regulations. The research findings may help in policy formulations on corporate governance implementation that should reduce corporate failure, improve compliance, profitability, and restore confidence in the banking industry.

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# Appendix A: Interview Protocol

The following are semistructured interviews with an open-ended question that will be used for the study.

1. How have bank managers implemented corporate governance to ensure regulatory compliance, improve profitability, and maintain confidence in Nigerian banks?
2. What are the critical factors in the implementation of the corporate governance with regards to compliance with regulations and the process of improving such compliance?
3. How would you describe corporate governance implementation with regards to compliance with regulations? Effective or ineffective? Why? Explain.
4. How do multiple regulations affect the implementation of corporate governance in the bank?
5. How can we improve understanding of corporate governance implementation in the banking industry?
6. What other information would like to add relating to this research?

Appendix B: Letter of Cooperation

ABC.. Bank PLC, Lagos Nigeria

April, 27th 2018

Dear David Bassey,

Based on my review of your research proposal, I give permission for you to conduct the study entitled A Case Study of Corporate Governance Implementation in the Nigerian banking Industry within our organization ABC Bank PLC. As part of this study, I authorize you to recruit 15 participants from our organization's senior managers (10 years managerial experience with five years in a top management position) and directors. The conduct of voluntary face-to-face interviews is to take place during participants personal time either before or after the business workday. We wish to state that all information provided by participants is personal judgment and does not reflect the organization’s views. Transcribed responses should be crosschecked with participants for accurate interpretation. Individuals’ participation will be voluntary and at their discretion. We expect to have a review of the findings of the study after the conclusion of the final reports.

We understand that our organization’s responsibilities include access to all personnel, rooms, resources, and supervision that the researcher will require. We reserve the right to withdraw from the study at any time if our circumstances change. I understand that the student will not be naming our organization in the doctoral project report that is published in Proquest.

I confirm that I am authorized to approve research in this setting and that this plan complies with the organization’s policies. I understand that the data collected will remain entirely confidential and may not be provided to anyone outside of the student’s (David Bassey) supervising faculty/staff without permission from the Walden University IRB.

Sincerely,

Company Secretary and Legal Adviser

Walden University policy on electronic signatures: An electronic signature is just as valid as a written signature as long as both parties have agreed to conduct the transaction electronically. Electronic signatures are regulated by the Uniform Electronic Transactions Act. Electronic signatures are only valid when the signer is either (a) the sender of the email, or (b) copied on the email containing the signed document. Legally an "electronic signature" can be the person’s typed name, their email address, or any other identifying marker. Walden University staff verify any electronic signatures that do not originate from a password-protected source (i.e., an email address officially on file with Walden).