

2018

# Nigerian Banks' Compliance with the Code of Corporate Governance

Aderonke Alberta Tayo-Tiwo  
*Walden University*

Follow this and additional works at: <https://scholarworks.waldenu.edu/dissertations>

 Part of the [Finance and Financial Management Commons](#), and the [Organizational Behavior and Theory Commons](#)

---

This Dissertation is brought to you for free and open access by the Walden Dissertations and Doctoral Studies Collection at ScholarWorks. It has been accepted for inclusion in Walden Dissertations and Doctoral Studies by an authorized administrator of ScholarWorks. For more information, please contact [ScholarWorks@waldenu.edu](mailto:ScholarWorks@waldenu.edu).

# Walden University

College of Management and Technology

This is to certify that the doctoral dissertation by

Aderonke Alberta Tayo-Tiwo

has been found to be complete and satisfactory in all respects,  
and that any and all revisions required by  
the review committee have been made.

Review Committee

Dr. Teresa Lao, Committee Chairperson, Management Faculty  
Dr. Stephanie Hoon, Committee Member, Management Faculty  
Dr. Patricia Fusch, University Reviewer, Management Faculty

Chief Academic Officer  
Eric Riedel, Ph.D.

Walden University  
2018

Nigerian Banks Compliance with Code of Corporate Governance  
by

Aderonke Alberta Tayo-Tiwo

MBA, Enugu State University, 1999

BS, University of Ife, Nigeria, 1982

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Management

Walden University

November 2018

## Abstract

Frequent incidences of bank failures in Nigeria resulting in enormous losses of investments and jobs have raised questions about the level of banks' compliance with the code of corporate governance. This single exploratory case study shifted attention from the banks to the regulators of banks in Nigeria, the Central Bank of Nigeria (CBN), to find out the problems they may be encountering in getting the banks to be fully compliant. Purposeful sampling was used to select 25 participants who were directly involved with the monitoring of banks from CBN Lagos office. The agency theory served as the conceptual framework. The sources of data were semistructured interviews and focus group interviews conducted with senior officials of the CBN. The use of member checking and triangulation improved the credibility and trustworthiness of the data. Thematic analysis was used in data analysis. Findings showed that the CBN might have identified the shortcomings in their supervision processes and have put measures in place to ensure full compliance with the code. Some of the measures included recruitment of skilled IT personnel to conduct monthly e-examinations of the books of banks, application of steep penalties for noncompliance using the omnibus clause, the reduction of percentage holding by investors, and continuous training of the staff in the department. Full implementation and continuous evaluation of these measures should make the issue of bank distresses and the attendant loss of depositors' funds and means of livelihood outdated. This will result in positive social change by increasing public confidence in the banks resulting in a growth in the economic activities, more job creation, and greater wealth creation for shareholders.

Nigerian Banks Compliance with Code of Corporate Governance

by

Aderonke Alberta Tayo-Tiwo

MBA, Enugu State University, 1999

BS, University of Ife, 1982

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Management

Walden University

November 2018

## Dedication

I would like to dedicate this dissertation first to God the almighty for the strength and wherewithal to start and complete the program. Secondly to my dearly beloved and affectionate parents of blessed memory; my father Albert Adebayo Shomade and my mother Hannah Modupeola Ahazie, I wish you were both alive to witness this but I know you will be proud of me even in the great beyond. I also dedicate this dissertation to three other great people who believed in me and were always there for me, my grandmother, Victoria Ajara Obafemi, my aunt Abiodun Ogunmekan and my stepfather Joseph Alims Ahazie. Thank you all for your guidance.

## Acknowledgement

I proudly acknowledge my wonderful and supportive dissertation committee. To my chair, Dr. Teresa Lao, thank you for the pains in nurturing me and for reading my manuscript repeatedly in order to get a perfect paper. Thank you for your patience and support at all times. To my committee member Dr. Stephanie Hoon, I cannot but thank you for the prompt and insightful feedback that has helped in the completion of this dissertation. To Dr Patricia Fusch, my URR, I am indeed proud that you are a part of this dissertation team. Thank you for taking the time to read the dissertation, correcting almost every line to ensure that the dissertation is up to the required standard. To the three of you, please accept the assurances of my highest regards at all times. I must thank Dr. Sherman who painstakingly guided me at the onset of the dissertation when I was at a loss at how to commence the study. I am indebted to my family, especially my loving husband, Tayo, for all the prayers and for sharing in my successes and anxieties during the course of the program. Thank you for being my number one support, always there to spur me on. To my wonderful children Oluwafeyijimi, Temiloluwa, and Teniola, I am immensely grateful to you for all the technological support throughout the program, how could I have coped with an online program without your support? Temiloluwa is always at hand to type and read my documents to spot issues especially in citing of references. Teniola was always checking up on me to offer helping hands at all times. I am extremely proud of you all! Finally, my deepest gratitude goes to all my classmates, all Walden faculty, and staff and other people that I have met during this journey thank you all!

## Table of Contents

List of Tables .....	vii
List of Figures .....	viii
Chapter 1: Introduction to the Study.....	1
Background of the Study .....	2
Problem Statement .....	5
Purpose of the Study .....	6
Research Question .....	7
Conceptual Framework.....	7
Nature of the Study .....	9
Definitions.....	13
Assumptions.....	14
Scope and Delimitations .....	15
Limitations .....	16
Significance of the Study .....	16
Significance to Practice.....	17
Significance to Theory .....	20
Significance to Social Change .....	21
Summary and Transition.....	22
Chapter 2: Literature Review .....	24
Literature Search Strategy.....	24
Conceptual Framework.....	25



Agency Theory.....	26
Stewardship Theory .....	27
Literature Review.....	28
The Traditional Models of Corporate Governance.....	29
The Anglo-Saxon Governance Model .....	30
The German-Japanese Governance Model or Stakeholder Model .....	30
Board Structure and Composition.....	31
Governance in Emerging Economies.....	32
Corporate Governance and Agency Theory .....	32
Corporate Financial Leaders and Banking Business .....	34
The Banking Industry and Governance in Ghana.....	37
The Banking Industry and Governance in Kenya.....	37
Banking Industry and Governance in China.....	38
Banking Industry and Governance in Jordan.....	38
Banking Industry and Governance in India .....	39
The Banking Industry in France, Canada, Italy, Spain and the United Kingdom .....	39
Islamic Banking and Corporate Governance .....	40
Profile of Nigerian Economy and the Banking Industry .....	40
The History of Banks in Nigeria.....	42
The Role of the Central Bank of Nigeria .....	44
Overseeing the financial sector.....	44

The Code of Corporate Governance for Banks and Other Financial Institutions in Nigeria .....	45
Banking Reforms in Nigeria .....	48
Overview of Nigerian Banks .....	51
Challenges of Nigerian Banks .....	52
Corporate Governance and Banking Reforms in Nigeria .....	52
Corporate Governance in the Banking Industry .....	53
The Implication of Leadership.....	54
Corporate Governance and Financial Performance .....	54
Overview of the Code of Corporate Governance Regulating Nigerian Banks.....	55
The Implication of Leadership.....	56
The Code of Corporate Governance in Nigeria .....	58
Strategic Leadership in the Banking Industry.....	62
Corporate Culture.....	64
Internal Control and Mechanism in Banks .....	65
Banks Compliance with Regulations .....	66
Gap in Literature.....	67
Summary .....	68
Chapter 3: Research Method.....	69
Research Design and Rationale .....	70
Research Design.....	70
Research Rationale.....	71

Role of the Researcher .....	73
Methodology.....	75
Participant Selection Logic.....	77
Instrumentation .....	78
Expert Validation.....	82
Procedures for Recruitment, Participation, and Data Collection.....	82
Letter of Cooperation.....	84
Expression of Interest .....	85
Consent Form.....	86
Data Collection Plan .....	86
Data Analysis Plan.....	88
Issues of Trustworthiness.....	90
Credibility .....	91
Transferability.....	93
Dependability.....	94
Confirmability.....	96
Ethical Procedures .....	97
Ethical Concerns Relating to the Recruitment of Materials .....	99
Protecting Participants from Harm .....	100
Protecting Researcher from Risk .....	100
Summary .....	101
Chapter 4: Results.....	103

Research Setting.....	104
Demographics .....	108
Data Collection .....	112
Data Analysis .....	114
Discrepant Cases.....	118
Evidence of Trustworthiness.....	118
Credibility .....	118
Transferability.....	119
Dependability.....	119
Confirmability.....	120
Study Results .....	120
Theme 1: Comprehensive Supervision.....	124
Theme 2: Recruitment of Skilled Personnel .....	129
Theme 3: E-Examinations.....	132
Theme 4: Board Composition and Board Meetings .....	134
Theme 5: Special Board Committees .....	137
Theme 6: Classification of Banks.....	139
Theme 7: Gray Areas and Self-Regulation.....	140
Theme 8: Penalty Review Sanction Power.....	141
Theme 9: Zero Shareholder Influence .....	144
Theme 10: The Omnibus Clause.....	145
The Study Results from Focus Group.....	146

Theme 11: Defined Duties of the Board Members .....	146
Theme 12: Right of Stakeholders .....	147
The Study Results from Document Review.....	148
Theme 13: Internal Audit Report.....	149
Summary.....	149
Chapter 5: Discussion, Conclusions, and Recommendations.....	152
Introduction.....	152
Interpretation of Findings .....	152
Limitations of the Study.....	158
Recommendations.....	160
Recommendations for Action .....	162
Implications.....	163
Implications for Positive Social Change.....	163
Implications for Theory .....	166
Implications for Practice.....	167
Conclusions.....	168
References.....	171
Appendix A: Interview Protocol for Dissertation Research .....	200
Appendix B: Focus Group Interview Protocol .....	202

## List of Tables

Table 1 List of Participants .....	110
Table 2 Triangulation of Data.....	121
Table 3 Comprehensive Supervision .....	129
Table 4 Recruitment of Skilled Personnel .....	130
Table 5 Training and Retraining .....	132
Table 6 E-Examination .....	133
Table 7 Board Meeting .....	136
Table 8 Special Board Committees.....	139
Table 9 Classification of Banks .....	140
Table 11 Penalty Review and Sanctions.....	144
Table 12 Zero Shareholders' Influence.....	145
Table 13 The Ominibus Clause.....	146
Table 14 Codes and Themes from Focus Group Interview .....	148
Table 15 Codes and Themes from Document Reviewed.....	149

## List of Figures

Figure 1. Strategic risk management .....	58
---	----

## Chapter 1: Introduction to the Study

The 2007 global economic crisis almost led to the collapse of the Nigerian banking sector but for the quick intervention by the regulators. The Central Bank of Nigeria (CBN), injected over \$4.2 billion into the economy to forestall a systemic collapse (Afolabi & Dare, 2015; Ikpefan & Ojeka, 2013; Umanholen, 2015). Over 50% of the banks became insolvent and were not able to repay depositors funds (Adewale, Murtala, & Rahman, 2014). As a result, the few remaining healthy banks acquired the weak and distressed banks resulting in a massive loss of depositors' savings, the collapse of businesses, and retrenchment of staff (Adewuyi & Olowookere, 2013; Nwagbara, 2012).

The confidence of the public in the banks diminished, patronage decreased significantly, and many bank workers became jobless (Ikpefan & Ojeka, 2013; Umanholen, 2015). There had been prior incidences of bank failures that had led to the erosion of the shareholders and depositors' funds (Afolabi & Dare, 2015). The constant crisis among the licensed banks in Nigeria has raised questions about the corporate governance of financial institutions in the country (Nwagbara, 2012).

The regulators reviewed the code of corporate governance in 2006 to ensure uniformity in the management and reporting of financial affairs of the banking sector (Ikpefan & Ojeka, 2013). Despite this, the issue of bank failure persists (Afolabi & Dare, 2015; Nwagbara, 2012). In 2014, the Central Bank of Nigeria (CBN) released a thoroughly revised code of corporate governance for all financial institutions in Nigeria. The code stipulates sanctions for noncompliance that in some cases could lead to the withdrawal of the banking license.



Patronage of the banks has not improved significantly because most of the customers of the banks are afraid of conducting business with the banks. Chapter 1 of this study contains a background of the study, problem statement, purpose of the study, nature of this study, research question, and assumptions. In Chapter 1 I also define some terminologies used in the research and discuss the significance of the study.

### **Background of the Study**

Many developing countries do not have structured and focused organizational and management policies like the developed western nations (Afolabi & Dare, 2015; Nardo & Francis, 2013). In most cases, these countries do not have formal reporting lines or heavy sanctions for violations of the rules and regulations (Afolabi & Dare, 2015). Government workers carry out their duties inefficiently, and owners of private businesses have a domineering effect on their companies, sometimes to the detriment of the organizations (Yakasai, 2001).

Until recent times in Nigeria, organizations conducted their activities with little or no standardization or formal reporting lines (Yakasai, 2001). The issue of bank failures and liquidation has been a problem in Nigeria since the emergence of the domestic banks in 1892. Most of the earlier banks folded up because of mismanagement, shoddy reporting, and uncoordinated practices. The advent of the regulatory agency, the CBN, in 1959 led to standardization in the banking sector. The introduction of the CBN led to an improvement in the financial activities in the banking sector because the regulators paid more attention to the running of organizations as well as the responsibilities of the board members to the organization. The Nigerian banking system witnessed tremendous growth post consolidation in 2009.

The consolidation of banks started in 2006 when the minimum paid-up capital of banks increased to \$125 million (Adewale et al., 2014). Before that period, the number of banks and discount houses operating in the country was 87, and the industry had a significant amount of weak and insolvent banks characterized by illiquidity, an extensive portfolio of toxic assets, and high level of fraud (Umanholen, 2015). Also, about 70% of the banks did not comply with the code of corporate governance stipulated by the regulatory agency, the CBN (Ikpefan & Ojeka, 2013).

The 2007 global economic crisis led to a near collapse of the Nigerian economy but for the quick intervention by the regulators, the CBN, that injected over \$4.2 billion into the economy to forestall a systemic collapse (Nwagbara, 2012). The country revised the code of corporate governance in 2014 to ensure uniformity in the management and reporting of financial affairs of the banking system (Ikpefan & Ojeka, 2013). Nwagbara (2015) observed that the regulations governing corporate governance are not promulgated as laws and are not enforceable in the court of law; hence the haphazard compliance by leaders of the banking institutions.

There is, therefore, the need to have an in-depth understanding of the issues associated with governance, especially from the perspective of the regulators (Al-Saeed, 2013; Hack, Kenyon, & Wood, 2014; Umanholen, 2015). Understanding the problems associated with the Nigerian banks' inability to comply fully with the code of corporate governance may give a more profound understanding into how to curtail the incidence of bank failures and liquidations that are prevalent in Nigeria. Over 65% of the customers of the banks in Nigeria appear to have lost confidence in these banks because a large percentage of them have lost their deposits and investments due to bank liquidations in the past (Ikpefan & Ojeka, 2013).

The apathy towards the banks is evident particularly in the rural areas; the people prefer to keep their monies at home, thus boycotting the banks. The action has continuously frustrated the ability of the CBN to monitor the amount of cash in circulation in the country. The implication is that banks do not have enough funds for loan creation needed for the industrial growth of the nation.

Also, it appears that the directors (who include the executive and independent directors) do not seem to want to enforce their oversight functions and comply strictly with the requirements of the code (Afolabi & Dare, 2015). In addition, Zuckweiler, Rosacker, and Hayes (2016) noted that some external auditors of banks often cover up some improper actions, similar to the Anderson accounting scandal of 1993 with Enron in the United States of America. Cadbury Nigeria and the accounting firm of Akintola Williams's connivance to falsify the actual state of affairs of Cadbury Nigeria is an example of such inappropriate practice (Afolabi & Dare, 2015). The result is an increased level of irrecoverable and sticky risk assets, erosion of the shareholders' funds; weak capital adequacy ratios, and the inaccessibility to the depositors' funds in the banks, leading to severe hardship for businesses and individual savers.

Many banks currently carry a vast portfolio of bad loans that have significantly eroded the shareholders' funds (Umanholen, 2015). Nigeria has the necessary framework to ensure a healthy banking industry, but inappropriate behavior and connivance between the staff of the regulatory agencies and directors of the banks frustrate full compliance with the codes of corporate governance (Jakada & Inusa, 2014). Studies have revealed that the problems in the Nigerian banking sector are the result of the fact that some banks do not fully comply with the code of corporate governance (Afolabi & Dare, 2015; Ikpefan & Ojeka, 2013; Starbuck, 2014).

Researchers need to conduct more work to understand the activities and the challenges encountered by the regulators in enforcing compliance with the code (Onakoya, Fasanya, & Ofoegbu, 2014).

The identified gap in the literature that led to this study, therefore, revolved around the regulators and the examination process. In the study, I reviewed the possible problems encountered by the regulators through examining the sequential flow of the operations with the intention of having a deeper insight into the examination processes. With this investigation, I also examined the documentation required by the banks to show compliance with the code, timeliness, and the adequacy of the monitoring exercise by the regulators (Ravitch & Riggan, 2012).

### **Problem Statement**

The persistent incidences of corporate scandals, fraud, and various instances of inappropriate behaviors in organizations, particularly in financial institutions globally, underscore the need to put in place policies with far-reaching consequences that will curtail the reoccurrences of such incidents (Nwagbara, 2012). Ikpefan and Ojeka (2013) observed that in Nigeria, the refusal of the licensed banks to adhere fully to the stipulated code of corporate governance led to the constant bank failures experienced in the country. The public confidence in the banks has continued to diminish over time (Afolabi & Dare, 2015).

The general problem is the inability of the regulatory body, the CBN, to enforce policies that will compel the directors of banks to be efficient and effective in obeying the established code of corporate governance (Jakada & Inusa, 2014). The inappropriate behaviors, particularly among leaders of banks, appear to have led to haphazard compliance with the code of corporate

governance (Adewale et al., 2014). The specific problem is the challenge confronting the leaders of the regulatory body, the CBN, in enforcing compliance with the code of corporate governance by the licensed banks in Nigeria.

Several studies in the past had focused on the activities of the Nigerian banks, primarily on the level of their compliance with the code of corporate governance (Afolabi & Dare, 2015; Jakada & Inusa, 2014; Nwagbara, 2012). Many researchers have not adequately addressed the challenges confronting the CBN in enforcing strict compliance of code of corporate governance among the licensed banks in Nigeria (Nwagbara, 2012; Shehata, 2015; Zuckweiler et al., 2016). The goal of this qualitative exploratory case study was to explore the challenges confronting leaders of the regulatory body (the CBN) in enforcing compliance with the code of corporate governance by the licensed banks in Nigeria. It was essential to conduct a study to review the activities of the regulators to have a better insight into the routine examination processes carried out on the banks (Jakada & Inusa, 2014).

### **Purpose of the Study**

The purpose of this qualitative exploratory case study was to explore the challenges confronting leaders of the regulatory body (the CBN) in enforcing compliance of code of corporate governance by the licensed banks in Nigeria. The unit of analysis comprised 25 participants from managerial level to director level in the regulatory agency, the CBN. These are members of staff of the Examination and Monitoring Department in charge of monitoring compliance by the banks in Nigeria. A semistructured interview method, focus group interview, and document review were used in collecting data that might provide meaning to the research questions. The objective of this study was to find lasting solutions to the issue of incessant bank

failures in Nigeria by ensuring that all licensed banks comply with the code of corporate governance stipulated by CBN.

### **Research Question**

A research question serves as the lens that guides the researcher in providing meaning to the study (Denzin & Lincoln, 2011). The research question guides the research even during the data collection, analysis, and interpretation stages. The issue of bank failure in the country has been a reoccurring problem over the years that have led to the loss of confidence in the banking sector (Umanholen, 2015). Many bank customers have lost their deposits to the liquidated banks (Nwagbara, 2012). The central research question of this qualitative exploratory case study was:

RQ: What are the challenges confronting leaders of the regulatory body (the CBN) in enforcing compliance of the code of corporate governance by the licensed banks in Nigeria?

### **Conceptual Framework**

In a qualitative study, theories guide the formulation of the research questions, design, and methodology (Abutalib & Tavallaei, 2010). The theories or models of corporate governance revolve around the agency theory and the stewardship theory. The agency theory is relevant to this study, and it has broad applicability in the literature on corporate governance (Shehata, 2015). The agency theory originated from Ross and Mitnick in 1972 (Mitnick, 2013). Ross was responsible for developing the commercial arm of the agency theory and Mitnick extended the institutional aspect of the theory (Mitnick, 2013).

The agency theory considered two viewpoints, positivist and principal-agent (Jensen & Meckling, 1976). The positivist view paid attention to identifying areas of possible conflict

between the principal and the agent and then enacting the system of governance that would take care of the desires of all the parties. The principal-agent view emphasizes issues that arise in the case where the overall objectives of the principal and the agent are at variance, and the principal does not have adequate information about the activities of the agency.

The situation arises in cases where the two parties have a different disposition towards risk, and the agent is more disposed to taking higher risks than the principal takes. Brandas (2013) postulated that a contractual relationship exists between the principal (head) and the agent (manager) whereby the manager acts in the best interest of the principal. The shareholders entrust the smooth running of the organization to the board of directors (BOD) and executive management who are expected to run the business profitably for the benefit of all the stakeholders (Jensen & Meckling, 1976).

Organizations that imbibe the culture of good corporate governance survive longer than those that do not (Nyamongo & Temesgen, 2013). In cases of conflict of interest, some managers would not operate to maximize shareholders returns unless there is an execution of a proper governance structure that would take care of the concerns of the stakeholders (El-Chaarani, 2014). The theory explains the alignment of the relationship between parties and with different interests by providing adequate monitoring and competitive reward structures.

The agency theory also explains the relationship existing between the owners of the funds and the managers of the firm (Abutalib & Tavallaei, 2010). The theory states that ownership should be separate from management. The BOD and not the owners should be empowered to run the organizations to ensure that they manage the organizations efficiently to survive in the marketplace (Ottman & Rahman, 2011). The BOD performs this task by

formulating policies for the organizations that conform to the established code of corporate governance.

El-Chaarani (2014) argued that the application of the system of governance by businesses has reduced the issue of agency problems arising in organizations. The success of the team in the local and global markets depends on imbibing a culture of sound corporate governance (Gebba, 2015). Agency problem resulting from a diverse interest of managers, the owners of the firms, and other stakeholders often arise in companies. Gebba (2015) carried out a qualitative study using the 2014 published accounts of 15 banks in the United Arab Emirates to confirm their level of compliance with the established code of corporate governance.

Findings showed that most banks complied voluntarily with the code of corporate governance by creating board committees that assisted in ensuring the improved financial stability of the banks. Specifically, the boards of banks with a more significant proportion of outside independent directors who bring their wealth of experience to bear on the business helped the companies perform better (Gebba, 2015). Also, the financial position of the banks improved in cases where two different individuals held the roles of the chairperson and managing directors of the banks (Gebba, 2015).

### **Nature of the Study**

There are three distinct categories of research methods, namely the qualitative, quantitative, and mixed method (Wisdom, Cavaleri, Onwuegbuzie, & Green, 2012). In this study, I used a single qualitative case study approach to explore the problems confronting the leaders of the regulatory agency in ensuring that banks in Nigeria comply fully with the code of



corporate governance. The qualitative method was appropriate for this study because it gave comprehensive details regarding the issue under investigation (Lee, 2012).

Researchers use the qualitative design when they need to explore an issue complexly and intricately (Abutalib & Tavallaei, 2010). The qualitative method provides a deeper comprehension of the social phenomena (Silverman, 2005). Researchers also use the qualitative design when inadequate theories exist to develop a new approach for the research (Abutalib & Tavallaei, 2010). The purpose of the study and the data collection determines the research design used in a study (Yin, 2014).

The quantitative method was not suitable because the study is not deductive and will not test any variables or compare variables for acceptance or rejection of theory (Frankfort-Nachmias, Nachmias, & Dewaard, 2015). In the quantitative study, researchers use theory to test variables and evaluate with statistics to determine whether the theory describes or predicts the case under investigation (Erlingsson & Bryseiwicz, 2013). In this study, the intention was to use in-depth interviews for data collection instead of using a statistical method for data analysis.

Mixed methods research involves the use of both the quantitative and qualitative methods in the same research where the quantitative aspect entails collection, analysis, and interpretation of data in numerical form and the qualitative method consists of the collection, analysis, and interpretation of narrative forms of data (De Silva, 2011). Mixed-methods research includes procedures combining qualitative and quantitative methodologies (De Silva, 2011). Because data collection for the study involves various sources to gain in-depth information into the problems, as opposed to integration of statistical data with interview results, a mixed-methods research methodology was not appropriate for this study.

A mixed-method design is appropriate when neither a quantitative nor a qualitative approach is sufficient by itself to comprehend the research topic, or when research requires one method to inform or clarify another (Wisdom et al., 2012). A mixed method approach was not appropriate as the quantitative element in the mixed method was not adequate for the study. Out of the five widely used qualitative approaches, the suitable approach for the study was the case study approach.

The preference for the case study method instead of ethnography, grounded theory, phenomenology, narratives, and other qualitative traditions of inquiry was because of the purpose of the study and the type of data required for it. The approach entails an exhaustive study of an occurrence from a broader perspective. The case study design is also rich in context and draws data from several sources (Yin, 2014). The case study approach facilitates investigation of a phenomenon within its context using multiple sources of data. I collected data from the regulators and analyzed the responses using NVivo 10.

The researcher adopts perspectives with which to clarify several aspects of the event to make it understandable. For this study, I embraced an exploratory case study approach in an attempt to explore reasons from the regulators' point of view for noncompliance with the code of corporate governance by some Nigerian banks. When the researcher employs the phenomenological method, the participants give descriptions of their lived experiences to explain a phenomenon (Patton, 2015). The primary rationale behind the use of phenomenology is to understand all the experiences that individuals have with an event to generate a broad inference about the issues. The approach was not suitable as this study was not about the lived experience of the participants (Hyett, Kenny, & Dickson-Swift, 2014).

Qualitative ethnography deals with the social behavior of a group. In the approach, the intention is to describe and interpret the shared patterns of values, behavior, beliefs, and languages of a culture-sharing group (Erlingsson & Brysiewicz, 2012). Two main ethnographic approaches exist. One is the critical ethnography where the researcher calls for the liberation of groups relegated to a lower edge of the society. Another type is the realist ethnography where the scientist takes an absolute position in support of the individuals in the group (Liberati et al., 2015).

The ethnic groupings operate in cultural habitats requiring embedding a researcher for a close look and inquiry. A scientist would participate in the activities of the group of people to gain clarity regarding the mindset of members of the group (Nwosu, Nwosu, & Nwosu, 2013). This research was not about any particular group. Therefore, the ethnographic design was inapplicable (White, Drew, & Hay, 2009). The focus of this inquiry was on getting a good understanding of problems regulators encounter while enforcing compliance with the code of corporate governance by the banks and not that of a select group of banks.

The grounded theory approach is used to generate or discover a theory. The researcher creates an extensive explanation of a process or an action as recorded from the views of a considerable number of participants with the intention of generating a theory (Patton, 2015). The approach is often preferred when there is no known theory to explain or understand a process. Although there may be models or theories available, their development may pertain to points of interest and focus of different research studies (Corbin & Strauss, 2015). Given the fact that the intention behind this study was not to discover or formulate a theory, a qualitative grounded theory design was not appropriate (Lee, 2012).

## Definitions

The following operational definitions provide the precise meaning of key terms and phrases employed in the study for a better understanding of the research objectives:

*Agency problems:* In line with the agency theory, the problem that occurs when there is a conflict of interest in a relationship where a party is supposed to act in ways that will be beneficial to the others (Boshkoska, 2015).

*Banks and Other Financial Institutions Act (BOFIA):* A bill set aside to regulate banking and other financial institutions for matters connected with the establishment of banks, banking supervision, duties of the banks, and general and miscellaneous activities (CBN, 2006).

*Central Bank of Nigeria (CBN):* The apex bank in Nigeria that has the responsibility of regulating the banking and other monetary organizations in the country. The objective is to watch over the external reserves of the country, ensure financial and fiscal consistency, and perform the role of lender of last resort to the government (Afolabi & Dare, 2015).

*Code of Corporate Governance:* The rules issued by the financial policy and regulations department of the CBN to the BOD of banks that guide in the efficient running of the bank. Specifically, it deals with the issue of nomination of directors, equity ownership, and the creation of board committees to oversee the activities of the bank. The code also provides for whistleblowing (Ikpefan & Ojeka, 2013).

*Corporate governance:* The set of rules, processes, and practices put in place to direct and control an organization. The focus is to ensure the protection of the interests of all various interests of the team. The interested parties of the company include the shareholders, the

employees, the customers, vendors, government, and the community (Guo, Radford, & Smallman, 2013).

*Licensed commercial banks:* Banks granted licenses under the Banks and Other Financial Institutions Act to carry out commercial banking activities in the country. The bank acts as financial intermediaries between the surplus and the deficit areas and between lenders and borrowers in the nation (Onakoya et al., 2014).

### **Assumptions**

Assumptions are the underlying perspectives in the study that the researcher assumes to be true but that are not validated (Rouleau-Carroll, 2014). Assumptions reflect the nature of knowledge that guides the scope of inquiries and findings in a study (Kirkwood & Price, 2013). The beliefs and assumptions that a researcher holds often influence the way the research is conducted (Kirkwood & Price, 2013).

The CBN has enacted the Code of Corporate Governance Act of 2006 that incorporates standards that the licensed banks should abide by to ensure the smooth running of the banking industry. However, some of the banks are not compliant resulting in distress in the banking sector (Jakada & Inusa, 2014). I focused this exploratory case study on the regulators who conduct the routine examination of these banks with the belief that they would be able to shed more light on the reasons why some banks are not compliant and why they have not been compelled to comply. First, I assumed that the regulators would be cooperative in responding to the interview questions as contained in the interview protocol. Second, I assumed that the regulators had answers to the problems and would be willing to share the information.

### **Scope and Delimitations**

The scope covers the designed purpose of the study, the intended beneficiaries, the uses to which researchers and professionals may put the research, and the organized body of related information applied in the inquiry (Simon & Goes, 2011). It derives from the central question in the study (Simon & Goes, 2011). The purpose of this study was to explore the challenges confronting leaders of the regulatory body, (the CBN), in enforcing compliance with the code of corporate governance by the Nigerian banks.

The scope was limited to managers from the level of principal managers to deputy directors in Banking Supervision and Examination Directorate of the CBN PLC who have spent over ten years on the job. Junior members of staff and staff from other departments in the CBN are not in the participant pool for the investigation. Also excluded were employees of all licensed banks in Nigeria because the intention is to get only the opinion of the regulators regarding the purpose of the research. As noted by Roleau-Caroll (2014), delimitations are aspects of the study within the control of the researcher. For this investigation, given the caliber of the respondents, all of whom are senior executives in the CBN, time was of an essence.

Bankers are busy executives who do not have the time to spare for lengthy discussions except those that will yield immediate benefits to the organization (Umanholen, 2015). The unit of analysis comprised 25 participants from principal managers to director level in the regulatory agency, the CBN, Lagos office. Even though the study is about the noncompliance by Nigerian banks with the new governance structure, the investigation was limited to the regulators, as most of the previous researchers had focused attention on the bankers. Getting the opinion of the

regulators will give a balanced view that will address the problems militating against full regulatory compliance by licensed banks in Nigeria.

### **Limitations**

The restrictions of the study are the uniqueness of design or methodology used in explaining the results of the research (Rouleau-Carroll, 2014). They restrict the universal usage to practice because the results are dependent to a large extent on the design chosen for the study accurately measured the internal and external validity of the study (Rouleau-Carroll, 2014). Qualitative studies give an in-depth understanding of issues that enable the researcher makes an informed opinion (Agyemang & Castellini, 2015). The sample size is usually small, about 15 to 50 people (Frankfort-Nachmias et al., 2015).

Some of the participants may not be available during the data collection period; some of the proposed members could be on leave or official assignment. The problem of generalization may not arise in this case because the study is limited to understanding the reasons for partial compliance by some banks with the regulatory requirement contained in the governance structure stipulated by the regulator. The problem may be peculiar to each bank, which makes generalizability unnecessary.

### **Significance of the Study**

The study could be significant to leaders of the regulatory body, the CBN, in enforcing compliance of code of corporate governance by the licensed banks in Nigeria. All over the world, many organizations are making efforts to inculcate the system of corporate governance into their organizational structure (Starbuck, 2014). The advent of corporate personhood made the corporation become a distinct legal entity (Balkan, 2004). The desire for excessive profit and

the need to maximize the shareholders' wealth to the detriment of the other stakeholders have led organizations to embark on unethical practices to remain dominant in the marketplace (Chernev & Blair, 2015).

Apart from profit motives, some companies view meeting up with other stakeholders' yearnings as tantamount to corporate social responsibility and an unnecessary expense item on the balance sheet (Hack et al., 2014). The study is significant given the importance of ensuring compliance with the code of corporate governance as evidenced by the increased number of global scandals and organizational failures in recent times (Nwagbara, 2012). The extent to which organizational leaders routinely adopt the culture of good corporate governance in their operations has implications for their sustainability in the marketplace (Vidaver-Cohen, & Bronn, 2015).

### **Significance to Practice**

The study may be significant to the CBN officials and the federal government of Nigeria in policies formulations. Even though the gains of abiding by good corporate governance are enormous and necessary for the national economic development, some banks have refused to ensure compliance (Sanusi, 2012). Therefore, the level of conformity by organizations in Nigeria is at the initial stage with less than 40% compliance by all publicly quoted companies in general (Afolabi & Dare, 2015).

In the Nigerian banking industry, most of the problems encountered would not have arisen if the banks complied fully with the code. What is worrisome is the fact that the regulators give some of the banks a clean bill of health only for them to become insolvent shortly afterward (Umanholen, 2015). Abiding by the code of corporate governance ultimately help to increase



earnings and ensure the continued stability and long-term existence of the organization and the nation in general.

The country's economic growth indices and the per capita income will increase if banks adhere fully to the code of corporate governance (Al-Tawil, 2016; Quaresma, Pereira, & Dias, 2013). As a result, the stock market will become buoyant, the capacity utilization of the industries will improve, more jobs would be created, and the dependence on welfare will reduce thus enabling the government to plow more funds into other profitable ventures (Kerle, 2015). The lending capacity of banks will increase, and the foreign direct investments into the country will increase (Vidaver-Cohen & Bronn, 2015).

On the contrary, when organizations do not imbibe sound governance structure, the reverse is the case (Stefanescu, 2014). Because of the incessant bank failures, many depositors have lost their funds. Although the government usually comes to the rescue of the creditors, they pay only a percentage of the deposits after an extended period of waiting. As a result, businesses suffer, and the economic activities in the country decreased (Afolabi & Dare, 2015).

In Nigeria, the shareholder's groups do not constitute a formidable group as in most developed countries, and so some bank owners freely control their banks without much opposition. The situation has continued for long so that there has been a cultural lag and unwillingness among bank leaders to abide by the laid down procedures (Nwagbara & Ugorji, 2015). Most times banks alter the accounts to pass the regulatory examination only for the banks become insolvent shortly afterward (Umanholen, 2015).

While much literature had shown the impunity on the part of the bank leaders, the study on the activities of the regulators and the routine examination processes are few (Afolabi & Dare,

2015). There is a need for further insight into the details of the supervisory procedures, the role of the regulators, the regularity of the examination and types of reports generated. Findings may open up gray areas in the monitoring process that should require immediate attention to forestall further decay in the banking industry.

The 2007 global economic crisis coupled with the continuous decline in oil prices has led to foreclosure and mergers of some banks in Nigeria (Sanusi, 2012). Eight managing and executive directors of banks lost their jobs, toxic assets grew to about \$13.3 billion, and the CBN quickly had to inject N620 billion (US\$ 4.2 billion) into the economy to stem systemic collapse (Sanusi, 2012). There is the need for the entrenchment of the code of corporate governance among banks and other institutions in Nigeria. This research work is timely as findings may reveal issues that need attention to strengthen the examination processes by the regulators.

Policymakers and other government agencies may benefit from the results of this study in their decision-making. Consequently, the public will have a good understanding of the banking sector, and the crisis confidence will be minimal (Umanholen, 2015). The educational industry, particularly business schools that lay too much emphasis on profit maximization to the detriment of the other nonprofit centers in the organization, will find the research useful as it supports the need to engage all departments in any company equitably (Sorour & Howell, 2013). Other stakeholders especially the employees will be better because when the banks do well, the rate of dismissals and layoffs will reduce and job security guaranteed.

The shareholders' group will be more active as the era of non-transparency will be behind. The community will also benefit because bank failures will reduce, employment opportunities will increase, and the communities will be happier. The banks will become better

corporate citizens. Findings from this study will constitute part of the existing literature on corporate governance among banks in Nigeria.

### **Significance to Theory**

The study may be significant to the future researchers who may want to extend the body of knowledge. Corporate governance is an evolving, dynamic context-based phenomenon contextualized by the legal, regulatory framework, and the organizational characteristics such as (a) management control, (b) corporate perception, (c) board directors, (d) and executives' competence (Sorour & Howell, 2013). The driving factors include shareholders, the regulators, and indirectly depositor's interest protection as well as by other normative pressures from national and independent stakeholders.

A connection exists between the agency theory and the code of corporate governance (Nardo & Francis, 2013). The shareholders of the company, being the owners of the business, entrust the smooth running of the organization to the BOD and executive management, known as the agents, and expects that the company will run profitably in line with the existing industry standards. As noted by Al Mamun, Yasser, Entebang, and Nathan (2013) corporate governance relates to the stewardship theory.

The employees act as the stewards that ensure maximization of the stakeholders' wealth. The governance constitution of an enterprise would affect its survival in the end. Organizations that imbibe the stewardship management standards appear to have a better performance index than those that had free models of governance (Al Mamun et al., 2013). Countries such as Japan practice the steward model. Accordingly, workers take ownership of their jobs and work diligently abiding by the code of corporate governance.

They perform their duties on behalf of all the other interests in the organization in line with the stakeholder theory. L'Huillier (2014) related corporate governance to the managerial hegemony theory and posited that in a company a group of professionals runs an organization and that the directors are mere rubber stamps of the actions carried out. These professionals are accountable for the governance issues in the company. The applied meanings and theoretical assumptions by the academics in the study of corporate governance differ and are contingent on the viewpoint of the writer (L'Huillier, 2014).

### **Significance to Social Change**

The investigation may be significant to positive social change by creating awareness that may be useful to banking practices. The incessant bank failures had led to apathy towards the banks by the Nigerian populace. Bank Liquidations, restructuring, and mergers have resulted in chaos in the financial circle (Jakada & Inusa, 2014).

During the process, the CBN sacked the boards of some banks and relieved a large percentage of employees of their jobs. The top management was also relieved of their duties, and the labor market was washed with bankers, young and old who have suddenly become jobless (Adewale et al., 2014). Where such workers cannot readily secure other employment in other sectors of the economy, the standard of living dropped, followed by hardship on their nuclear family and the extended families. In some cases, the children are thrown out of schools thus increasing the number of unemployed youth found everywhere in the country.

Many of these youths sometimes engage in petty crime for survival while some participate in youth restiveness especially in the Niger Delta of Nigeria causing general havoc to the country at large. For the surviving banks, survival is the watchword (Onakoya et al., 2014).

Outsourcing has now replaced the recruitment of permanent staff. The outsourced workers receive low wages and mostly do not have the pension plans and other benefits to fall back on.

The results of this study, therefore, will help unravel gray areas in governance issues. Once the banks are fully compliant, the banking sector will be sound and devoid of any need to lay off the staff. The banks, as good corporate citizens, will also be able to undertake corporate social responsibilities towards the communities for the benefit of all.

### **Summary and Transition**

In conclusion, there has been a history of bank failures for a long time in Nigeria, which has led to the loss of confidence in the banking industry by a majority of the populace (Nwagbara, 2012). Some depositors have lost massive amounts of deposits in the past that have led to increased apathy towards the banks (Umanholen, 2015). The CBN, the regulatory agency, has noted that the banking industry would have averted the problems if the industry leaders had put the interest of all the various stakeholders into consideration (Afolabi & Dare 2015; Jakada & Inusa, 2014; Umanholen, 2015). The CBN enacted the amended code of corporate governance in 2014 to stem further deterioration in the banking industry in Nigeria.

The sector recorded a level of success until the aftermath of the 2007 global economic crisis that led to another series of distress in the banking sector of Nigeria (Ikpefan & Ojeka, 2013). Many researchers have conducted investigations that examined the level of compliance by Nigerian banks with the code. The focus had always been on the banks. Although the degree of conformity may have improved, some banks are still not fully compliant (Afolabi & Dare, 2015; Jakada & Inusa 2014; Nwagbara, 2012).

The reason for this investigation was to explore the gap in the literature that reveals that researchers had not focused on the reasons why the regulators had not been able to enforce full compliance. This qualitative case study explored the challenges confronting leaders of the regulatory agency in enforcing compliance with the code of corporate governance by the Nigerian banks. The findings showed reasons why the regulators have not been able to spot erring banks during the routine banking examinations and apply immediate sanctions rather than having to wait until there is a full-blown crisis before taking actions.

Specifically, this study explored the problems encountered by the regulators in enforcing full compliance with the code of corporate governance. The subsequent chapters described the study in detail. Chapter 2 gave a comprehensive review of existing literature, Chapter 3 contained the outline of the methodology, Chapter 4 showed the analysis and description of the results, and Chapter 5 provided a broader deliberation on the outcome and proffered suggestions for subsequent actions and research.

## Chapter 2: Literature Review

The purpose of this qualitative exploratory case study was to explore the challenges confronting leaders of the regulatory body (the CBN) in enforcing compliance of the code of corporate governance by the licensed banks in Nigeria. In this qualitative exploratory case study I intended to explore the challenges confronting leaders of the regulatory body the CBN in enforcing compliance of the code of corporate governance by the licensed banks in Nigeria. The unit of analysis comprised 25 participants from managerial level to director level in the regulatory agency, the CBN Lagos office.

The persistent incidences of corporate scandals, frauds, and various instances of inappropriate behaviors in organizations, particularly in financial institutions globally, highlight the need to put in place policies with far-reaching consequences that will curtail the reoccurrence of such incidents (Nwagbara, 2012). This chapter contains the conceptual framework, synthesis of previous literature, explanation of a gap in the literature, and a transition.

### **Literature Search Strategy**

The literature review provides the source for a synthesis and structure of the previous studies (Pare, Trudel, Jaana, & Kitsiou, 2015). The literature review provides a theoretical underpinning for the research and validates the investigation as one that has the potential of contributing to the body of existing knowledge (Pare et al., 2015; Saleh, Ratajeski, & Bertolet, 2014). The literature review supports the research methodologies, research questions, and the reasons for the proposed study (Santos & Da Silva, 2013).

The objective of this literature review was to present a comprehensive assessment of the challenges confronting leaders of the regulatory body, the CBN, in enforcing compliance of code

of corporate governance by the licensed banks in Nigeria. This review includes findings from recent literature and studies on the topic of Nigerian banks' compliance with the code of corporate governance. The articles in the review are scholarly peer-reviewed journal articles published within the last 5 years.

The search strategy included searching on databases such as Academic Source Premier, EBSCOhost, ProQuest, Emerald, Sage, and Business Source Premier for historical and current literature. The keywords used in the searches included *corporate governance, banking regulations, corporate governance strategies, effective board governance, strategic leadership in the banking industry, internal control, banks compliance with regulations, strategic risk, and the gap in the literature*. Journals reviewed included *International Journal of Business and Social Science, Journal of Business Diversity, International Journal of Research, Economic Insights Trends and Challenges, African Journal of Applied Research, and European Journal of Sustainable Development*. Other sources were *International Journal of Sustainable Agricultural Research, Public Policy, and Administration Research, International Journal of Gender and Entrepreneurship, The Qualitative Report, and Qualitative Market Research: An International Journal*.

### **Conceptual Framework**

In this qualitative study, theories guided in the formulation of the research questions, design, and method employed (Abutalib & Tavallaei, 2010). The theories or models of corporate governance revolve around the agency theory and the stewardship theory. The agency theory is relevant to this study, and it has broad applicability in the literature on corporate governance (Al-Tawil, 2016; Shehata, 2015). The theory explains the alignment of the relationship between



parties with different interests that arise when leaders establish adequate monitoring and a practical compensation system.

The agency theory also explains the relationship existing between the owners and providers of the finances used in the business and those given the custody to manage the running of the firm (Abutalib & Tavallaei, 2010). The theory allows for the assignment of power to the BOD and separation of ownership, and it identifies the factors that facilitate survival of the firm (Ottman & Rahman, 2011). Owners of organizations monitor the activities of the agents through established communication channels, audit reviews, and policy implementation that abides by the existing regulatory framework.

### **Agency Theory**

Several researchers have shown that studies on corporate governance used the agency theory to develop a framework of conflicts between managers and investors (Jensen & Meckling, 1976; Kapooria, Sharma, & Kaul, 2014; L'Huillier, 2014). Brandas (2013) evaluated agency theory as a constructive way of dealing with corporate governance in improving performance and financial standing of an organization. The agreement between the principal and the manager is contractual.

The principal in the accord contracts the manager to undertake some duties (Brandas, 2013). The officers carry out their responsibilities as the experts that have superior knowledge to the principal. A challenge in the principal and agency relationship is that of trust, the guarantee that the agent will always represent the interest of the principal (Kapooria et al., 2014).

The agency theory originated from Ross and Mitnick in 1972 (Mitnick, 2013). Ross was responsible for developing the commercial arm of the agency theory while Mitnick extended the

institutional aspect of the theory (Mitnick, 2013). The agency theory considered two viewpoints, positivist and principal-agent (Jensen & Meckling, 1976). The positivist view paid attention to identifying areas of possible conflict between the principal and the agent and then enacting the system of governance that would take care of the desires of all the parties.

The principal-agent view emphasizes issues that arise in the case wherein the overall objectives of the principal and the agent are at variance, and the principal does not have adequate information about the activities of the agency. The situation arises in cases where the two parties have a different disposition towards risk, and the agent is more disposed to taking higher risks than the principal takes. The theory relies on the assumption that the principal and agents will perform their contractual obligation to the benefit of shareholders (Kapooria et al., 2014).

### **Stewardship Theory**

Donaldson and Davis (1989) developed the stewardship theory. The theory is about the employment relationship between the head that serves as the owner of the business and the steward; the manager (Hiebl, 2015). In line with the theory, the manager will behave in a prosocial manner in the organization in the interest of the principal and the group (Hiebl, 2015).

The steward should maximize the firm's performance; increase sales growth, increase profitability, and reduce expenses (Waters, 2013). The relationship between the principal and the steward relies on a choice (Burghausen & Balmer, 2015). The option produces a positive correlation when both parties choose to behave as stewards and place the interest of the principal as a priority (Burghausen & Balmer, 2015; Neubert & Dyck, 2016).

The underlying assumption of promoters of the stewardship theory is the notion that the principal has a fiduciary responsibility and act as managers of the assets of the company

(L'Huillier, 2014). The method assumes that the managers seek to enhance the profitability of the organization. When explaining corporate governance under the stewardship theory, the underlying assumption is that managers would act in the groups' best interest to oversee corporate assets and would always pursue the maximization of shareholders' financial positions (Al-Tawil, 2016; Donaldson & Davis, 1991). The view gives rise to the belief that the self-interest of the manager is secondary to the corporate performance, and situations that facilitate effective action enhance such organizational performance (L'Huillier, 2014).

### **Literature Review**

As is typical with researchers involving the financial sector, most scientists adopt the use of the quantitative design to examine the relationship between the variables (Frankfort-Nachmias, Nachmias, & Dewaard, 2014). In particular, researchers consider the relationship between the critical corporate governance variables and their effect on the organizational performance (Jain & Nangia, 2014; Marilen & Ana-Cristina, 2013). Data collected are usually subjected to statistical analysis so that researchers can make inferences and generalizations (Faff, Gray, & Keng, 2016; Osemeke & Adegbite, 2016; Umanholen, 2015).

Very few researchers have used the qualitative method (Adewuyi & Olowookere, 2013; Shamsabadi, Min, & Chung, 2016; Wan Yusoff & Idris, 2012). Thomas and Rihab (2013) developed a theoretical framework for the qualitative study of corporate governance based on the outcome of the methodological discussions in the business and sociology literature and in comparison with the existing alternative research frameworks in the corporate governance literature. The identified methodological gaps revealed the difficulties in adopting the qualitative

approach to capture the complexities of the attributes of corporate governance and proffered some suggestions.

The qualitative research on corporate governance research should communicate the multiple meanings of corporate governance rules, techniques, and processes to facilitate a better discussion of the complexity of corporate governance practices (Thomas & Rihab, 2013). The study should also state the role of the researcher in the field and the interactions with the subjects because through those interactions the multiple meanings of practice can be detected by the investigator. Researchers are therefore gradually using the qualitative method of inquiry in studies involving corporate governance (Shamsabadi et al., 2016; Thomas & Rihab, 2013)

### **The Traditional Models of Corporate Governance**

Anglo-Saxon model (stockholder model) is widely practiced in the United Kingdom and the United States while the German model (stakeholder model) is widespread in Germany and continental Europe, along with Japan. The German model has similarities with some aspects of governance as practiced in some developing countries. Corporate governance refers to the procedures whereby the owners of capital of the firm ensure that structures are in place that will provide a realistic return on the invested capital (Chhillar & Lellapalli, 2015). Corporate governance is the system of procedures, regulations, conduct, and control and the techniques used for performing various operations in the organization (Mubaraq & Haji, 2014).

Corporate governance codes take care of the interest of all stakeholders and ensure that there is a useful feedback mechanism to the investors. Different countries have enforced their micro- and macroeconomic policies towards the adoption of the various models of corporate governance that were suitable for their countries. Chhillar and Lellapalli (2015) further noted that

the emerging economies (the BRIC nations of Brazil, Russia, India, and China) differ from the developed countries in many dimensions. Areas of difference include (a) relation versus rule-based governance, (b) ownership structures, (c) institutional development, and (d) enforcement of laws and regulations (Al-Tawil, 2016; Iftekhhar & Ru, 2013).

### **The Anglo-Saxon Governance Model**

The Anglo-Saxon type is the stockholder or capital model. The model is the market-based model of governance that professionals practice in the United States and the United Kingdom (Chhillar & Lellapalli, 2015). In these countries, the practice of democracy and capitalism are prevalent, and private ownership in the business is allowable. Under this model, the governance mechanism of the firm is to maximize shareholder wealth. The shareholders' group constitutes a central role in this system because they are the owners of the corporations, as they have invested funds in the organizations and therefore have a right to control the firms.

The organization appoints a BOD to manage the company efficiently and avoid absurdity. The shareholders externally (Chhillar & Lellapalli, 2015) monitor the BOD. The BOD delegates the routine daily management of the organization to managers and closely monitors and evaluates their performance. In such a model, the control system is internal to the organization and is heavily dependent on the BOD.

### **The German-Japanese Governance Model or Stakeholder Model**

The German-Japanese governance model or stakeholder model is widespread in Germany and the whole of Europe and Japan (Shamsabadi et al., 2016). The German model is not only concerned with the maximization of wealth to the shareholders but is also concerned about the benefits that the society gets from the businesses that operate in the state. The business managers

bear in mind the benefits that will accrue to the different constituents including the employees, the supply chain, and the society.

In this prototype, a large percentage of the shareholding is with large institutions such as the public companies, banks, and other financial institution. These businesses are not likely to experience hostile takeovers unlike the corporations in the market-based governance systems. The system of governance characterizes the model wherein there are two distinct components of the board, namely, the supervisory board and the governing council, without any clash between the members of these boards.

### **Board Structure and Composition**

The BOD occupies a pivotal role in the governance mechanism. In the Anglo-Saxon model, the primary duty of BOD is to monitor, ensure that the agency cost is minimal, and mitigate the occurrence of any conflict of interest (Bughin, Finet, & Monaco, 2013). In the Germany-Japan model, the large percentages of debtors are under the management of a group of directors that carry out other separate functions from the large shareholders (Chhillar & Lellapalli, 2015). In this model, the members of staff are also part of the boards, unlike the Anglo-Saxon model.

Most German firms are manager-owned or owner-managed culminating in the joint performance of the dual roles of ownership and control (Chhillar & Lellapalli, 2015). The Anglo-Saxon model of governance has diffused ownership, which leads to weak oversight by the stockholders (Chhillar & Lellapalli, 2015). Dispersed ownership structures give rise to more agency problems because of lack of incentives to monitor the firm by the dispersed shareholding.

In the German Model, shareholders exert an active control. Ownership concentration is more significant in the Japanese companies with financial institutions holding large blocks of shares than in the Anglo-Saxon model. Hence, the “stakeholder model” of corporate governance in Japan depends primarily on the direct monitoring resulting from the real ownership structure (Oba, Tigrel, & Sener, 2014).

### **Governance in Emerging Economies**

In the case of the emerging economies, Oba et al. (2014) observed that most organizations had concentrated ownership, pyramidal structures, as well as less-developed capital markets. In the context of emerging economies, with a particular reference to the Turkish-listed firms, Oba et al. (2014) noted that businesses have smaller boards with non-executive members and occasional CEO duality. Authors are of the view that the companies in the developing countries do not want to incur the cost of complying with sound governance structures because of the underdevelopment of the financial markets and laws protecting the investors.

### **Corporate Governance and Agency Theory**

Corporate governance (CG) consists of regulations and procedures that ensure efficient management of the organization (Garanina & Kaikowa, 2016). The control of the financial institutions as it relates to the banking sector in economic development has been under-researched in previous studies (Garanina & Kaikowa, 2016; Michael & Goo, 2015). Compliance with the code of corporate governance in banks is very crucial (Michael and Goo, 2015).

The reasons include: (a) banks have an overwhelming dominance in the financial systems of any nation, (b) banks provide finances to the majority of firms in a country, and (c) banks

serve as depository agents to developing countries in savings as well as payment. Corporate governance is the aggregation of procedures that support and direct an organization in a way that ensures that the organization meets the organizational goals and objectives of the business (Al Mamun, Yasser, & Rahman, 2013). CG education is the training provided to leaders to demonstrate integrity, competency, and professional accountability (Zuchweiller et al., 2016).

The issue of leadership in organizations constitutes a significant consideration among banking institutions. The identified characteristics of the multi-specialty leadership practice structure are (a) customer-focused organizational design, (b) a general structure of command, (c) fair and equitable leadership, and (d) development of a team approach to work (Swensen, Gorringer, Caviness, & Peters, 2016). All leaders, formal and informal, at all levels in an organization, require leadership training to be committed to the same mission and performing towards achieving a common organizational goal (Swensen et al., 2016). The practice structure of multi-specialty leadership compares favorably with the transformational leadership and servant leadership (Swensen et al., 2016).

While servant leadership is a concern with community-building behaviors of listening, empathy, awareness, and stewardship, transformational leadership is concerned with a shared goal of holding and influencing members in achieving the mission and vision of the organization. Organizational leadership depends on the context in which it exists (Haddon, Loughlin, & McNally, 2015). An agnatic or authentic leadership style is preferred in the presence of crisis and threats to coordinate the effort in one leadership direction (Haddon et al., 2015). Some of the guidance required during the period of crisis are assertiveness, firmness, analytic ability, taking responsibility, and delegation of power (Haddon et al., 2015).



## **Corporate Financial Leaders and Banking Business**

When leaders of banks take ownership and comply with corporate governance, the bank would be efficient (Bokpin, 2013). Corporate governance of a bank and the level of the compliance by managers ensure cost efficiency and profitability of the Bank (Al-Tawil, 2016; Bokpin, 2013). The intangible resources are significant in the management and functioning of the bank (Chen, Danbolt, & Holland, 2014). Such intangibles are the intellectual capital (IC), the employees, the assets, and the relational capital (RC).

In the views of Pande and Ansari (2014), the sole aim of corporate governance is to guarantee that the directors carry out the roles efficiently. GC ensures the protection of the stockholders' right, promotes transparency and full disclosure, enables sound performance by the board, and provides a useful regulatory framework. Corporate governance has a positive correlation with corporate social responsibility because it gives guidelines on how the BOD and management can use the company's assets to increase returns on shareholders' wealth and the external stakeholders' interest (Adewale et al., 2014).

Among the Islamic nations, Bukair and Rahman (2015) observed that corporate governance of a bank hinges on two models in Islamic banking. The first model is the principle of Shura where the stakeholders are to participate in achieving the company's objectives. The second model is the principle of equal right where all the parties concerned have the right and the interest to take part in the management of the bank (Bukair& Rahman, 2015). An organizational leader uses corporate governance mechanism during the time of transition when addressing principal-agent relationship and decision-making and during the period of evolving from start-up

to business maturity stage in the business lifecycle (Al-Tawil, 2016; Orazalin, Mahmood, & Lee, 2016).

### **The Banking Industry in Nigeria**

Banking regulation is the act of monitoring, controlling, and supervising the banking activities to ensure compliance (Ajibo, 2015). The CBN serves as the regulator for commercial banks, merchant banks, and microfinance banks (Ajibo, 2015). The Nigerian law stipulates that CBN ensure that banks comply with the rules and guidelines to prevent the banks from failure and to promote public confidence in the banks.

Some of the mechanism the CBN uses in regulating banks in Nigeria include the credit and other guidelines monetary circulars issued by the CBN to banks, rules, and regulations published by the banks, and standards of professional ethics for bankers (Ajibo, 2015). As stated by Adegbite (2012), the business of banking commenced in 1892 in Nigeria with the founding of the African Banking Corporation. The bank later transformed into the First Bank of Nigeria. Nigerians use some identified key factors in ranking the health of banks.

These include (a) financial stability, (b) availability of functional ATMs, (c) professionalism exhibited by the staff of the bank, (d) referrals from the customers (e) closeness of banks branches to market, and (f) control mechanism put in place by the bank (Nkamnebe, Ukenna, Anoinwu, & Chiduike, 2014). Otusanya (2014) showed that factors such as globalization, antecedents, the state of affairs, and social network are issues that shape the attitudes of customers to a bank. The directors do not appear to want to enforce their oversight functions and comply strictly with the requirements of the code (Afolabi & Dare, 2015).

In some cases, some external auditors of banks often cover up some improper actions, similar to the Anderson accounting scandal of 1993 with Enron in the USA (Zuckweiler et al., 2016). For example, some auditors of some of the liquidated banks connived with the leaders of the banks and published accounts that did not reveal the enormous bad loans in the bank (Afolabi & Dare, 2015). The result is an increased level of irrecoverable and sticky risk assets, erosion of the shareholders' funds, weak capital adequacy ratios, and the inaccessibility to the depositors' funds in the banks leading to severe hardship on businesses and individual savers. Given that, Umanholen (2015) observed that many banks currently carry a huge portfolio of bad loans that have significantly eroded the shareholders' funds.

Studies have shown that Nigeria has the necessary framework to ensure a healthy banking industry, but inappropriate behavior and connivance between the staff of the regulatory agencies and directors of the banks frustrate full compliance with the codes of corporate governance (Ajibo, 2015; Afolabi & Dare, 2015; Jakada & Inusa, 2014). Umanholen (2015) confirmed that poor management culture and supervisory laxities were primarily responsible for the Nigerian banking crisis. Studies have revealed that the problems in the Nigerian banking sector are as the result of the fact that some banks do not fully comply with the code of corporate governance (Afolabi & Dare, 2015; Ikpefan & Ojeka, 2013; Starbuck, 2014).

Researchers need to conduct more work to understand the activities and the challenges encountered by the regulators in enforcing compliance with the code (Onakoya et al., 2014). The identified gap in this study, therefore, revolved around the regulators and the examination process. In reviewing the problems encountered by the regulators, it was necessary to appraise the sequential flow of the operations with the intention of having a deeper insight into the

examination processes. Also essential was the examination of the required documentation, timeliness of submission by the banks, and the adequacy of the monitoring exercise by the regulators (Ravitch & Riggan, 2012).

### **The Banking Industry and Governance in Ghana**

The financial system in Ghana consists of deposit money banks (DMBs) and rural and community banks. The DMBs focus on formal sectors of the urban area of Ghana and the rural and community banks focus on the rural communities in Ghana (Apanga, Appiah, & Arthur, 2016). The BOD of banks in Ghana is involved in defining acceptable types of loans and the maturity dates of the different kinds of credit facilities (Apanga et al., 2016).

The high default rate of loan repayment necessitated the need for the BOD's active involvement in defining the acceptable types of loans. During election years and the subsequent years in Ghana, non-performing loans are on the increase due to the political instability of new government (Kuranchie-Pong, Bokpin, & Andoh, 2016). The factors responsible for customer's selection and loyalty to a bank in Ghana are (a) satisfaction with bank's service, (b) image of the bank, (c) availability of electronic bank services, and (d) perceived service quality of the bank (Narteh, 2013).

### **The Banking Industry and Governance in Kenya**

The relationship between directors' remuneration and performance in Kenya's banks drew the attention of Narwal and Pathneja (2016). The higher the salary of the director the more the responsibility vested in the director (Katwalo & Muhanji, 2014; Narwal & Pathneja, 2016). Foreign banks' executives have a higher motivation than domestic banks' staff in Kenya (Narwal & Pathneja, 2016). From 1986 to 1998, 37 banking institutions ceased to be in business in Kenya

as a result of lack of growth and inability to meet the demand of the customers as at when due (Nyamongo & Temesgen, 2013).

The categorization of the banks in Kenya is as follows: large size banks have a shareholding of Ksh 15.0 billion and above, medium-sized banks have Ksh 5.0billion, and above, and small size banks have share capitalization of Ksh 5.0 billion and below. The organizational structures include the BOD, (b) independent directors, and (c) CEO duality (Nyamongo & Temesgen, 2013). The authors concluded that Kenya's banks rely on information and communication technology to be profitable and sustainable.

### **Banking Industry and Governance in China**

Chinese banks are either government banks or private-sector banks. State banks have a problem abiding by sound corporate governance and risk-management practices than the private sector banks. China has a system of governance that is weak which makes controlling the stockholders exigent. The licensing of new foreign banks, however, has resulted in keen competition and the adoption of sound corporate governance practices by the domestic banks (Ifekhar & Ru, 2013).

### **Banking Industry and Governance in Jordan**

Jordanian banks had made conscious efforts over several years to comply with the concept of corporate governance. The reason is that the banks in Jordan believe that embracing good corporate governance enables banks to attract increased shareholder equity participation in banks (Al-Saeed, 2014). It also helps to attract foreign investors to the banks.

## **Banking Industry and Governance in India**

India has a population of over one billion people and is the second largest populated country in the world (Aggarwal, 2010). The economic rejuvenation commenced in 1991; it had led to rapid development of communication and physical infrastructure. The exponential growth of Internet-based technology that allowed organizations to connect effectively with each other and the world have resulted in a reduction in transaction cost and high visibility in the global market. In the banking sector, banks in India are either government-owned banks; banks owned by old and established private concerns, or relatively new private owners (Jain & Nahgla, 2014).

After the 2007 global economic crisis that adversely affected the financial sector, the focus had been on the disclosure levels of the banks. Business suffered during the period because a significant proportion of business activities in India patronize these banks. The entrance of newly established private sector banks most of which are from diverse areas of the economy brought in much professionalism that has led to competition resulting in a higher level of disclosures and sound corporate governance practices.

## **The Banking Industry in France, Canada, Italy, Spain and the United Kingdom**

The economic development of nations depends on the sound corporate governance practices imbibed by these nations (De Andres & Valle, 2008). Ensuring that banks absorb the culture of proper management operation has helped in the economic evolution of financial intermediaries, businesses, and the economy in general (De Andres & Valle, 2008). The presence of a large board size made up of a select number of independent and executive directors have helped in monitoring, advising and improving governance in the banks in these nations that have led to increased returns (Bughin et al., 2013).

## **Islamic Banking and Corporate Governance**

Significant growth of Islamic banks occurred in the world financial markets since the 70s. Islamic banking is a radical departure from the conventional banking (Yongqiang, Armstrong, & Clarke, 2014). It embodies a different principle of equity participation, risk and profit sharing (Yongqianget al., 2014). The banks do not charge interest income or fixed returns on loans granted, but the bank shares in the benefits that accrue from the use of the banks' funds, and depositors share in the profit earned at an agreed predetermined ratio.

The Islamic banking leaders imbibe the dictates of the Koran. The borrowers who obtain credit facilities are only Moslems who practice Islam and follow the Islamic injunction. Depositors entrepreneurs, and business owners have a direct financial stake in the banks. They act as partners with the banks.

The banks practice corporate governance according to the specifications of the Koran that specifies the duties of all parties in the transaction. Most Islamic banks have a propensity for a relatively higher financial position than the competition (Yongqiang et al., 2014). The situation occurs where there are (a) a significant percentage of independent directors, (b) Shariah supervisory board that has a sizeable number of top scholars, (c) reasonably high number of executive bank directors, (d) where the chairman doubles as the CEO, (e) ownership structure is diverse, and (f) managers' shareholding is insignificant.

## **Profile of Nigerian Economy and the Banking Industry**

Nigeria is one of the large countries in Africa and a vast market for goods and services (Adegbite, 2012). Nigeria with a total landmass of 910770 km<sup>2</sup>, the size of the state of California, consists of 36 states and a federal capital territory in Abuja. The country has a

population of more than 140 million as at 2006 census figures. According to the data released by the National Population of Nigeria in 2015, from the hindsight of previous poll trend suggests an annual growth rate of 3.5%. When projected over the 2006 population figures the estimated population is about 180million as of 2015.

As at September 2016, the number of banks operating in the country was 26. These include 21 commercial banks; four merchant banks and one Islamic bank (CBN Report, 2015). In the Nigerian banking sector, a few large banks dominate the financial industry. The six large banks have over seventy percent of the total deposit (CBN Report, 2015) of the banking sector. They have an extensive branch network that spans throughout the hinterland of the country.

In addition to these banks, 949 licensed microfinance banks are operating in the country as at 31 July 2015 (CBN Report, 2015). The list of commercial banks presently working in the country as at 31<sup>st</sup>December 2016 included; First Bank of Nigeria Plc, United Bank for Africa Plc, Union Bank of Nigeria, Plc, Guaranty Trust Bank Plc, and Zenith Bank Plc. Others include Access Bank Plc, Diamond Bank Plc, Wema Bank Plc, Unity Bank Plc, Ecobank International, Skye Bank Plc. Also on the list are Citi Bank, Standard Chartered Bank, Stanbic-IBTC Bank Plc, Fidelity Bank Plc, First City Merchant Bank, Keystone Bank, Heritage Bank, Sterling Bank, Suntrust Bank, and Providus Bank.

The four merchant banks are First Bank Merchant Bank, FSDH Merchant Bank, Coronation Merchant Bank and Rand Merchant Bank. Jaiz bank is the only Islamic Bank operating in the country. Umanholen (2015) observed that the total number of banks and discount houses in the country was 87 in 2009 implying that a significant number of the banks have undergone liquidation or mergers in the past.



An evaluation of the interconnection between exchange rate and the price of crude oil from 1997 to 2012 revealed that the gross oil export in Nigeria accounts for 80% of government revenue (Babatunde, 2015). The high dependability of crude oil export makes Nigeria economy susceptible to the movement in the exchange rate (Babatunde, 2015). The Nigerian government and private industry leaders fail to use the benchmarking tool to analyze strategies, functions, processes, products or services, and performance of the major economic indicators in Nigeria (Adewunmi, Koleoso, & Omirin, 2016).

The use of benchmarking tools assist government and leaders of industry measure outstanding contemporaries and anomalies to achieve improved performance in the leadership role (Adewunmi et al., 2016). Ogunyemi and Laguda (2016) identified gap of unethical behavior in the government bodies and industries in the form of employers refusing to lead adequately and the dishonesty of employees. Multinational corporations in Nigeria (MNCs) dominate the vital sectors in Nigeria economics such as manufacturing construction, petrochemicals, and telecommunication (Ogunyemi & Laguda, 2016).

### **The History of Banks in Nigeria**

The commencement of proper banking activities in Nigeria commenced in 1892 with the creation of the first Nigerian bank; the African Banking Corporation. The second Nigerian bank was the First Bank of Nigeria (formerly Bank of British West Africa) incorporated in 1894 (Osemeke & Adegbite, 2016). The banking business then mainly took care of the concerns of the British agencies in charge of shipping and the trade activities in Nigeria (Osemeke & Adegbite, 2016). In 1952, five new banks began to operate legally in the country.

The banks were the Bank of British West Africa, Barclay Bank and French Bank (foreign banks), and two local banks namely National Bank of Nigeria and the African Continental Bank (Adegbite, 2012). The local banks served the needs of the Nigerian. More banks emerged to meet the increasing demand of the populace. The growing demands for banks resulted in the incorporation of the African Continental Bank (ACB), the Industrial Bank, the commercial banks, and Agbonmagbe (now Wema) Bank.

The Mercantile Bank was created in 1931 and the Nigerian Farmers and Commercial Bank in 1947. Most of these banks folded up soon. As noted by Adegbite (2012), uncoordinated practices and poor rendition of reports were responsible for the failure of these banks. The Banking Act of 1952 regulated the industry and ensured orderliness in commercial banking activities in the country (Jakada & Inusa, 2014). The period spanning 1892 to 1952 was the era of free banking in Nigeria because of the absence of sustainable banking legislation. In 1959, the CBN, the regulatory agency, came into being.

Between 1959 and 1989, the deregulation of the economy occurred because of the structural adjustment program in the country. There was an increase in the creation of many banking institutions and other deposit-taking agencies. Such institutions were the People's Bank, Federal Mortgage Bank, finance houses, and discount houses.

The federal government created the People Bank and Mortgage Bank to take care of the mortgage needs of the people. In 1988, the rise in banking activities in the country led to the emergence of the Nigerian Deposit Insurance Corporation, (NDIC), to assist the CBN to carry out some supervisory reforms. Specifically, the NDIC ensures safe banking service nationwide,

carry out insurance on the banks' deposits, and support in the general supervisory role of the CBN.

### **The Role of the Central Bank of Nigeria**

The CBN Handbook of 2013 revealed that the task performed by the CBN is diverse to ensure financial stability in the Nigerian economy.

**Management of foreign reserves:** The CBN keeps all records of inflows from foreign exchange receipts into the country in the foreign currency reserves account. Inflows from all exports mainly crude oils sale and outflows for payments for goods and services are in the custody of the CBN. The US Dollars is the official currency.

**Banker to the federal government:** The CBN also manages the local accounts with commercial banks in the country. Management and reconciliation issues do arise; therefore, in 2015 with the introduction of the Single Treasury Account (STA), all monetary collections by the government by way of taxes and other inflows to the government are paid directly to the CBN which makes management and accountability less strenuous.

**Banker to licensed banks in the country:** Licensed commercial banks in the nation must maintain a specified amount of their liquid assets with the CBN, which represents the Cash Reserve Ratio (CRR). The CRR is currently 20% implying that commercial banks keep 20% of the cash with the CBN for safekeeping (CBN Monetary Circular, 2013). The CBN moves the CRR up or down in line with the dictates of the economy.

**Overseeing the financial sector:** The role is that of a regulatory agency for all the bodies offering financial services in the country. The CBN supervises the banking institutions and carries out routine examination from time to time to determine the health of the banks.

**Control of money supply in the country:** The CBN applies the use of Treasury bills, Treasury certificates, and bonds to maintain an adequate amount of money in the economy. Too much money leads to inflation where too much money will be chasing fewer goods. In that situation, the CBN issues treasury bills at a competitive interest rate to mop up excess funds in the economy. When the supply of money is small, the government buys back treasury bills and certificates from the holders, thus releasing funds into the economy.

**Determining the prevailing interest rates:** The CBN uses the prevailing market situation to fix the benchmark for the borrowing, and the lending rate, which is called the monetary policy rate (MPR). The MPR is the commercial banks' avenue to come up with the coupon rate regime for their respective banks. Accordingly, the rate varies from bank to bank depending on their sources of cheap funds.

**Economic growth and development:** The financial sector controls every aspect of the economy. The CBN monitors all monetary exchanges of the commercial banks through the review of the daily reports sent to the CBN. The recent introduction of the Bank verification number in 2015 has enhanced this function. Each customer of the bank, corporate, institutional, and individual carries a unique identification that the banks use to compile the aggregate transactions with all the banks by noting the number of operations in each bank.

### **The Code of Corporate Governance for Banks and Other Financial Institutions in Nigeria**

Given the large volume of the document, a synthesis of the provisions contained is critical to the understanding of this study. In introducing the regulations, the regulatory body explained that corporate governance deals with all steps necessary to ensure compliant operations at all the commercial banks across the country (CBN, 2014). The Central Bank also

developed the code for the promotion of an efficient and transparent system of banking.

Compliance with the code improves the reporting standards of all banks.

The CBN would also ensure role allocation objectively and competently. The regulatory body considered the concerns of all the stakeholders by making sure that the institutions adhere to the acceptable ethics and best global standards. The code explicitly shows the duties of the board of trustees and management of the banks. Individually and collectively, the directors of the banks are accountable for the overall performance of the banks.

The Companies and Allied Matters Act (CAMA) 1990 contains provisions that the directors of the bank should act in ways that will take care of all the employees of the bank and other constituencies related to the bank (CBN, 2014). The board size should be between 5 and 20 consisting predominantly of non-executive directors. Executive directors should be fewer in number. The position of the board chair and the managing director should be separate implying that one person cannot be in the two positions at the same time.

The provisions include mandating the banks to have board committees to evaluate all risks and other activities in the banks. There should also be a board governance and nomination committee. The banks should undertake annual reviews to assess the constitution of the structure of the board and the board committees. Furthermore, an independent consultant should be available to ensure the conduct of these responsibilities.

Bank shareholders would have the right to request for pertinent information from the bank they deem necessary, not only at the annual general meetings but also whenever they require such information. Licensed commercial banks are to have websites where they can

regularly communicate with the shareholders. Equity ownership in the banks should be a maximum of 5% by any investor and by the government a high of 10%.

Rights of other stakeholders are a necessity so that the parties concerned can inform the CBN when they notice any shortcoming within the bank in line with provisions in Section 3.4 of the whistleblowing instructions. Banks must exhibit good corporate citizenship by taking care of all the concerns of the stakeholders including the public at large. Transparency disclosures constitute a critical set of requirements within the code.

Banks are to make robust disclosures about all activities including the governance structure, risk assets quality and any other significant risks. The internal auditors and Chief Inspector of the banks should scrutinize the books of the banks and report directly to the board. External auditors to audit the books of the institutions with all sense of responsibility and should be blacklisted if found to have compromised the ethics of the profession.

In instances of dissatisfaction, a whistleblowing provision stipulates that employees and other stakeholders of the bank must be aware of their roles under the whistleblowing policy. The policy encourages all interested parties to inform the CBN of any observed unethical behavior by the bank. A risk management policy framework exists that specifies policies, procedures, and processes by the board. All risks must undergo proper analysis to eliminate adverse consequences on the banks.

Furthermore, ethics and professionalism must circumscribe all banking activities in which case banks should duly regard and consider the reasonable expectations of their stakeholders. Provisions for handling disagreements are in CBN's conflict of interest mandates. Banks must adopt policies that would help in the resolution of conflict by the board and

executive directors. CBN cautions all banks of applicable sanctions and reiterates that it is mandatory for all banks and other financial nonbanking agencies to comply with the code.

The banks are to render returns on compliance levels to the CBN monthly or as the CBN directs from time to time. The failure to abide by the stipulations of the code will lead to penalties as contained in Section 60 of Banks and Other Financial Institution Act (BOFIA 1991), or as may be legally applicable in other legislation in the country. The law took effect on October 1, 2014 (CBN, 2014).

Section 60 of the Banks and Other Financial Institutions Act (BOFIA), stipulates that defaulters upon conviction would be subject to a daily fine of N5000 subject to the discretion of the CBN governor. The BOFIA further noted that not complying with the guidelines or other requirements as stipulated by the CBN, or continued refusal to render returns in the prescribed format may lead to the revocation of the banking license. After an in-depth review of the penalties imposed by the banks for the violation of the stipulated governance structure for Nigerian banks, Umanholen (2015) recommended stiffer penalties for erring banks.

### **Banking Reforms in Nigeria**

The reformation in the banking sector of Nigeria came about because of the imminent crisis and subsequent failures in the period between 2005 and 2006 (Ikpefan & Ojeka, 2013). As at then the banking sector, like other areas of the economy has no standardization in the way the management of the banks conduct businesses (Jakada & Inusa, 2014). The regulators, therefore, always kept watchful eyes on the banks.

Bank failure occurs because of the inability of the bank to perform its primary role of paying depositors or meeting the demands of the other creditors (Umanholen, 2015). More

specifically, bank failure occurs when the bank cannot honor its liabilities, and the asset value continues to depreciate (Adegbite, 2012). During that period, the bank will be unable to settle the demands of depositors because the liquid assets may have suffered impairment (Umanholen, 2015).

In line with the dictates of Basle 2, a bank is distressed when shareholders' equity erodes and dwindles well below the prescribed minimum. Bank failures are of concern to the economy because of the role played by banks in the society as suppliers and keepers of funds for business activities (Osemeke & Adegbite, 2016). The failure of a bank may have an immediate effect on other banks and quickly spread throughout the economy.

Such failure could affect other safe and solvent banks because there could be a run on other banks. Furthermore, depositors will become apprehensive and withdraw their funds from these other banks (Afolabi & Dare, 2015). The regulation and control of the banking institutions are therefore of utmost importance.

The banking sector is of utmost importance to any modern economy because it is the depository of deposits and the supplier of loans for the economic development of the nation (Adewuyi, Koleoso, & Omirin, 2016). Bank failure is attributable to the improper management of the general economy, enactment of unfavorable policies, and the inability to proactively curtail the problems (Umanholen, 2015). The stringent regulation by government and other agencies for the banking sector sometimes serve as the deterrent to the operation and performance of banks (Bokpin, 2013).

The early warning signs of crisis in the banks commence with the incapability of the bank to meet the demands of its depositors and other stakeholders due to the absence of



transparency and accountability. Between 1999 and 2003, 36 banks closed down because of insolvency (Umanholen, 2015), four in 1985, 26 in 1998, and three in 2000. In 2002 and 2003, one bank collapsed while the NDIC took over three banks in 2011 (Adegbite, 2012; Afolabi & Dare, 2015; Umanholen, 2015). Hence, in Nigeria, the deepening of the financial sector is necessary to position the country for economic growth in line with internationally acceptable standards.

The reforms also took cognizance of issues relating to governance, management of risks, observed inefficiencies in banking operations and recapitalization so that the banking system could be viable. The reforms led to diversification, stability, and a secure banking sector that guarantees the safety of depositors' funds (Umanholen, 2015). The introduction of the new governance structure in 2006 helped to curb the spate of incessant bank distress. As noted in the reforms, there was the absolute need for the retention of public confidence in the banking sector given the role in funds mobilization, allocation of credit and the reformation of the monetary policy in the country (Jakada & Inusa, 2014).

The powers of the creation of the Nigerian corporate governance system rest in the CBN, which is a governing institution for corporate supervision and control of licensed banks. In 2006, the CBN carried out the consolidation of the banking sector. The industry witnessed tremendous growth post-consolidation then (Onakoya et al., 2014). Before that time, there were about 87 banks and discount houses. In 2009, the CBN tightened the code of corporate governance because of the lack of sufficient ethics in the sector, incompetent board and management, and capital inadequacy. The issue of poor financial standing, dodgy transactions, high volume of non-performing loans, and overriding public interest further aggravated the situation.

As a result, the regulators removed eight CEOs of banks, and their respective banks and sanctioned their respective banks. The above is contrary to theoretical analysis that suggests that the root of financial instability and bank failure revolves around changes in the structure of the economy, societal uncertainties, regulatory misalignments, unfavorable macroeconomic policies and the bank's internal perplexity (Umanholen, 2015). The country has witnessed series of bank failures; the last 2007 global economic meltdown led to further deterioration of the sector leading to more mergers and acquisitions in the industry.

### **Overview of Nigerian Banks**

The responsibility of the CBN includes serving as a regulator of banking and financial institutions (Gadi, Emesuanwu, & Shammah, 2015). The role of the CBN as the bank regulator in Nigeria began in 1959. The first sets of banks in Nigeria were First Bank, Union Bank, and the United Bank of Africa (Ajibo, 2015). From 1985 to 1992, 120 banks came into existence together with other regulatory organizations such as Nigeria Deposit Insurance Corporation (NDIC) and the Financial Services Coordinating Committee (Ajibo, 2015).

Otusanya (2014) observed that 21 banks got distressed in Nigeria from 1990 to 2000 because of the CBN's new regulation of increasing the capital base. Other reasons that accounted for bank failure in Nigeria were insider abuses, fraud, and embezzlement (Otusanya, 2014). In 2004, the CBN enacted a policy that increased the authorized share capital of banks from N2 billion to N25 billion naira (Hassan, Mansour, Eljelly, & Otusanya, 2014).

## **Challenges of Nigerian Banks**

### **Corporate Governance and Banking Reforms in Nigeria**

The financial sector plays a significant function in the economic advancement of any nation, and this prompted the regulators to put in place regulations that will ensure the supervision of the commerce, prevent vulnerable actions and reduce precariousness in the banking sector (Ramady, 2015). There is a need to provide a perfect application of systems of governance and mechanism that are essential to business (Marilen & Ana-Cristina, 2013). The leaders of corporations, therefore, should not treat corporate governance with levity but as a means by which the organizational leaders can manage their organizations in line with laid down-regulation by instituting a healthy corporate culture (Marilen & Ana-Cristina, 2013).

Corporate governance is a tool for controlling the manager's actions and ensuring that he is accountable for the organization (Achchuthan & Kajanathan, 2013). In the last years, the awareness of the role played by corporate governance in institutions has drastically improved (Marilen & Ana-Cristina, 2013). The Organization for Economic Co-operation and Development steering group on corporate governance postulated that weak management is the principal cause of financial catastrophe (Kale, Eken, & Selimler, 2015).

The attributes of corporate governance tested include; the size and independence of the organization, ownership, management, number of directors' audit and banking strategies adopted by the banks (Stefanescu, 2014). The findings revealed a favorable correlation between the performance of the banks and the entrenchment of standard corporate governance practices (Stefanescu, 2014). The committee noted that the inability of the board of banks to establish

processes that would facilitate the full adoption of the details of corporate governance led to the attendant calamity in some banks (Kale et al., 2015).

Ensuring the regulation of the banking and financial sectors is a significant problem for regulatory authorities (Kale et al., 2015). Advocacy is necessary for a vibrant regulatory environment, straightforward legislation, and enhanced control mechanism for the central bank to exterminate the problems produced by the inefficiencies in the marketplace (Elkelish & Tucker, 2016). Substandard financial markets result in agency problems, and unethical practices in banks (Elkelish & Tucker, 2016). There is a need for the involvement of government in formulating policies that would guide the financial sector and forestall the occurrence of unfavorable market distortions (Elkelish & Tucker, 2016).

Unprofessionalism in the marketplace has led to an upsurge in the rate of fraud globally. Forensic accounting emerged for the amelioration of the problems (Okunbor & Arowoshegbe, 2013). KPMAG (2008) reported that inappropriate behavior by banks and other financial institutions cost business organizations in the USA amount more than \$400b every year. The implication is that the groups lost about six percent of the total income due to fraud and other inappropriate behaviors the employees perpetuate. In Nigeria, the situation is also severe.

### **Corporate Governance in the Banking Industry**

Ownership of microfinance banks (MFBs) aligns with the separation of shareholder-owned organization and a non-profit organization (Bakker, Schaveline, & Nijhof, 2014). From the dataset gathered from 200 non-governmental and 54 countries, Bakker et al. (2014) concluded that the type of ownership of a microfinance bank does not influence the performance of the institution. Giannakakos (2014) investigated the comparison between economic

characteristics and corporate governance concerning the corporate social responsibility (CSR) of a country. The results indicated that while the company's size, the commitment of board to corporate social responsibility, and the profit level of the firm have a positive relationship, and the financial advantage have a negative correlation as it relates to the CSR disclosure (Giannarakis, 2014).

### **The Implication of Leadership**

Corporate Governance is an insider system within leadership whereby investors that have connections with the firm could influence the decision of management (Krenn, 2016). The insiders' information could result in an unstable and underdeveloped capital market (Krenn, 2016). Organizational wrongdoing results in rogue managers and leaders, which leads to corporate collapse (Al-Tawil, 2016; Solas, 2016). The effect of having rogue leaders in an organization is bad followership. The followers who obey the orders of leaders tend to execute the order the leaders suggest in view to comply with authority (Inayatullah & Milojevic, 2016; Solas, 2016).

### **Corporate Governance and Financial Performance**

Corporate Governance could improve the organizational performance, enhance the efficiency of management, enhance asset allocation, improve labor practices, and promote the image of the organization (Outa & Waweru, 2016). Corporate Governance could also help in managing the agency issues between the managers and owners of the business thereby improving the value of the firm (Kowalewski, 2016). Corporate Governance ensures that the boards of directors carry out their duties efficiently (Nwagbara & Ugworji, 2015).

The concept allows for the protection of the shareholders' right, supports disclosure and transparency, and provides the regulatory framework for the proper functioning of the board. The laid down code of corporate governance contributes to resolving agency problems in banks. Therefore, researchers are of the view that governance structure of organizations should hold the leaders accountable so that they maintain the objectives for accountability (Naziliatul, SitiNrzam, & Norlida, 2015).

When firms adopt CG, they imbibe good financial practices inline with international standards (Ogbechie, 2011). Some of these practices include full disclosure of the annual report and report on policies and remuneration for board and senior management. Others include reports on the ten primaryshareholders and directors with loans from the organization (Outa & Waweru, 2016).

Corporate Governance deals with conflicts of interest of the different interest of stakeholders and suggests means to prevent corporate misconduct (Madanoglu & Karadag, 2016). A different view on CG is that institutional differences, inability to measure performance in a cross-cultural organization and the cross-cultural nature of most organizations have made leadership practices difficult in globalization (Hassan & Halbouni, 2013). A convergence of these viewpoints would depend on the changing factors among agencies and stakeholders.

### **Overview of the Code of Corporate Governance Regulating Nigerian Banks**

The imperative for Nigeria to embrace global best practices necessitated the enactment of the Code of Corporate Governance and the Code of Corporate Affairs Commission in 2006 (Adewuyi et al., 2013). The reasons for the creation of the new governance structure were (a) to study the change in governance, (b) to classify bad and good governance, (c) to compare the

performance of calamitous and good governance, (d) to compute the aggregate management change index for companies in Nigeria. Another reason is to compare the performance between firms that adhered to the code of corporate governance with businesses those that violated the change to the system of corporate governance (Al-Tawil, 2016; Bello, 2016).

The administrative and management method of corporate leaders in Nigeria resulted in problems of poor corporate governance in organizations predominantly in banks (Jakada & Inusa, 2014). Corporate governance is the process whereby investors receive adequate compensation for their investment through ensuring efficient management of businesses (Onakoya et al., 2014). The onslaught of problems in the Nigerian banking industry revealed partial compliance or unavailability of proper corporate governance structures.

This unavailability has adversely affected the economic growth of the sector (Umanholen, 2015). Between 2005 and 2009, the industry had an enormous amount of unrecoverable loans that led to the erosion of the shareholders' capital, and that resulted in the bank consolidation exercises during the period. The aftermath of the 2009 intervention resulted in the dismissal of some chief executives of banks and N620 billion (\$4.16 billion) infused into the concerned banks.

### **The Implication of Leadership**

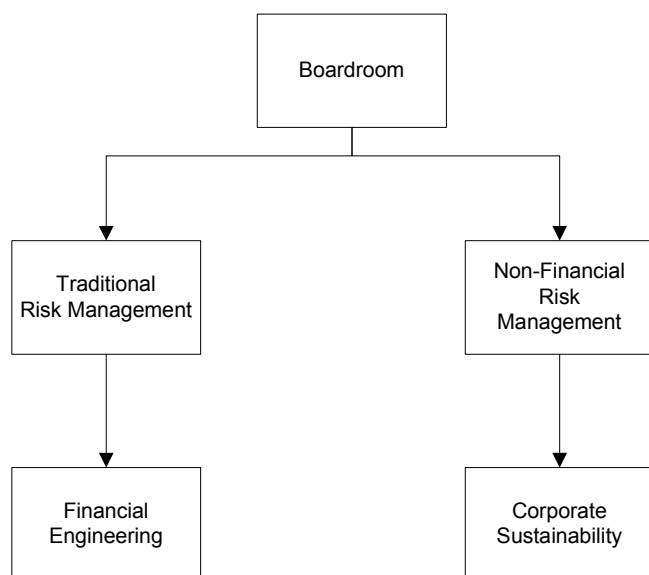
Strategic risk management is about the financial risk and non-financial risk of an organization (Wong, 2014). By merging the environmental and economic and the boardroom decision, an organization can address the financial and non-financial risks (Wong, 2014). Traditional risk (Figure 1) as managed by the team is such risk that substantial uncertainties can be quantified (Wong, 2014). The ability of the firm to address issues such as environmental

hazards, social risk, and financial risks, gives the organization the advantage of managing the sustainability of activities (Calandro, 2015).

Furthermore, strategic risk management include (a) exposure concentration, (b) external monitoring, (c) threat scanning, (d) mitigation of risk, (e) risk reduction, and (f) development of realistic the model for businesses (Calandro, 2015). The concentration risks are in five categories thus (a) balance sheet items, (b) liquidity considerations, (c) customer segment, (d) product lines, (e) region concentration, and (f) industry and sector (Thanetsunthorn & Wuthisatian, 2016).

Periphery monitoring involves identifying weak signals such as routine equipment maintenance and use of assessing code and password (Calandra, 2015; Thanetsunthorn & Wuthisatian, 2016). Ambiguous threat analysis occurs from uncertainties and unexpected pattern with low frequency of occurrence (Thanetsunthorn & Wuthisatian, 2016).





*Figure 1.* Strategic risk management.

### **The Code of Corporate Governance in Nigeria**

Corporate governance and the law regulating the activities of stakeholders drew the attention of Ntongho (2016) in a state-oriented market or organization. Corporate governance is a product of organizational culture. Consequently, culture is the shared values, belief system, and behavioral norms by a collection of people living together (Ntongho, 2016).

The four models of corporate governance are (a) the Anglo-Saxon system, (b) the Germanic system, (c) the Latin system, and (d) the Japanese system (Ntongho, 2016). Abor and Fiador (2013) evaluated the effect of sound governance structure on payment of a firm's dividend policy in sub-Saharan Africa. The findings revealed that the composition and number of the directors of companies have a favorable association with the level of dividend payments in Kenya and Ghana, respectively (Sahile, Tarus, & Churuiyot, 2015).

In Nigeria, all the corporate governance measures showed an adverse effect on dividend payout with the participation of stakeholders (Abor & Fiador, 2013). Corporate governance is a subject of significant focus in the twenty-first century, and its activities comprise the BOD, the association between board and shareholders and managers (Okoye & Siwale, 2017). The regulatory framework for corporate governance in Nigeria revealed a correlation between the board composition and the board finance committee (Okoye & Siwale, 2017).

In Nigeria, there is a positive interdependence exists between formalized governance structure and income generated, dividend per share, and the return on equity of commercial banks (Olagunju & Oluwa, 2012). Given the disclosure requirements for the financial, organizational report, the code of corporate governance aligns with the reduction of inefficiency, performance improvement, and the elimination of operational fraud in commercial banks. The introduction of corporate governance systems led to an increase in the overall performance of banks in Nigeria (Olagunju & Oluwa, 2012).

**Corporate governance strategies.** Corporate governance framework has connections with agency theory (L'Huillier, 2014). The concept of corporate governance came into being during the period of downturn in the economies of the Organization for Economic Co-operation and Development (OECD) countries in the mid-1980s (L'Huillier, 2014). Agency theory is a concept underscoring the binding association that exists between the principal and the manager to carry out a duty or service in line with the board's directives, involving the delegation of authority to the agent (L'Huillier, 2014).

Corporate governance strategies are for managing (a) conflicting situations between directors and agents, (b) divergence of information between principal and agents, and (c) the lack

of ability to interpret future contract among future parties (Rahman & Carpano, 2017). The difference between national corporate social responsibilities as integral parts of corporate governance policies and the expansion of the organization capabilities are comparable (Rahman & Carpano, 2017). A favorable relationship exists between high management culture and corporate social responsibility (Nwagbara & Ugworji, 2015).

Corporate governance involves guidelines on how the company's assets can be used to increase returns to the shareholders' while also ensuring due compensation of the interests of other constituencies of the firm. Corporate governance strategy should contain different corporate social responsibilities (Rahman & Carpano, 2017). An assessment of the relationship between strategic management accounting and an organizations' governance structure revealed that governance attributes significantly affect strategic management accounting in (a) participation in company's activities, and (b) usage of company's products (Arunrangsirilert & Chonglerthan, 2017).

**Effective board governance.** Categories of board effectiveness are (a) control and meeting organized by the organization, (b) reporting committee activities, and (c) effective communication by the board (Nkundabanyanga, Ahianzu, Sejjaaka, & Ntayi, 2013). Complying with Companies Act along with following the rules of the institution of corporate governance of the country may lead to board effectiveness (Karem, Al-Musali, & Ismail, 2015). Nkundabanyanga et al. (2013) compared corporate governance effectiveness with (a) agency effectiveness, (b) stewardship, (c) managerial hegemony, (d) resource dependency, (e) stakeholder, and (f) institutional theories.

To enhance board members' effectiveness, board members should have industry-specific expertise and be available for meetings (Hemphill & Laurence, 2014). Board member diversity on intellectual capital is favorable to the effectiveness of members of the council at meetings (Kerem, Al-Musali, & Ismail, 2015). The investigation into business communication revealed that the culture of the workplace environment affects corporate communication (Hoffmann, Rottger, & Ingenhoff, 2015).

Another study of the link between two knowledge areas revealed (a) stakeholder management, and (b) corporate culture (Meding, McAllister, Oyedele, & Kelly, 2013). The two significant areas that ensure organizational success are the stakeholder engagement and corporate culture (Meding et al., 2013). Corporate culture is a set of standards, approaches, perspectives, uprightness, and essence that members of an organization have in common (Meding et al., 2013). An evaluation of organizational culture and stakeholder management practices using UK construction industries showed that none seems to have investigated corporate code of governance in the Nigerian banking sector (Hoffmann et al., 2015; Meding et al., 2013).

Organizational culture consists of the pattern of understanding that the group shares after successfully confronting issues (Meding et al., 2013). Employees are the internal stakeholders that drive the culture of success within an organization (Humphries & Whelan, 2017). Scholars investigated the relationship between national culture and best practices as studied in country-level corporate governance codes (Humphries & Whelan, 2017). The new categories of organizational culture were (a) political system, (b) capital market, (c) labor market, and (d) legal system (Humphries & Whelan, 2017).

Financial stability is achievable through active monitoring of management using standard corporate governance practices (Humphries & Whelan, 2017). Organizational culture is the code of behavior and standards that employees demonstrate in the organization as supervised by senior executives across organizations. Corporate culture is beneficial in examining how teams make their decisions by providing a reference framework for how employees act and implement the decision the executives make (Vance, Raciti, & Lawley, 2016).

### **Strategic Leadership in the Banking Industry**

The Nigerian banking sector requires the adoption of a risk-based strategy as a future regulatory model in the banking sector (Ajibo, 2015). The frequency of Nigerian banks becoming distressed has revealed that the reliance on recapitalization and on credit rating information is unsatisfactory (Ajibo, 2015). Through dependence on a recapitalization strategy and agency ratings such as the credit rating industry operatives publish, the future of Nigerian banking policies should focus on the risk-based approach. Regulation is the act of monitoring, supervising, or controlling an organization based on rules and guidelines as set out by the regulatory or supervising organizations (Ajibo, 2015).

The country has the enabling environment for an efficient and sound banking system, but inappropriate behavior by the leaders and staffs of the banks have led to the low adherence to the code of corporate governance by banks (Jakada & Inusa, 2014). There seems to be the unwillingness on the part of some of the owners of banking institutions to comply with the codes (Umanholen, 2015). In exploring business strategy and strategic orientation using Indian banking industry, Bapat and Mazumdar (2015) categorized the areas of strategy into (a) competition, (b)

cost, (c) innovation, and (d) customer needs. The scholars described the business plan as the system firms compete in an industry or market.

Strategic management has a linkage to the branch of microeconomics known as trade organization where the focus is on building, holding, and harvesting as strategies for success (Bapat & Mazundar, 2015). Other forms of organizational strategies are performance maximization, sales maximization, and cost minimization (Ajibo, 2015; Bapat & Mazundar, 2015). Though scholars recommended risk-based approach in other studies for banking policy, a well-capitalized bank is more profitable than a less capitalized bank (Bapat & Mazundar, 2015). Some of the strategies banks can adopt are (a) initiate; recognize an opportunity and provide the enabling environment for the actualization, (b) build up; expand the business idea and (c) utilization; by taking advantage of a window of opportunity. Other categories are (d) reconfiguration; keeping an existing source of competitive advantage, and (f) disengagement and replacement; holding to changes and trend to remain relevant to customers (Leavy, 2014). The use of adopting hybrid strategies rather than simple approach was recommendable for extending the viable strategic types from three to five by differentiating pure defenders, analyzers, and prospectors from those firms that use the hybrid, mixed, or combined strategies (Anwar & Hasnu, 2016).

The way banks conduct business may be detrimental to growth and customer retention, in the current evolving and competitive landscape (Wongsonukcharoen, Trimetsoontorn & Fongsuwan, 2015). The scholars inferred that banks must revisit their strategic planning to survive the competition. Banks should be competent, focused on core strengths, be able to

provide competitive services and offer innovative products to customers to be relevant in the market (Wongsonsukcharoen et al., 2015).

### **Corporate Culture**

Hoffmann et al. (2015) investigated corporate communication by finding out (a) how corporate communication practitioners perceived their cultural environment, and (b) how the location of the country of the workplace affects the perception of the cultural climate. They also wanted to know how the country of workplace adapts to the prioritization of corporate communication practice, and how the effect of practitioners' perception of the cultural climate correlate with their prioritization of business communication practices. The links between two relevant knowledge areas are (a) management of stakeholders (b) organizational culture (Meding et al., 2013). Administration of the interested parties and institution of good corporate culture are two areas of an organization's success (Meding et al., 2013).

In evaluating organizational culture and stakeholder management practices using UK construction industries, the code of corporate governance in the Nigerian banking sector seems to have escaped the lenses of scholars (Hoffmann et al., 2015; Meding et al., 2013). Organizational culture consists of the pattern of understanding that group shares after successfully confronting issues (Meding et al., 2013). Employees are the internal stakeholders that drive the culture of success within an organization (Humphries & Whelan, 2017).

The relationship between national culture and best practice as studied in country-level corporate governance codes have categorized corporate culture into (a) political system, (b) capital market, (c) labor market, and (d) legal system. The continued existence of the financial market is guaranteed when directors and management of organizations imbibe sound corporate

governance policies (Humphries & Whelan, 2017). Organizational culture is a set of behavioral standards and principles that employees demonstrate in the body as supervised by senior executives across organizations (Vance et al., 2016). Organizational or corporate culture involves examining how agency leaders make decisions by providing a reference framework on how employees act and implement the decision senior managers make (Vance et al., 2016).

### **Internal Control and Mechanism in Banks**

The link between risk management and internal control operates complementarily (Rad, 2016). The different internal control systems that function in an organization include belief system that reinforces the organizational fundamental values, purpose, and directions and the boundary system which are rules and regulations set out by the group (Rad, 2016). The internal control mechanism also includes diagnostic systems.

Organizational feedback is the method used to monitor the established rules or deviations from set standards, and interactive systems; set of systems used by managers to ensure utilization of resources efficiently. Internal control standards among banks in Saudi Arabia constitute the degree of compliance with all components of corporate governance, and it varies from one bank to the other (Al-Thuneibat, Al-Rehaily, & Basodan, 2015). Three identifiable aspects of the checks are management responsibility for preparing financial statements for investors, creditors, and other stakeholders.

The role of the internal control system is to encourage efficiency and effectiveness in operations (Al-Thuneibat et al., 2015). Internal control also promotes compliance with laws and regulations in the organization. The role of internal control can start by presiding over the financial information of an organization, achieving an efficient and effective operation, and



ensuring that departments comply with the application of rules and regulations as set by management (Al-Thuneibat et al., 2015).

In evaluating the role of inter-organizational control mechanism in a mobile ecosystem, and how the portfolios of control commence when the service moves from identification of ideas to provide a solution to the market. Mukhopadhyay, Bouwman, and Jaiswal (2015) categorized the phases of organization services provision into (a) development of service concepts, (b) experimenting and implementing the idea in a pilot stage, and (c) commercializing the product or service. The weakness of the internal control system led to fraudulent activities in an organization and inferred that inadequate supervision and improper documentation process could provide the opportunity to misappropriate the asset of the business (Zakaria, Nawari, Saiful, & Salin, 2016). Internal control consists of policies and procedures management functionaries establish to provide reasonable assurance that the vision and mission of the organization are achieved (Zakaria et al., 2016).

The primary reason an organization set up a self-control system is to support the team in managing risk, accomplish its objectives, and sustain organizations performance (Zakaria et al., 2006). The performance ratings of banks are distinguishable by those banks that receive the bailout funds from regulatory agency and those that do not get the bailout, which led to failure (Lu & Whidbee, 2016). The audit type and inspection industry specialization could lead to bank survival or failure (Lu & Whidbee, 2016).

### **Banks Compliance with Regulations**

In analyzing the role of conformity in the banking system, Vanni (2017) verified the system's efficiency regarding protecting and stabilizing the financial institutions. Compliance

with the banking system is essential as it ensures the protection of customers' funds and privacy (Vanni, 2017). The effect of banking regulations, monitoring, and examination on the efficiency levels of banks globally emanated from controls and oversight of business operation as well as higher supervision, through compliance officers improve effectiveness in the banking system (Alam, 2013).

Banking regulations refer to the central apparatus that contains determinants employed during the creation, monitoring, sanctioning, and possible foreclosure of banks in an economy (Alam, 2013). A country's Central Bank, Ministry of Finance, and other relevant financial regulatory agencies promulgate banking regulations (Birindelli & Ferretti, 2013). Compliance levels by banks with the anti-money laundry Act (AML) determine money laundering reduction levels, especially when banks comply with the internal control systems the banks' top leaders set (Viritha, Mariappan, & Venkatachalapathy, 2015).

### **Gap in Literature**

This qualitative exploratory case study aimed to explore the challenges confronting leaders of the regulatory body, the CBN, in enforcing compliance of code of corporate governance by the licensed banks in Nigeria. The gap in literature led to the utilization of the agency theory and the stewardship postulation for the conceptual framework for the study. The agency theory provides an alignment of the relationship between two parties through effective supervision and a competitive remuneration system (Hiebl, 2015; Kapooria et al., 2014).

The study differed from the earlier studies because it used the agency theory as the conceptual framework as a guide in exploring the challenges confronting leaders of the regulatory body, the CBN, in enforcing full compliance of code of corporate governance by the

licensed banks in Nigeria. Previous studies have been on organizational culture (Hoffmann et al., 2015), effective board governance (Nkundabanyanga et al., 2013), and internal control and mechanism in banks (Rad, 2016). None seems to have studied the challenges confronting the leaders of the regulatory body, the CBN in enforcing compliance of code of corporate governance by the licensed banks in Nigeria. The data arising from collection efforts to fill the gap were responses from 25 participants from Manager to Director Levels in the regulatory agency, the CBN. These participants were members of staff of the Banking Supervision and Monitoring Department in charge of monitoring compliance.

### **Summary**

The purpose of this qualitative exploratory case study was to obtain in-depth knowledge of the challenges confronting leaders of the regulatory body, the CBN, in enforcing compliance of code of corporate governance by the licensed banks in Nigeria. Chapter 2 contained the search strategies, the conceptual framework, and the literature review. The focus of the literature review included synthesis and analysis of critical views on issues relating to corporate governance in the banking sector, which is a significant consideration to regulatory agencies and the various stakeholders.

The chapter also reviewed the types of governance in selected countries, the history of banks in Nigeria, the role of the CBN, and the reasons for the emergence of the amended code of corporate governance. The report included organizational culture, effective board governance, and internal control and mechanism. Chapter 3 covered the research methodology and the data collection and analysis processes. The Chapter also dealt with the trustworthiness of the research and ethical issues relating to the study.

### Chapter 3: Research Method

In the preceding chapter, the focus was on the current literature on the regulatory compliance with the code of corporate governance among Nigerian banks. A close relationship exists between the collapse of companies and poor financial reporting and management failures in organizations (Afolabi & Dare, 2015). There had been calls on regulators globally to toughen the code of corporate governance on the financial industry due to the incessant financial crisis and the resultant adverse effect on the economy (Adegbite, 2012).

The purpose of this qualitative exploratory case study was to explore the challenges confronting leaders of the regulatory body (the CBN) in enforcing compliance of code of corporate governance by the licensed banks in Nigeria. Several studies conducted by researchers have shown that leaders of banks in Nigeria have failed to comply fully with the regulatory code of corporate governance (Adewale et al., 2014; Ikpefan & Ojeka, 2013; Umanholen, 2015). The result is that many banks have folded up in the past; some have merged with other stronger banks while some are presently undergoing restructuring for better performance (Jakada & Inusa, 2014).

In this chapter, I explain why I chose a qualitative case study research design and discuss my role and my primary responsibility as the researcher. Next, I describe the methodology including participant selection logic, data collection instrumentation, procedures for recruitment, participation, data collection, and data analysis. I also address the issues of trustworthiness of the study including research credibility, transferability, dependability, confirmability, and ethical issues. I conclude with a summary highlighting the key points of the chapter.

## **Research Design and Rationale**

The central RQ of this qualitative exploratory case study was: What are the challenges confronting leaders of the regulatory body (the CBN) in enforcing compliance of the code of corporate governance by the licensed banks in Nigeria? The research design selected was the single exploratory case study design. The selection of the case study methodology assisted in obtaining sources of data to answer the RQ. The RQ addressed the issues I intended to explore, provided the framework for carrying out the study, and helped to guide and organize the study.

### **Research Design**

The common types of qualitative research designs are (a) phenomenology, (b) narratives, (c) ethnography, (d) heuristic, (e) grounded theory, and (f) case study (Marshall & Rossman, 2016). The phenomenological design describes the events and lived experiences of the participants (Wagstaff & Williams, 2014). A phenomenological study focuses on understanding the essence of the lived experiences of several individuals to understand the universal meaning of those experiences. It means exploring the extenuating circumstances and lived experiences of the research subjects.

The challenge with a phenomenological approach is that the results of any phenomenological study depend on the ability of the participants to recall and articulate events. The research participants may not be able to communicate the facts as accurately as when they initially occurred (Giorgi, 2009). The design was not appropriate for this study because the study did not involve the collection of data from the lived experiences of participants.

In this study, apart from conducting semistructured interviews, I also conducted document review to verify the information volunteered by the participants. The ethnographic

design is useful when the desire is to investigate a group of people or cultural group where members share similar beliefs and behavior over a specified period (Weis & Fine, 2012).

Ethnography was not appropriate for this study because the intention was not to explore any culture or group.

Researchers use the narrative design when the intention is to collect data from stories told by the participants (Converse, 2012). The study did not dwell on stories but the investigation of the problems encountered by the regulators. The grounded theory design is useful when the intention is to develop a theory from data collected from the participants (Kolb, 2012). The focus of the investigation was not for theory development but to find out the reasons why the regulators have so far been remarkably unsuccessful in getting all licensed banks in Nigeria comply fully with the code of corporate governance. The heuristic design is appropriate for investigating the phenomenological model to study lived experiences of participants (Patton, 2015). The heuristic design was not suitable for the study.

The case study is concerned with developing an in-depth analysis of a program, an event, one case, or multiple cases. The design makes use of different sources of data collection (Yin, 2014). It was the most appropriate approach for this study. The other qualitative designs were not suitable because an in-depth understanding was critical to understanding the problems the regulators might be facing in their efforts to make the Nigerian banks comply strictly with the code of corporate governance.

### **Research Rationale**

The exploratory case study design allows the researcher make use of predesigned operational and organizational frameworks for the study (Berg et al., 2004). The case study

design can be divided into five subdivisions namely: the case study question, building propositions, identifying the unit of analysis, linking data to plans, and expounding the results (Yin, 2014). The investigation was aimed at exploring the reasons why the regulators have not been able to ensure that all Nigerian banks are fully compliant with the code of corporate governance.

Therefore, the single exploratory case study was the most appropriate. The unit of analysis in the study was 25 senior employees of the regulatory agency, the CBN, at the managerial level and above. I collected data through semistructured interviews, focus group interview, and document review.

The exploratory case study allows the investigator to have a comprehensive explanation of the themes in the literature review as well as the approach of inquiry employed in the data collection. In this study, I explored the reasons why the regulators were not able to get the banks to comply fully with the code of corporate governance in the past. The exploratory case study guided elaboration of the conceptual framework that served as the benchmark for the development of the interview questions that elicited responses to answer the RQ.

In the descriptive case study, researchers scrutinize and articulate propositions and issues about a phenomenon carefully at the outset. Also, in the descriptive case study, the investigator carefully articulates plans and arguments before embarking on the study. The descriptive case study was not appropriate for this study because the intention of this study was to explore the problems that the regulators encounter as they try to ensure that all the Nigerian banks comply fully with the code of corporate governance.

### **Role of the Researcher**

An investigator's fundamental belief and underlying positions affect the manner in which the investigator approaches the research (Sargeant, 2012). The researcher's approach relies on the set of convictions and perspectives about the constitution of the world and how the investigation will be carried out (Denzin & Lincoln, 2011; Mikkelsen, 2013; Smith & Noble, 2014). Besides, the investigator's past and present experience may affect the conduct of the research (Yin, 2014).

The job of the researcher in this investigation was to act as the primary apparatus for collecting data. The task of the researcher in qualitative research is to collect data, organize the data, and carry out an investigation of the data (Collins & Cooper, 2014). Researcher bias could affect the research (Barden, 2013; Smith & Noble, 2014; Yin, 2014); it is imperative, therefore, that the scientist states his affiliation with the study before the conduct of the investigation.

Having worked in the banking industry in Nigeria for almost three decades before an early retirement 7 years ago, I have some knowledge on the topic of corporate governance and the effect on the performance of the Nigerian banks. I did not have any relationship with the participants, and I have never worked in the CBN; therefore, I have not had any direct contact with any of them.

I maintained a professional relationship with all the participants during and after the data collection process. I set aside the values, knowledge, and assumptions I had and concentrated only on reflecting the responses of the research participants. I established a courteous and professional relationship with the members throughout the investigation.



The study participants were senior members of staff of the CBN who are well paid. Proposing giving incentives may not have been well received by this group of people and may have had detrimental consequences on my ability to carry out the research. Therefore, the use of incentives was not necessary.

Before the data collection, I developed an interview protocol to ascertain my preparedness for the interview, and I ensured continual review until I had considered all aspects of the data collection exercise. I conducted face-face meetings with the research participants. Since I met some of the participants during my first visit to the Banking and Supervision Department of the CBN, I explained the purpose, the benefits, and possible risks associated with the study to them. Next, I handed the informed consent forms to those who showed the willingness to be members of the study, and after that we arranged mutually to meet at suitable dates to conduct the interviews.

I asked open-ended questions (see Appendix A) at the interview sessions; organized the hand-written notes that I took during the meetings and assigned numbers to each of the meeting notes. After that, I conducted data analysis by grouping the interview responses into categories and eventually into themes. The research process was in line with the Walden Institutional Review Board (IRB) approved protocol, and I took into consideration the ethical principles of respect for persons, benignity, and equity as outlined in the findings of the Belmont Report (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, 1979). I protected the confidentiality and privacy of the participants and cultivated a professional researcher-participant relationship.

## Methodology

Given the fact that I intended to explore and have a comprehensive knowledge of the problems that the regulatory agency of banks in Nigeria encounter in carrying out their duties effectively, the qualitative methodology was the most appropriate design to employ. Yin (2014) noted that the qualitative method answers the why, what, and how types of research questions that tend to probe deeper into a study. Qualitative research is primarily an exploratory research. Researchers use the qualitative method to gain an understanding of underlying reasons, opinions, and motivations (Patton, 2015).

Quantitative research, on the other hand, uses measurable data to test a theory, formulate facts, and uncover patterns in research (Maxwell, 2013). In the quantitative study, researchers use theory to test variables and evaluate with statistics to determine whether the theory describes or predicts the case under investigation (Erlingsson & Bryseiwicz, 2013). The quantitative method deals with data management from observed variables, data testing, and generalization.

The quantitative method was not suitable because the study is not deductive, and I did not have to test any variables or compare variables for acceptance or rejection of theory (Frankfort-Nachmias et al., 2015). In this study, I used a semistructured interview method instead of the structured method and made the use of probes to explore more profound meaning to responses from the participants. Accordingly, the quantitative approach was not appropriate for the study.

Participants in the study included senior members of staff of the CBN who were in charge of ensuring regulatory compliance by banks. The sample populations consisted of 25 individuals who represented the case. According to Patton (2015), in qualitative research an

investigator must dig deeper and deeper until subsequent and successive interviews yield no new information to attain data saturation.

There is no one-size-fits-all method to reach data saturation because study designs are not universal (Fusch & Ness, 2015). How and when a researcher attains levels of saturation will vary from study to study. Data saturation is not about the numbers but the depth of the data (Burmeister & Aitken, 2012).

It may be more appropriate to think of data regarding rich and thick data (Dibley, 2011) rather than the size of the sample (Burmeister, & Aitken, 2012). If a researcher has reached the point of no new data, that researcher has also most likely reached the point of no new themes and has therefore achieved data saturation (Fusch & Ness, 2015). Purposeful sampling provided the data suitable for exploring the reasons regulators have been unable to get all Nigerian banks to be fully compliant with the code of corporate governance. Purposeful sampling is a nonrandom way of selecting members of a case deliberately in line with preconceived factors such as experience, education, work status, or knowledge attained (Maxwell, 2013; Patton, 2015).

The purposeful sampling of 25 employees from managerial level and upwards in the Examination and Supervision Department of the CBN, Lagos office, formed the case. At the point where I obtained a thick and rich data where there was no additional information or themes, then data saturation has occurred, and there was no need to conduct a further interview. The situation happened before the point of interviewing the selected 25 participants, but I continued until I was sure that there was not new data. I selected 25 top employees of the regulatory body, and I obtained a rich and thick description of the case. I interviewed all the 25

participants to be sure that there was no additional data. At that point, I had reached the data saturation stage.

### **Participant Selection Logic**

The population for this study consisted of 25 top employees of the regulatory body, CBN. These employees ranked from the level of Principal Managers up to Director. The population was appropriate because such high-level employees are characteristically responsible for making policies to enforce compliance by commercial banks. The purposeful sampling strategy was justifiable because the nature of the study requires obtaining responses from a specific cadre of individuals.

Grade levels of Managers and directors of the CBN are the people with the relevant knowledge, experience, and exposure on the subject. The policies and procedures on corporate governance for commercial banks in Nigeria are premeditated by only one place; the CBN. The individuals who are involved in the policy formulation are from the managerial level and upwards. Therefore, employees of that category have passed different tests such as length of service, age, academic, and professional qualification, and experience.

One of the ways to carry out purposive sampling is the criterion sampling. Purposeful sampling is a nonrandom method of selecting members of a case in line with pre-arranged factors such as years of experience, work status, role, and function in the organization as well as the knowledge attained (Maxwell, 2013; Sharafizad & Coetzer, 2016). The purposive sampling of 25 employees (managers-to-director cadre) with adequate experience in banking supervision and compliance formed the case. The selection of the sample size produced information-rich cases that provided insight and in-depth understanding of the case (Patton, 2015).

The criteria will exist for selection of participants. The participants must have been in the Supervisory Directorate of the CBN for upwards of 10 years and have acquired relevant skills on the job. The members must have been carrying out regular inspection and supervision of banks in the last five years. Must be in the managerial cadre or above and should be able to give a detailed account of the field experiences over the years including the undocumented experiences.

The managers and other superior officers usually serve as team leads whenever the inspections of the banks do occur. The remuneration for these levels of staff is quite attractive. Therefore, monetary enticement by the licensed banks to them to suppress information on the banks may not be necessary (Umanholen, 2015).

The team leads append their signatures to the final report and should have a full understanding of the weights of the actions they take. Gender of the participant was not a limiting factor. The selection of participants for the study excluded members of other departments not in the Inspection Department and relatively new employees of the Inspection and Supervision department who have stayed less than ten years on the desk and therefore do not have the required exposure on the job.

### **Instrumentation**

**Semistructured interview.** In the qualitative studies, the primary data collection instrument is the researcher (Ho, 2012). The most common sources of data collection in qualitative research are interviews, focus group, observations, and review of documents (Marshall & Rossman, 2016). Interviews range from the highly structured, semistructured, to the open-ended format (Rowley, 2012).

In this study, I collected data through semistructured interviews, focus group interview and document review. I interviewed the participants and observed the participants' procedural activities in enforcing compliance among the commercial banks. Open-ended interview questions served in my effort with the participants to provide detailed responses based on their knowledge and field experiences from the routine examination of the banks.

Yin (2014) observed that by using open-ended questions in data collection, the participants do not give 'yes' or 'no' monosyllable responses but would express themselves freely. To clarify the participants' responses, I made use of probes. I captured the interview responses using an audio-recorder after obtaining each participant's consent to do so. The members had the opportunity to review their answers for correction before data analysis. Semistructured and in-depth interviews enable the researcher to explore and have a better understanding of responses. The use of semistructured interviewing technique helps the researcher to establish clarity (Granot, Brashear, & Cesar, 2012).

The interview protocol served as a prototype that ensures the organization of the discussion and uniformity in the interview process (Wisdom et al., 2012). The interview protocol is the mental agenda for the meeting (Fakis, Hilliam, Stoneley, & Townend, 2014). The questions in the case study interview protocol complemented the central research question. The interview questions were open-ended to allow participants expressed their views on the problems encountered when they tried to make all the banks in Nigeria comply fully with the code of corporate governance.

**Focus group.** Another way of data collection is through focus groups. Coule (2013) observed that a focus group is a small group of people with similar background or experiences

that are brought together to discuss specific issues. A focus group interview can yield a perspective or give more information that could be relevant to the exploratory case study design (Moll, 2012). The purpose of questions to the focus group is to collect more in-depth data from the participants in a group (see Appendix B). The focus group questions reflected on the research issues and themes identified in previous literature. The dissertation committee reviewed the focus group questions for appropriateness and correctness. The avoidance of over-familiarity with the focus group is critical to the success of research efforts; such over-familiarity leads to reflexivity (Schwandt, 2015). Reflexibility and over-familiarity are threats that result from the conversational nature of the interview.

Researchers must avoid these risks in order not to jeopardize the data collected from this source (Schwandt, 2015). The purpose of the focus group was to compare data generated through the focus group discussion with the data generated from individual interviews to achieve methodological triangulation and increase the reliability of the data. Triangulation is a process of verification that increases validity by incorporating several viewpoints and methods (Maxwell, 2013).

Researchers can use multiple sources of information in a process known as triangulation, to enhance the reliability and validity of qualitative studies (Denzin & Lincoln, 2011). Triangulation is the application of different data collection methods to reduce subjectivity in data collection (Maxwell, 2013). Data, Methodological, Investigator, and Theory triangulation methods exist, but I used methodological triangulation in this study.

Methodological triangulation involves using a combination of multiple methods to gather data. Member checking was critical at this stage to achieving a dependable content. In qualitative

inquiry methodology, researchers use member checking also known as participant verification or informant feedback. Researchers ensure the accuracy, credibility, and validity of recordings during a research interview (Lincoln & Guba, 1985).

Member checking also known as informant feedback involves the process of allowing members to review the summary of the transcripts to ensure accuracy in interpretation and meaning of the participant's responses (Marshall & Rossman, 2016). Member checking is the process of sharing findings, presentations, and conclusions with the members to enable them to confirm and validate the interviews (Sargeant, 2012; Yin, 2014). The participants could establish that the summaries reflect their views, feelings, and experiences or that they do not.

The use of member checking helps to reduce the incidence of incorrect interpretation of data in qualitative research. I discussed with the participants over the phone and read out my understanding of their responses to the interview questions. They all agreed with my descriptions except two of the participants who gave more clarity to the answers given.

**Document review.** The next instrument that I used for collecting data needed to provide responses to the research questions and demonstrate methodological triangulation was document review (Dworkin, 2012). The case study design allows the researcher to make use of multiple sources of data collection. The documents reviewed included the CBN *Bullion*, NDIC publications and some audit reports by the Examination and Supervisory Division of the CBN on corporate governance.

These included sections on board composition that relates to executive and independent directors, the relationship of the owners of the banks to the chairperson or managing director, length of stay in the directorship position, the functioning of board credit and audit committees,



as well as the audit processes. It also included profitability ratios and insider lending. An in-depth examination of these documents threw light into the reasons why the regulators were unable to ensure full adherence by the licensed banks with the code of corporate governance in the past.

### **Expert Validation**

I employed the use of expert validation in developing the research through the IRB. Anseel, Beatty, Shen, Lievens, and Sackett (2015) explained that expert validation is a method of obtaining feedback from experts in research design. I sent the initial interview questions to the IRB at Walden University. The IRB served as a guide in this process.

The comments from the experts were helpful in revising the quality of the semistructured interview questions and the focus group questions. The inputs also helped to check that the questions alignment with the research questions. The interview questions aligned with the interview protocol. In the central research question, I asked for the reasons the regulatory agency for banks in Nigeria have not been able to get the banks to ensure full compliance with the code of corporate governance enacted by the CBN since 2006. The interview questions were open-ended to allow the participants to answer with ease without any form of inhibition (see Appendix A).

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

As researchers prepare for data collection, it is imperative that they accord with respect to the members and the location for the research. The members should not be at any risk, and protection should be available (Maxwell, 2015). The Walden IRB committee provides adequate protection against human violations.

The Walden IRB assesses possible risk such as direct and indirect assault, emotional, societal, financial, or other harm to participants in the study. The research involved directors and managerial staff of the CBN who are seasoned professionals and do not fall into the category of the special needs group. Identification, initial contact, screening, and recruitment of potential participants are the foundation of informed consent in research (Patton, 2015).

The premise of the CBN Lagos was the venue for the study. The recruitment of participants was at the CBN Lagos office. Before recruiting the participants, after the Walden IRB approved the proposal (approval number #01-04-18-0475147), I introduced myself formally to Head of Banking Supervision and Monitoring at the CBN head office Abuja who informed me to go to the Lagos office. The Lagos office is in charge of the on-site examination of banks.

I delivered the letter introducing me as the researcher and the purpose of the study to the Deputy Director in the Banking and Supervision Department, CBN, Lagos office who received and acknowledged it on behalf of the Governor of the Central Bank. I also delivered copies addressed to the Directors of Research and Human Capital. The reason is that the office of the governor of the CBN is a busy office and it may take some time to give a response to the letter, so the head of the department where the research was conducted gave the required approval.

The departments copied in the letter are crucial to the investigation because they would be useful in the identification of the research participants. The Human Capital Department has a robust list of all the staff of the CBN nationwide including those in the banking inspection and examination department. I did not need to seek the support of the directors in these two departments because the Chartered Institute of Bankers introduced me to the Head of the Banking Examination and Supervision.

I conducted interviews at the premises of the CBN Lagos office. I conducted two, sometimes three meetings per day because of the busy job function of the members. I used between 30 to 40 minutes for each interview session. I attained data saturation using 25 participants. Although I had envisaged the possibility that I may not achieve data saturation with 25 participants, the situation did not happen, and I did not recruit new entrants for the study.

I employed some steps in the recruitment of participants as well as in preparation for data collection. The measures included (a) obtain the consent of the IRB of Walden University on the suitability of the letter of cooperation, (b) got the Walden University IRB approval to conduct the study, and (c) obtained the consent of the organization to carry out the research. Also, I got the contact details of the expected participants from the CBN and obtained their informed agreement before scheduling the interviews. Finally, I recorded and transcribed the audio-recorded interviews, and performed member checking by allowing members review the summary of the transcripts to ensure accuracy in interpretation and meaning of their responses before I commenced an in-depth data analysis.

### **Letter of Cooperation**

A letter of cooperation was sent to the CBN, the regulatory agency for banks in Nigeria indicating that I am a student at Walden University intending to conduct doctoral research. The letter also stated that the Walden University Review Board had approved the proposed study and permitted me to carry out the research. The letter introduced me as the researcher and stated the purpose of the study. It was addressed to the Governor of the CBN. The Deputy Director in Banking Supervision and Monitoring in the Lagos office acknowledged the letter and appended the CBN official stamp.

After that, I paid another visit to the Lagos office to discuss the proposed research. In Nigeria and most especially within the banking sector, people are often wary of divulging information. Therefore the visit to the head of the department helped to clarify some of the gray issues that may arise. At that stage, I was given a potential list and email addresses of prospective participants that were within the inclusive criteria.

I sent letters to 30 of the identified potential participants to intimate them of the proposed study and solicited for their participation. I also discussed with some of them in their offices to give more details of the proposed research. As soon as I obtained positive responses from 25 of them, I asked for a convenient time for face-to-face interviews. The usage of other forms of interviewing methods like Skype interviews is not common in Nigeria. Currently, Skype interviews and interviews on other social media are used mostly for the youth to keep in touch with friends and associates but not for serious purposes.

### **Expression of Interest**

The expression of interest is an invitation to prospective participants to take part in a study (Maxwell, 2013). It is a formal letter written at the commencement of data collection by the researcher to the participants (Maxwell, 2013). The letter briefly states the title of the research and gives a brief synopsis of the intent of the study.

The participant information form contained reasons for inviting the member of the staff to be a part of the research. The document also stated that the confidentiality and anonymity of the prospective participant were assured. The participants had my contact details so that they could get in touch either to confirm acceptance or to decline participation.

## **Consent Form**

In line with (Patton, 2015) after the participant has signified the intention to be a participant in the study, an informed consent form was given to each member to sign before the commencement of the investigation. The consent form contains the identification of the researcher, the sponsoring organization, the purpose of the research, benefits, and risk (if any) and guarantee of confidentiality to the participants. The form also gave an assurance to the members that they were free to discontinue at any time during the study without any sanctions. Participants who satisfied the inclusion criteria in the CBN from manager level upwards received the consent forms. Participation was voluntary.

Members who have questions and concerns were to contact me through my email or telephone, or my research supervisor or the designated Walden University officer in the Consent Form. A member who had initially agreed to be a part of the study may decide to drop by merely indicating the intention to do so. The research was purely voluntary. The indication could be in the form of a phone call, email message, or a notation on the consent form.

## **Data Collection Plan**

In this study, data collection was through face-to-face interviews, focus group interview, and document review. The data collection process involved the conceptualization of the interview process, establishing access and making contact with the participants, embarking on data collection, transcribing the collected data, presenting the data and sharing lessons learned with the research stakeholders (Seidman, 2013). The unit of analysis in the study consisted of 25 members of staff of the Monitoring and Supervision Department of the CBN from managerial grade to directorate level.

By using the process of peer review, member checking, debriefing of participants and methodological triangulation, the researcher ensures that the research findings are transferable (Maxwell, 2013). I used member checking to ensure the soundness of the data collated. Member checking enabled me to capture the exact meanings of the participants' responses by sending the organized responses back to the members for ratification before data analysis commences (Maxwell, 2013). During the investigation, I firmly adhered to the recommendation by Mayoh and Onwuegbuzie (2015) by ensuring that I listened more and talked less to get a high-quality data.

Interview date, time, and location were convenient for all parties and agreed beforehand. The duration of the meeting with the members was up to two weeks. The reason is that some of the participants being senior members of staff had impromptu meetings, and the interview did not take place as previously scheduled. Besides, the proposed timeframe gave adequate time for triangulation and member checking.

Data organization involved the use of logbook and Microsoft Excel spreadsheet; I created a folder for each participant for tracking purposes. I indexed repetitions to monitor saturation. I saved documents in appropriate file types for ease of accessibility. In addition to the spreadsheet, I used NVivo 10 to organize the raw data. Spreadsheet programs and other electronic means are extremely helpful in organizing and indexing data for analysis (Lincoln & Guba, 1985).

A researcher must arrange raw information in a sensible order for ease of analysis (Yin, 2014). When themes begin to emerge, the system of organization a researcher put in place will make or mar the harnessing of the themes (Edwards, 2017). The stipulations of Edwards (2017),

Lincoln and Guba (1985), and Yin (2014) provided adequate guidance for organizing and compiling responses, transcriptions, field notes, and other attendant data sources.

The steps were helpful in ensuring the reliability of the data that emanated from the face-to-face interviews, focus group interviews, and document reviews. After data collection, I conducted a proper debriefing by inquiring from the members about their experiences with the research so that I can monitor any unforeseen adverse effect or misconceptions. I also requested the permission of the participants that I may get back for follow-up interviews if there is any need to do so in future.

### **Data Analysis Plan**

The data originating from the face-to-face interviews, focus group interviews, and document review was processed using the steps highlighted below; as suggested by Miles and Huberman (1994), I transformed the raw data from texts and audio into the exact transcript.

**Coding.** Next step was coding which is the categorization of related data with similar meaning in groups. I generated an initial codebook at this stage. The clusters of coded data, also called themes emerged, and I interpreted the theme to answer the research question.

Researchers interpret the data as they read and re-read the data, code and categorize the data inductively to develop a thematic analysis (Corbin & Strauss, 2014). The code in the qualitative inquiry is most often a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and evocative attribute for a portion of language-based or visual data. Coding is the transitional process between data collection and more extensive data analysis. Coding encompasses several distinct tasks often described as open coding, axial coding, and selective coding (Glaser & Strauss, 1967; Corbin & Strauss, 2015).

Open coding links codes to segments of the original text, such as field notes. Open coding, themes, and labels are often at a relatively low level of abstraction and use the language of the participants, the literature, or new ideas that occur as the study progresses (Corbin & Strauss, 2015). Axial coding identifies logical connections among codes, collapses some codes into broader categories, and creates hierarchies of codes (Neuman, 1994).

Selective coding usually occurs after the researcher has already identified and incorporated most or all of the major themes into the descriptive narrative of the report. In selective coding, the researcher scans the data and previous codes looking selectively for cases illustrating key themes and making comparisons and contrasts (Neuman, 1994). The salient research question in this study was; what are the problems confronting the regulatory agency in Nigeria when they try to ensure that the banks in Nigeria fully comply with the code of corporate governance.

The design of the interview questions assured that the participants were not under any stress but could answer the questions freely. Probes were necessary from time to time for clarity. Data from the interview transcripts were arranged into rows and columns. I populated the columns with interview questions on problems encountered by the regulators as they try to ensure that the Nigerian banks comply with the code of corporate governance while the rows were responses obtained from the participants.

**Qualitative software.** I made use of NVivo10. I collated the responses and compiled along with textual scripts before uploading into NVivo 10 software for coding, categorization and the generation of themes (Sinkovics & Alfodi, 2012). I conducted hand coding to ensure the reliability of the coding done by the NVivo 10 software. Triangulation of sources contributes to



the accuracy of reporting (Bekhet & Zausziewski, 2012). I carried out methodological triangulation. Specifically, I conducted member checking to ensure accuracy in the reporting. After that, interpretation, inferences, and recommendations followed.

### **Issues of Trustworthiness**

Merriam- Webster dictionary describes trustworthiness as the ability to rely on or provide what is needed or right and deserving trust. Integrity is essential in research because it shows that the research findings can be trusted (Houghton, Casey, Shaw, & Murphy, 2013). The methods used by quantitative and qualitative researchers to establish trustworthiness are different (Frankfort-Nachmias et al., 2015). In qualitative studies, the researchers develop the integrity of the research in four ways; by ensuring credibility, transferability, dependability, and confirmability of the findings (Houghton et al., 2013).

Quantitative researchers determine trustworthiness by using rigorous statistical analysis that measures the internal validity, external validity, and the reliability of the results (Frankfort-Nachmias et al., 2015). Yin (2014) used the under listed terms to prove that the qualitative study is trustworthy. These conditions include credibility, authenticity, transferability, dependability, and confirmability of issues relating to internal validation, external validation, reliability, and objectivity. Credibility involves the process whereby the researcher uses strategies such as asking many pertinent questions, persistent document review, triangulation, peer debriefing, and member checking in data collection (Patton, 2015). To ensure that the findings are transferable, the researcher develops a thick, rich, description of the responses.

The strategies for ensuring dependability and conformity in a study involve the use of audit trail and reflexivity (Houghton et al., 2013). Some factors affect the trustworthiness of

research studies. These include the size of the population, the research process and the richness and thickness of the data obtained. Others include; openness and flexibility in standards and methods, and the transparency in data reporting among stakeholders of the study (Funder et al., 2013).

### **Credibility**

Credibility is the process the researcher undertakes to ensure that the findings are accurate (Harper & Cole, 2012). Credibility refers to the truth of the qualitative data, the participants' views, and the interpretation or representation made by the researcher (Polit & Beck, 2012). To enhance the credibility of the qualitative research, researchers also describe their experience and verify findings with the participants.

Reflexivity is the awareness of the researcher's values, background, and previous experience with the phenomenon. Researchers must mitigate bias while using themselves as the research instrument (Polit & Beck, 2012). Keeping a reflexive journal to reflect the thoughts and feelings of the researcher to bracket researcher's perceptions and subjectivity is imperative (Polit & Beck, 2012).

Credibility is the value and acceptability of a research outcome. To ensure reliability, I spent sufficient time with the participants during the interview process to gain in-depth knowledge of the case under investigation. When successive members answered the interview questions, I paid attention to emerging themes to notice repetitions. When I did not get any additional information, then data saturation has occurred. Saturation may take place at any point during the data collection process, and a researcher has a responsibility to capture those occurrences that signal depth and breadth (Erlingsson & Brysiewicz, 2012).

Utmost care will be necessary for the data analysis process. Transcribing interviews verbatim and ensuring member checking must occur before a detailed analysis ensues. Any observed discrepancies would require highlighting and correction at that stage. Credibility is about asserting that the results are believable; this element relies on the richness of the information using multiple analyses. The process of methodological triangulation was useful in ensuring that all observed discrepancies received due treatment.

Triangulation is an important process of verifying data with two or more sources to achieve validation. A strategy to enhance credibility recommended by Cope (2014) is member checking. Cope (2014) asserted that the researcher should collate a summary of the themes that have emerged from the data analysis and send to the participants to confirm if the findings represent their responses and feeling during data collation. Through member checking, Cope argued that the members could validate if the researcher has accurately interpreted the meanings of the participants' answers. In addition, document review may also help to correct any discrepancies observed during the data collection stage.

In this dissertation, I used techniques such as writing with full description and member checking to enhance the credibility of my qualitative research. I verbally checked with the participants at the end of each initial interview about my interpretation of each participant's transcript. Later, I followed up with each participant through a telephone call after I had completed the interviews and before data analysis to confirm my understanding of the meanings of the transcript.

I also asked for each member's feedback for confirmation that I had accurately interpreted the meanings the responses obtained. I protected the participant's confidentiality at all

times. Members who may feel uncomfortable to continue may drop out at this stage without any fear of retaliation, but no member left. I also reviewed some documents available that relate to monitoring and examination of the banks.

### **Transferability**

In the qualitative study, the term refers to how the research findings may apply to other settings or groups (Houghton et al., Polit & Beck, 2012). Transferability refers to the ability to reapply the research finding to other domains. Qualitative research, therefore, establishes transferability if the results of the study have meanings to others who are not directly engaged in the study (Cope, 2014). To achieve that, the researchers should give adequate information to help the readers determine if the research findings are transferable or not to other settings or situations.

One of the techniques suggested by Lincoln and Guba (1985) to establish transferability is to use a rich and thick description of every aspect of the qualitative research. A researcher must ensure a detailed account of the results of the study is available for the comprehension of the readers in future. Lincoln and Guba (1985) argued that describing a phenomenon in details helps in the evaluation of the degree to which the research conclusions are transferable to other times, settings, situations, and people.

Careful and detailed descriptions of the sample, the setting, and the results of the research are imperative so that readers can make an informed decision as to whether or not the research results are transferable to a new setting with different participants (Hanson, Bolmer, & Giardino, 2011). Transferability is always up to the reader to decide (Marshall & Rossman, 2016).

Additionally, the research users examine the effectiveness of the research method, the study design, data presentation, and interpretation (Marshall & Rossman, 2016).

The outcome of the study may be useful to the financial industry in Nigeria and beyond. In the proposed research I established transferability by having a thick description of the sample, settings, situations, findings and all salient aspects of the research to guide the reader in deciding as to whether the research is transferable or not. I believe the results of the study may contribute to the existing literature on the topic and possibly open up more areas for further research.

### **Dependability**

Dependability refers to how consistent the data obtained are for similar conditions (Polit & Beck, 2012). Lincoln and Guba (1985) argued that in qualitative studies, to demonstrate dependability, the research findings should be consistent such that others can repeat the process. Cope (2014) stated that a qualitative study would be dependable if the results obtained are the same under similar conditions and participants. Dependability is an audit trail whereby a reader could seamlessly understand the steps used in concluding the study (Houghton et al., 2013). Lincoln and Guba (1985) argued that the utilization of an audit inquiry establish dependability.

External audits involve using a researcher who is not participating in the study to examine the research process and the research findings. The intention is to appraise the accuracy of the entire research and confirm that the results, the interpretations, and the conclusions are from the data obtained from the study. Using an external auditor promotes the accuracy of the study.

It also enables the external auditor to challenge the research process and findings. The problem with the use of inquiry audit is that the auditors may have a different worldview from the researcher and therefore give a different interpretation of the research findings. Confusion will then arise as to whose report the reader would believe.

I ensured that the study is dependable by re-examining all the processes involved in arriving at the findings and described them to ascertain the correctness. As noted by Reilly (2013), qualitative researchers could also use member checking to ensure credibility by giving participants the chance to correct errors, challenging interpretations, and assess research findings. I conducted member checking after the interviews and shared my interpretations with them. I also asked for their feedback to ensure that I had accurately captured the meaning of their answers to the questions. Through member checking, I was able to reflect on the sense of the participants' responses and ensured that my conclusion is the actual meaning expressed by the members.

Data saturation involving the richness and thickness of data also contributes to dependability. Dibley (2011) differentiated between rich and thick data. The richness of data refers to the quality while thickness relates to quantity. In this study, I gathered detailed responses from the members until when there is no more additional data. Given the proposed sample size of 25 members, I collected as much data as I could until there is no other data. I did not increase the sample size from 25 members to a higher number because I had achieved saturation at that stage.

Another strategy to establish dependability is the issue of researcher bias. Maxwell (2013) observed that there are two kinds of validity threats for qualitative research. The

researcher bias is one. Maxwell argued that the investigator's bias is the subjectivity of the researcher. Qualitative researchers should be aware of the existence of the bias of the researcher and be mindful of how a particular researcher's values may have influenced the conclusion of the study (Maxwell, 2013). Reactivity is the second validity threat. Reactivity is the influence of the researcher on the setting or the people under investigation (Maxwell, 2013).

I had no impact on the participants; I had never worked in the CBN. I had an early retirement from the banking sector over seven years ago, and so I have little contacts in the industry. My relationship with the participants will be strictly professional. I was mindful of my bias and reactivity by being aware of their existence and by being as objective as possible in my data collection and data analysis with the 25 research participants.

### **Confirmability**

Confirmability refers to the objectivity and correctness of the data (Houghton et al., 2013). Confirmability is the researcher's ability to illustrate that the data presented are the actual responses from the participants and not the investigator's misrepresentation (Polit & Beck, 2012). To demonstrate confirmability, researchers should demonstrate how they arrived at the interpretations and conclusions that show that the research findings originated from the data collected. The use of direct quotes from the members is recommended as much as possible.

Furthermore, I applied member checking by going back to the participants asking them to confirm if my interpretations were the accurate representation of their responses to the interview questions. Data saturation occurs when a further collection of data provides no new themes, insights, perspectives or information in a qualitative research synthesis (Suri, 2011). A

researcher should conduct the interviews until they get no new data to provide new themes or insights from the participants.

I also performed data triangulation. The case study research involves the use of multiple sources of evidence (Yin, 2014). The collection of multiple sources of data goes a long way in enhancing the reliability of the results. I documented all my biases as it relates to my personal experiences and culture. The soundness is not only of the research process but also of the self-awareness of the investigator throughout the study (Houghton et al., 2013).

### **Ethical Procedures**

The protection of the members is very crucial during and after the research (Maxwell, 2013). The research plans are subject to the rules of Walden IRB before commencing the inquiry. Specifically, I obtained the informed consent of the participants in writing before the research began.

The members received adequate information about all aspects of the investigation to eliminate any form of deception or ambiguity. In addition, the participants had the option of early withdrawal if they did not feel comfortable to continue with the interview. Under such circumstances, a member may signify the intention to withdraw by making a phone call, sending an email, or signing off on the consent form.

After data collection, I conducted a proper debriefing by inquiring from the members about their experiences with the research so that I could monitor any unforeseen adverse effect or misconceptions. The need for special protection for the vulnerable group did not apply in this study because I recruited only seasoned professionals in the Monitoring and Supervision Department of the CBN, Lagos. These professionals did not constitute a vulnerable group and



therefore do not fall under the peculiar need or protection group whose detailed descriptions are in the Walden IRB requirements.

Gaining access to a large organization like the CBN could be difficult because the organization is the apex bank in Nigeria. The CBN is the custodian of all the nation's financial activities including all information involving the external and internal relationships with all countries and multilateral agencies globally. The headquarters of the Central Bank is in the nation's capital in Abuja, and it has branch offices in the 36 states in the country. These branches have seasoned professionals who possess adequate competence and skills to manage the offices.

The branch offices have supervision and inspection teams that carry out the routine inspection and monitoring of banks located in the locality. The headquarters in Abuja gives all the approvals. The research location was however in Lagos, Nigeria but the consent was received from the CBN head office; Abuja. Irrespective of the site approved, access to the participants in any of the CBN offices is not easy because of the huge presence of security operatives. To mitigate this, the researcher should solicit for trust and acceptance of the members even before the research commences (Sargeant, 2012).

Researcher requires three types of access for the successful completion of a study (Doody & Noonan, 2013). The first access occurs when acceptance is granted to carry out the investigation. The acceptance is given by the participating organization to the researcher under agreed terms for the process of data collection. Usually, the approval is formally written or through the emails. The second access is the personal access where the researcher gets to encounter the officials of the organization. In the third access, the researcher fosters personal rapport and develops a good relationship between the participants and the organization.

Given the fact that the CBN is a large group, the gateman posed a problem. Therefore, I sought a meeting with the head of the Banking, Supervision Department, Lagos before the research commenced, and my name was sent to the gateman. There is the need to send reminders some days before the commencement of data collection to remind the gateman of the proposed date of the interview.

### **Ethical Concerns Relating to the Recruitment of Materials**

During the construction and the identification of the research problem, the problem identified should be of benefit to the individuals involved in the research (Ritchie, Lewis, Nicholls, & Ormston, 2013). The issue identified in the proposed study was the challenges encountered by the regulatory agency of banks in Nigeria at getting all licensed Nigerian commercial banking institutions to comply fully with the code of corporate governance. The issue should be of interest to the participants who are senior members of staff of the regulatory agency. Findings may help the regulators in proffering lasting solutions to the problems of partial compliance by the commercial banks that have led to the continued challenges in the banking sector of the country. Accordingly, the recruitment of participants should not pose many troubles.

A detailed plan of action should address any unforeseen problem during the research. The plan gave the prospective participants the option to decide whether to take part in the study and addressed the issue of early out when members may not feel comfortable to continue with the interview. For the proposed sample size of 25, I made out 30 letters for the prospective participants and 25 accepted to take part in the research. The interview process involved keeping detailed notes and the use of the tape recorder during the data collection process. I intended to

interview two members daily so that I will have ample time to collate and reflect on the responses. I planned to discuss the participants until I reach the point where the additional discussion will not give any further information. That is the data saturation point.

I proposed to interview in a warm and relaxed environment so that the respondents will give unhindered answers. I made use of probes to clarify the responses (Houghton et al., 2015). I conducted the interviews in the offices of the participants, and I was to observe the participants' nonverbal body language such as facial expressions and gestures when he or she responds to the questions. Therefore, watching and noting all non-verbal facial gestures helped determine the course of the interview (Yin, 2014).

### **Protecting Participants from Harm**

The anonymity of the participants is paramount during the qualitative research (Ritchie et al., 2013). Some members may not want their identity disclosed. In the proposed research, assigned numbers will protect the identities of the respondents. After data collation and analysis, the consolidated data will stay in a safe password-protected electronic folder and cloud computing for a minimum of five years for future reference after which I will destroy all data. A problem could arise as to who owns the research data after the study. To safeguard against this, the Walden IRB will be in the best position to give responses on the best practice for such.

### **Protecting Researcher from Risk**

The researcher must take an appropriate assessment of the risks envisaged in data collection and make the notation in the protocol (Seidman, 2013). The researcher should socialize with the participants before the commencement of the data collection exercise to gain their confidence. The parties may exchange emails from time to time before the beginning of the

study. The researcher should have an awareness of personal safety and should check on the physical location of the proposed research for reasons of security.

Given the fact that the CBN is a large organization, before conducting the interview, the Head of the Banking Supervision Department CBN, Abuja, introduced me to Head of the Lagos office where the data collection took place. It is essential that they be aware that I am on the premises and that I may call on them for support if the need arises. The interview protocol had a provision for amending the contract in cases of threats to the researcher.

### **Summary**

Chapter 3 contained research method that highlighted how this inquiry occurred. Areas such as the research methodology, research design, research questions, sampling method, data collection and analysis, ethical considerations, participant selection, reliability, and validity constituted parts of this chapter. The qualitative method enabled me to describe, explore, understand, and interpret the problems that the regulators encounter in ensuring that all licensed banks in Nigeria comply fully with the code of corporate governance. I also noted the inappropriateness of the quantitative methodology and other qualitative research designs such as grounded theory, narrative, ethnography, and phenomenology.

The case study design allowed for the use of multiple sources of data that further enhanced the credibility of the research. In the study, the proposal is to conduct face-to-face interviews with senior members of staff of Supervision Directorate of the CBN. The data collected could give insight into the problems the regulators face that has led to the continued issue of non-compliance with the code of corporate governance by licensed commercial banks in Nigeria.

An understanding of the problem will go a long way in helping banking regulators find lasting solutions to the issues of bank failures in Nigeria. Chapter 4, includes the research setting, the demographics, the findings and the analysis of the data. Chapter 5 highlighted the limitations and the implications of the study, recommendations for professional excellence and suggestions for further research.

## Chapter 4: Results

### **Introduction**

The purpose of this qualitative, exploratory case study was to explore the challenges confronting the leaders of the regulatory agency (the CBN) in enforcing compliance of the code of corporate governance by the licensed banks in Nigeria. Accordingly, the central RQ for this qualitative exploratory single case study was: What are the challenges confronting leaders of the regulatory body (the CBN) in enforcing compliance of the code of corporate governance by the licensed banks in Nigeria? The research has implications for positive social change by emphasizing the detrimental effects of bank failures on the economy of the nation and exploring ways to assist the regulatory agency to curtail the issue.

Chapter 4 includes a description of the research setting, participant demographics, data collection, and data analysis, as well as the evidence of trustworthiness. The section also contains the results of the study and the summary and transition to Chapter 5. Using purposive sampling, I chose 25 officials from the CBN's Banking Supervision Department to participate in semistructured interviews and five of them for a focus group interview.

Each of the 25 participants responded to eight open-ended questions. The open-ended nature of the issues provoked in-depth responses from the participants. I examined the results of the interviews alongside findings from the CBN's *Bullion* newsletters, publications from the NDIC, and audit reports of some banks. The assessments of the responses from each participant, focus group interview, and document review formed the basis for the data analysis and the conclusions reached in the study.

### Research Setting

After obtaining the IRB approval (#01-04-18-0475147), I carried out the following steps in recruiting participants for the study; I wrote letters to 30 prospective participants, and I recruited 25 participants at the CBN office in Lagos, Nigeria, which is the location of the CBN's Banking Supervision Department. The 25 participants indicated their willingness to participate in the research. I carried out a focus group interview using five participants who agreed to participate in the focus group interview. For document review, I reviewed the audit report on banks' compliance with the code of corporate governance and some articles in the *Bullion* newsletter of the CBN.

I did not encounter any technical or other problems during the data collection process. The participants were comfortable during the semistructured face-to-face interviews as well as during the focus group interview. While the semistructured interview took place from February 9 to February 23, 2018, the focus group interview took place on February 23, 2018, at a designated location with the participants' consent.

Each of the semistructured interviews lasted for about 30-40 minutes, and the focus group interview lasted for 50 minutes. I obtained the consent of the head office of CBN in Abuja before the data collection process. I contacted officials of the Nigerian Chartered Institute of Bankers, who gave me the names of top officials within the CBN whom I could use as resources when I got to the CBN's office in Abuja.

After collecting the names of four key people from the Nigerian Chartered Institute of Bankers, an appointment was scheduled with the head of the Monitoring and Examination Department in CBN head office, Abuja, to inform him of the proposed research. I was able to

schedule an appointment for the second day in Abuja. However, later in the day, I got a call from the same official saying that I should state the purpose of my proposed visit, so I did. The official, when he heard the reason for the meeting, canceled the appointment and told me not to come because the CBN does not grant interviews to anyone.

I went back to the Nigerian Chartered Institute of Bankers and gave them an update. The members were quite sympathetic, and immediately made calls to the CBN official at the head office in Abuja to make a case for me. Eventually, they were able to convince him that I was conducting doctoral research and that I did not have any ulterior motives.

The following day I got a call from a CBN official, and he informed me that the Lagos office of the CBN handles the monitoring and examination of banks and that he had contacted a very senior member of staff to assist me in the Lagos office. He gave me the official's contact information and requested that I get in touch with her. I contacted the staff member over the phone immediately and booked an appointment for 10 a.m. the following day in the Lagos office.

The Lagos office used to be the head office of the CBN before it was relocated to the nation's capital in Abuja. The office is a massive structure consisting of three large buildings. The first building is quite magnificent: it has many floors, one of which used to be the office of the CBN's governor. The second building is the currency center; the security is very tight, with armed police officers stationed throughout. The third building is relatively new; it is at the back of the office complex, and it houses the Banking Supervision Department among others.

Those entering the CBN office in Lagos are rigorously screened: At the entrance gate, security officers search visitors, and visitors do not go in unless their names have been duly registered for the day and the security operatives have been informed of their arrival in advance.



Unfortunately, on the day of my first visit, my name was not on the list with the security operatives at the gate, so I could not enter. Instead, I had to sit in a waiting room because the gateman was not aware of my proposed call, even though I had a scheduled appointment to meet with the deputy general manager.

The deputy general manager had inadvertently forgotten to send my name to the gateman. After much waiting, an official from the Banking Supervision Department sent a memo to the security operatives at the first gate to allow me in. On the receipt of this memo, they allowed me onto the premises, and I then moved on to a second gate, where I went through another round of security checks. This time around, the security operatives used hand scanners and other security devices to search my bag and other personal belongings.

Because the Monitoring and Supervision Department is at the back end of the CBN office, I then moved on to a third gate. This gate leads to the third building, which is a massive structure with about 15 floors. Again, I had to go through a rigorous round of inspection. I submitted all my belongings including my bag, cell phone, recorder, laptop, keys, and jewelry through a metal detector. A female security operative then used a hand scanner to search me.

After the scanning, I collected my belongings and moved on to the reception counter. Four security men were at the reception desk. I stated the purpose of my visit to the CBN. One of the men at the reception wanted to know if the call was personal or official, and I told him that it was official. He then went through the logbook for the day and found my name. He gave me a tag and told me to write my name in a register, along with the tag number, the department I was visiting, and the time that I arrived.

After that, I went to the elevator that would take me to the Banking Supervision Department on the 11th floor. To get to the elevator on the ground floor, I had to go through a large, rolling metallic chamber that gave me access only after logging in with the tag that I collected at the reception counter. The ambiance of the ground floor was great: there were 20 elevators, ten on each side, so that people do not have to wait; and, indeed, there was no queue of people seen in front of the elevators. The lifts were new, modern, and very well maintained.

When I got to the 11th floor, I met a security operative who sat near the lift. The security man looked at my tag and directed me to an inner door that led to the Banking and Supervision Department. He advised me to use the card given to me at the reception counter to open the door.

The offices on the 11th floor were well demarcated. To the left, I noticed that there was a massive conference room, a library, the office of the divisional head, the secretary's office, the storeroom, and some other offices. On the right were the offices of the deputy general managers. The relatively junior members of staff stayed in the open offices.

At the back end of the 11th floor were cubicles, which were the offices of managers and principal managers. There was also a waiting room; I waited there until it was time to meet with the official with whom I had scheduled an appointment the previous day. The official was quite courteous when she came to take me to her office. I introduced myself and stated the purpose of my visit. The official informed me that she had been contacted by the head office in Abuja about my proposed visit.

I told her the purpose of the research and reasons considered before deciding to undertake the study. I also informed her about the inclusion criteria. She was quite receptive, and after a while, she excused herself and went in search of the people who fit the criteria. After waiting for

30-35 minutes, she came back with a list of 30 members of staff that fit into the inclusion criteria. Some of the people on the list were available while some others were not in the office on that day.

However, I met with those who were available and informed them of the proposed study and its purpose. I gave the expression of interest letters to those who decided to participate. They read and endorsed the notes, and we agreed on the dates for the face-to-face interviews.

Afterward, I called the other officials who were not available on the first day until I was able to get at least 25 individuals who expressed interest in participating in the study.

They all endorsed the informed consent forms. The interview sessions were conducted from February 9 to February 23, 2018, in the offices of the participants, as per their preference, with an assurance that there would be no interference or distraction from colleagues. I later found out that by conducting the meetings in their offices, they were able to show me journals, books, and publications such as the CBN *Bullion* and other newsletters, which gave more profound meaning to the responses provided.

### **Demographics**

I conducted semistructured interviews with 25 participants who gave their views regarding the Nigerian banks' compliance with the CBN's code of corporate governance and the problems that they encountered. To ensure confidentiality and provide adequate protection to the participants, I used pseudonyms to represent each participant instead of using their actual names. The pseudonyms included a numeral one through twenty-five.

I also added a prefix 'P' to each participant's numeral. Additionally, I conducted interviews with one focus group that comprised five participants. All the participants signed the informed consent forms and gave thorough answers to the provided prompts.

The ratio of male to female was 10 to 15. All the participants were engaged in the routine examination of banks; they have gained much experience on the job and had a lot to say about the compliance levels of the banks. They had also had their jobs for more than 10 years and were all in senior positions in the bank. The participants were employees of the CBN in the Banking Supervision Department in Lagos.

Table 1 List of Participants

*List of Participants*

Participants	Gender	Years of experience	Rank	Cadre
Participant 1	Male	21	Deputy director	Senior level executive
Participant 2	Male	20	Assistant director	Senior level executive
Participant 3	Female	22	Principal Manager	Senior Level Executive
Participant 4	Male	18	Director	Senior Level Executive
Participant 5	Female	27	Assistant Director	Senior Level Executive
Participant 6	Female	25	Assistant Director	Senior Level Executive
Participant 7	Male	25	Deputy Director	Senior Level Executive
Participant 8	Male	24	Principal Manager	Senior Level Executive
Participant 9	Female	20	Deputy Director	Senior Level Executive
Participant 10	Female	21	Assistant Director	Senior Level Executive
Participant 11	Female	20	Assistant Director	Senior Level Executive
Participant 12	Male	18	Deputy Director	Senior Level Executive

*table continues*

Participants	Gender	Years of Experience	Rank	Cadre
Participant 13	Female	24	Principal Manager	Senior Level Executive
Participant 14	Female	24	Deputy Director	Senior Level Executive
Participant 15	Male	18	Assistant Director	Senior Level Executive
Participant 16	Male	19	Assistant Director	Senior Level Executive
Participant 17	Male	20	Assistant Director	Senior Level Executive
Participant 18	Male	20	Assistant Director	Senior Level Executive
Participant 19	Female	22	Assistant Director	Senior Level Executive
Participant 20	Female	25	Assistant Director	Senior Level Executive
Participant 21	Female	20	Assistant Director	Senior Level Executive
Participant 22	Female	20	Assistant Director	Senior Level Executive
Participant 23	Female	21	Director	Senior Level Executive
Participant 24	Female	22	Director	Senior Level Executive
Participant 25	Female	21	Deputy Director	Senior Level Executive

### **Data Collection**

I used multiple sources in collecting my data. I began by contacting an official at the Nigerian Chartered Institute of Bankers (NCIB) in order to find possible contacts at the CBN who could give me leads on how to conduct the study; this is because I believe that the Nigerian Chartered Institute of Bankers would be knowledgeable of bank hierarchies in Nigeria, including the CBN. The NCIB conducts regular examinations, courses, seminars, and conferences for professional bankers, and, from time to time, invites the governor and high-ranking officials of the CBN to such meetings. I am a member of the Nigeria Chartered Institute of Bankers (NCIB).

Additionally, the officials at the NCIB have an excellent relationship with all the banks in Nigeria, including the CBN. I must attribute the success of data collection to them. They introduced me formally to the senior official of the CBN's Banking and Supervision Department in Abuja, Nigeria.

The CBN officials initially rebuffed me, and the NCIB stepped in again to make a case for me. Ultimately, the introduction by the NCIB gave me proper recognition and right standing with the CBN officials. Also, the fact that I was a doctoral candidate at Walden University was quite helpful, because a number of the staff members at CBN had heard about Walden University.

The head of the Banking Supervision Department in Abuja informed me that the Lagos office handles the monitoring and examination of banks, and he directed me to a very senior official in the Lagos office. The official in Lagos was quite helpful and assisted in providing the names of the members of staff in the department who fell within the inclusive criteria. I then contacted these individuals and informed them of the purpose of the research. On February 9th, I

arrived early to the CBN Lagos office. I accounted for the time it would take to get through the tight security checks at the gates. Gaining entrance into the CBN is always time-consuming, and sometimes exasperating. With this at the back of my mind, I got to the Banking and Examination Department early on the dates of the interviews and waited until it was time for the meeting.

I had to be punctual because the bank examiners are busy people who would have plenty of other things to do, were I to show up late. Additionally, the gateman would not allow me into the CBN if the participants were not there. For the interview sessions, I went along with my mini tape recorder, my interview protocol, interview questions, writing paper, and two writing pens. As requested by the participants, I conducted most of the interviews in their offices. During the interviews, the participants sat directly across me and I placed my mini recorder on the table. The recording was verbatim. In the focus group interview that took place in a secluded place, I sat with the five participants and I asked the questions in the interview protocol for focus group interviews. At the end of the session, the participants were able to read my jottings and they agreed with my interpretations.

Contrary to expectations, none of the participants recommended the use of the library. I completed each face-to-face interview within 30- 40 minutes and the focus group interview within 50 minutes. Although a mini tape recorder was used for the meetings, I also took copious notes to have a complete transcript for further analysis. I clarified their reactions to some questions by sometimes repeating the answers given for the participants' confirmation and clarification.

At the beginning of the interviews, general questions were asked to put the participants at ease and to gain their confidence. After that the questions were asked in line with the interview



protocol. The participants answered the questions openly and provided in-depth responses. I recorded each session and transcribed the interviews and focus group through Transcribe.com. This software allowed a researcher to download the cloud-recorded meeting. The software allowed for different settings for playing, repeating, speed, skipping, and so forth. I set the software to play 3-4 seconds at a time, while I typed onto the designated section of the software. I also set the software to auto rewind a second, then begin again, further playing for transcription. Transcriptions varied in length, depending on how much data was collected for each interview question. Once my transcriptions were completed, I read them to the corresponding participant over the telephone for member checking. Each participant replied with affirmative approval except two that only reemphasized their points. The next process involved data analysis of the collected data.

### **Data Analysis**

In the study, I made use of semistructured interviews, focus group interviews, and document review for data collection. I transformed the raw data collected from my notes and audio recorder into the textual transcript. The service of a transcriber was required to assist with the transcription of the recorded data. On my part, I also painstakingly wrote out the transcript of each participant's interview to corroborate the transcriber's work.

Comparing the transcriber's work with mine provided greater reliability of the data collection method. After the data was transcribed, a copy was placed in each participant file already marked with pseudonyms. I conducted the data analysis using the five steps recommended by Yin (2014). The stages include (a) data compilation, (b) data disassembly, (c) data reassembly, (d) data interpretation, and (e) data conclusion and meaning derived.

During the data compilation, I familiarized myself with the transcripts and assigned codes. The next step was data disassembling and attempting to get the initial codes from the responses. The third step was data reassembly for themes. Data interpretation was the fourth step and included the identification of themes to form clusters of common themes. The final step was the prioritizing of themes by identifying those that occurred most frequently.

The textual transcribed data was uploaded into NVivo 10 software from the word document to obtain an organized set of data that was sorted into groups and themes. The data collected were analyzed, using NVivo 10. I conducted the following analysis; (a) created associated codes and nodes for each interview question, (b) drew keywords or phrases within responses to each interview question and assigned to appropriate node, (c) reviewed each node for the keywords or phrases used, and outlined emerging themes. I, also, (d) created a word cloud, (e) calculated how many participants mentioned the themes, (f) created tables to show the number of participants saying the particular themes, and (g) created a table with the themes and subthemes.

I conducted thematic coding which serves as a comparison of data. Thematic coding includes reading the notes and looking for themes and trends, writing down any theme that occurs, inputting information into the chosen qualitative data analysis software and analyze in various ways, such as concept mapping, themes, and interpret the results (Boston College, 2016). Thematic data analysis is a tool to summarize information from multiple sources and organize data into themes and concepts linking data from various sources and concludes with only relevant data while recognizing data that can be important for future research (Saldana, 2013).

As suggested by Leech and Onwuegbuzie (2007), I performed a constant comparison analysis. I, (a) read the entire set of data, which led to a subset of the data, (b) fragmented the data into smaller significant parts, (c) labeled each chunk with a descriptive code, and (d) compared each new piece of data with previous codes so that similar fragments were marked with the same code. After all the data were coded, the codes were grouped by similarity; a theme was identified and documented based on each grouping. The codes emanated from the conceptual framework as well as the emerging insights from the interview transcription.

The codes materialized into themes that graduated into categories. With the use of content analysis coding system, some remarkable features were identified and highlighted with colored pens for further examinations. Maxwell (2013) argued that the development of themes and categories helps with the interpretation of the data. Additionally, I had to focus on the data that would answer the research question.

During the data-gathering sessions, I noticed that the participants were eager to talk to me about the successes that they had recently accomplished in getting the banks to comply fully with the code of corporate governance and less about the problems they encountered in the past. Therefore, some of the responses to the problems that they may have encountered were often merged with answers on how the CBN was able to resolve the challenges. The participants were quite happy with the successes that they had recently achieved.

I, however, kept on asking the prepared questions even though the responses were a mix of the past challenges and the recent successes. I had initially forwarded the consent forms to the participants to sign and requested that they choose their preferred location for the data collection and the time and day of the session. Once I received the signed consent forms, I scheduled the

interview according to each participant's preference noting the preferred time as well. Twenty-five participants were recruited for the data collection process. From these 25 participants, five were enlisted for a focus group interview.

While analyzing the data, it appeared that the participants gave similar responses; however, I continued until I had examined the 25 sets of data. Because the answers were almost identical, I was able to get 13 emergent themes and two subthemes. The 13 emergent themes were comprehensive supervision, recruitment of skilled personnel, e-examination, board composition and meetings, special board committees, bank classifications, gray areas and self-regulation, penalty review and sanction power, zero shareholder influence, the omnibus clause, duties of board members, right of stakeholders, and internal audit report, while the two subthemes are on-site and off-site investigation, and training and retraining.

Pseudonyms were used to represent the names of the participants from P1 to P25. For member checking, after the collation of the responses, I followed up with phone calls to share my interpretations of their reactions to the questions. This was not an easy task because some of the participants were away conducting the yearly examination of banks, which takes place at the beginning of each year.

I was able to get them to speak with me after the close of the day or during lunch breaks. Most of them expressed their agreement with my interpretations and did not add anything new; however, two participants, P4 and P11, gave better clarity and additional information about the omnibus clause that aided the analysis of the data. Participant P11 emphasized that the CBN has recruited personnel with technical skills to review the monthly statement of accounts.

## **Discrepant Cases**

Glaser and Laudel (2013) noted that a discrepant case is a data that is at variance with the perspective on the phenomenon being studied. In this study, most of the responses obtained from the participants did not align with existing literature on the subject. It appears that the leaders of the Banking and Supervision Department in the CBN have undertaken an internal assessment of their activities and assessed the lapses in the regulatory role. Accordingly, they put appropriate measures in place that will assist the banks to comply with the code of corporate governance.

## **Evidence of Trustworthiness**

In qualitative research, the issue of trustworthiness revolves around the credibility, dependability, transferability, and confirmability of the findings (Houghton et al., 2013). In this study, I present hereunder the explanation of steps I took to ensure the trustworthiness of the results:

### **Credibility**

To ensure the reliability of the study's findings, I requested that the participants validate the responses at two stages: during the data collection stage and the member checking process conducted over the phone with each participant. In some cases, during the data collection process, I repeated the responses obtained and requested that the participant confirm or clarify the answers. The process enabled the participants to either agree or disagree with my interpretation; it also allowed me more time to take comprehensive notes during the interviews.

As a result, I had a thick description of the responses from each participant, and through member checking, I also enhanced the credibility of the research (Cope, 2014). I called the

participants over the phone to share my interpretations of their responses. During the process, 23 of the participants confirmed that my understanding correctly captured the essence of their reactions. The other two participants further clarified the meaning of their responses. Case study research involves the use of multiple sources of evidence (Yin, 2014). I used various sources of data, including in-depth semistructured interviews, focus group interviews, and document review to enhance the reliability of the results.

### **Transferability**

By using a thick, rich description of every aspect of the qualitative research, the researchers establish transferability (Lincoln & Guba, 1985). In the qualitative study, transferability means that the research findings may be applied to other settings or groups and that the results have similar meanings to others who are not involved in the research directly (Houghton et al., 2013). In this research, in addition to using the mini recorder for the transcription of the responses, I took detailed and comprehensive notes during the data collecting sessions. I also asked the members to reconfirm the collated interpretation of the data that I read to them over the telephone. Furthermore, I made an in-depth description of the sample, the setting, demographics, and the results of the research (Hanson et al., 2011).

### **Dependability**

A qualitative study is dependable if the findings are consistent with similar participants in similar conditions (Cope, 2014). Houghton et al. (2013) argued that dependability is an audit trail that allows a reader to understand the steps used in concluding the study seamlessly. Lincoln and Guba (1985) believed that the utilization of an audit inquiry establishes dependability. I ensured dependability by using a detailed audit trail.

I documented all the specific steps used throughout the study. The audit trail guided the choices I made, and the processes are undertaken to analyze the data. Maxwell (2013) noted that the researcher's bias and reactivity are threats to the validity of a qualitative study. Therefore, throughout the data collection period, I was aware of my preferences, and I mitigated them by being conscious of their existence and conducting the research in a strictly professional manner.

### **Confirmability**

Confirmability is the researcher's ability to illustrate that the data presented is the actual responses from the participants, and not the investigator's misrepresentation (Polit & Beck, 2012). To demonstrate confirmability, I described the data collection process including how I arrived at the interpretations and conclusions. I also showed that the research findings originated from the data collected.

Direct quotes were used from the participants as frequently as possible. Furthermore, I applied member checking by contacting the participants over the telephone and asking them to confirm whether my interpretations were accurate representations of their responses. The participants stressed that my descriptions were their exact meaning to the questions asked.

### **Study Results**

The purpose of this qualitative exploratory case study was to explore the challenges confronting leaders of the regulatory body, (the CBN), in enforcing compliance of code of corporate governance by the licensed banks in Nigeria. Based on my interviews with 25 participants, a focus group of five participants and the documents reviewed, I identified 13 emergent themes and two subthemes. The 13 emergent themes were comprehensive supervision, recruitment of skilled personnel, e-examination, board composition and board

meetings, special board committee, classification of banks, gray areas and self-regulation, penalty review and sanction power, zero shareholder influence, the omnibus clause, defined duties of board members, right of stakeholders, and internal audit report. The two subthemes were the on-site and off-site investigation, and training and retraining.

Table 2 Triangulation of Data

*Triangulation of Data Using Semistructured, Focus Group, and Document Review*

Codes	Themes	Subthemes	No of occurrence	Data source	Percentage of occurrence
Carrying out both on-site and off-site supervision to ensure that bank comply with the code of corporate governance	Comprehensive supervision	On-site and off-site investigation	25	Semistructured interview	100%
Making recruitment process transparent will enhance the recruitment of skilled personnel	Recruitment of skilled personnel	Training and retraining	23	Semistructured interview	92%
Conducting electronic examinations for banks improve the on-site and off-site examinations for banks	E-examination		18	Semistructured	72%

*table continues*



Codes	Themes	Subthemes	No of occurrence	Data source	Percentage of occurrence
Frequency of Board meeting should be encouraged for strategic discussion on the code of corporate governance	Board composition and board meetings		25	Semistructured interview	100%
Special Board Committees that monitors that banks comply with the code of governance has helped in the past	Special Board Committees		25	Semistructured Interview	100%
All banks must belong to a category such as low- risk, high- risk average risk, above average risk.	Bank Classification		18	Semistructured Interview	72%
Uniform rules and regulations introduced by CBN will provide self-regulation among all banks in Nigeria	Gray Area and Self-Regulation		16	Semistructured Interview	64%

*table continues*

Codes	Themes	Subthemes	No of occurrence	Data source	Percentage of occurrence
The penalties for noncompliance with the code of corporate governance rule should be reviewed	Penalty Review	Sanctions	17	Semistructured Interview	68%
No shareholder should have majority votes or influence to determine the decisions made in the bank.	Zero Shareholder Influence		25	Semistructured Interview	100%
The omnibus clause is in subsection 60 of BOFIA as amended	Omnibus Clause		16	Semistructured Interview	64%
Defining the duties of every board member provide clarity to board members to know what is required for compliance with the code of corporate governance	Defined Duties of the Board Members		5	Focus Group	100%

*table continues*

Codes	Themes	No of occurrence	Data source	Percentage of occurrence
Every stakeholder of the bank has the right to freedom of expression and freedom to a meeting. The freedom of the bank should not be restricted by other stakeholder	Right of Stakeholders	5	Focus Group	100%
Audit Records reveals how bank comply with the codes or not	Internal Audit Report/ Bullion Newsletter	1	Document Review	100%

### **Theme 1: Comprehensive Supervision**

The theme of comprehensive supervision emerged from the semistructured interview. Comprehensive oversight is a valuable tool that CBN leaders are now using in enforcing Nigerian banks' compliance with the code of corporate governance. P5 confirmed, "Things have changed from the past. We now carry out an in-depth inspection of all the departments of the bank. Unlike before, when the banks can [sic] give fictitious accounts, the situation cannot occur again."

In support of this statement, all the participants, from P1 to P25, noted that comprehensive supervision is an essential tool needed to ensure compliance with the code of corporate governance. P6 stated that inadequate oversight and inadequate enforcement of the

code played significant roles in exacerbating problems associated with bank failure. Regulators were ineffective in anticipating the massive changes in the industry, and in eliminating the pervasive shortcomings in compliance with the code of corporate governance (Tai, 2015).

The CBN's Supervision Department was not adequately structured to efficiently supervise and enforce regulation (Jakada & Inusa, 2014). In the past, it appeared as though there was no department in the CBN that was responsible for addressing the critical industry issues such as risk management, corporate governance, fraud, money laundering, cross-regulatory coordination, enforcement, and legal prosecution, as well as for ensuring that examination policies and procedures were adapted to the prevailing environment. Critical processes, like enforcement, pre-examination planning, and staff development, were not delivering the results required to efficiently supervise and engage banks in enforcing proper conduct (Alalade, Onadeko, & Okezie, 2015).

P7 emphasized that:

Unlike in the past, the examination and inspection of banks are now comprehensive. We currently conduct a detailed investigation of the books of banks. We now perform detailed off-site and on-site inspection. For off-site monitoring, the banks download their activities directly from their servers to the CBN every month, and the IT specialists in the CBN review the returns monthly. If the regulators notice any discrepancy, the bank will have to conduct a reconciliation.

P6 noted that in the past banks were supposed to send copies of their monthly returns to the regulators every month. However, most of the time, the reports would be rendered late, and sometimes compromised, as well (Alzehan, 2015). The IT Department has developed the

software that directly connects to the servers and databases of the commercial banks so that the rendering of the monthly returns is automated and the regulators download the required information at the source.

P8 further remarked that the automated monthly examination of the banks' returns is called the off-site investigation. P10 said:

The on-site inspection is the regular physical examination we conduct at the banks head offices every year. We carry out the on-site inspection to reconfirm all that the banks have forwarded to the CBN on a monthly basis under the off-site supervision.

Given these assertions, it would appear as though the examination and monitoring of the banks in previous years was not comprehensive; as a result, the banks were able to supply compromised statements of affairs to the regulators repeatedly, which ultimately led to the distress in the banking sector of 2009.

**On-site and off-site investigation.** The role of the CBN is to conduct regular bank supervision to ensure a sound financial system in the country (Babalola & Adedipe, 2014). The participants noted that the monitoring of banks had improved remarkably since the last financial crisis of 2009 through superior on-site and off-site practices resulting in a higher level of corporate governance compliance. P1 and P4, however, noted that these improvements needed to be buttressed by resolving the problems of weak banks, and by making further progress concerning the enhancement of cross-border supervisory practices. P3 stated that:

The CBN has increased the rate of both on-site and off-site supervision. The frequency of ad-hoc on-site visits to the bank has also increased over time. These measures are mainly to ensure the soundness of the risk-asset portfolio of the banks; compliance with critical

ratios, such as liquidity and current rates; cash reserve requirements; capital adequacy ratios; and management quality, as well as other corporate governance compliance.

In the past, the CBN did not usually often carry out regular unplanned ad-hoc visits to the banks. Bank regulators are often expected only once a year and towards the banks' financial year-end. As a result, the inadequate supervisory framework, and the lack of an adequate risk-asset database and information sharing systems have all contributed in no small measure to some improper activities by some banks thereby leading to bank distress and eventual liquidation by the regulators (Umanholen, 2015). To resolve these problems, the respondents noted that the CBN took various actions and introduced several different fiscal strategies aimed at increasing the efficiency of banking supervision.

Among these is the ad-hoc examination, which are special examinations called at the discretion of the regulators. These measures are mutually reinforcing, and are designed to identify and diagnose emerging problems within the banks timely. They also help to find the most efficient resolution to the issues, thus forestalling bank liquidations and ensuring continued public confidence in the nation's banking industry. The CBN has increased the rate of both on-site and off-site monitoring (Ekhatior & Anyiwe, 2016). The bank examiners conduct the on-site physical examinations in the banks' head offices, while the off-site analyses are done at the CBN head office in Abuja (Ojeme, Robson, & Coates, 2018).

CBN also uses the off-site supervision to monitor banks' subsidiaries under the comprehensive supervision process. In the focus group, the participants mentioned that comprehensive supervision also monitors the activities of the banks' boards of directors, which led to the creation of the audit and risk assets board committees.

P2 mentioned that

In the past, some of the banks' directors granted credit facilities to themselves and their friends without in-depth credit review processes, and later some of the loans went bad and eventually proved to be irrecoverable, which led to illiquidity in the affected banks.

The result was that bank depositors were unable to access their deposits, which in turn led to the public outcry.

P 12 added that

Under the current regulations, specifically in the amended code of corporate governance, directors of the banks are held liable for loans granted by the banks and could be prosecuted in a court of law if the loans become irrecoverable. These regulations also impose a maximum CEO tenure of 10 years, unlike in the past, when banks' CEOs held their positions for long periods''.

P3 commented that ''the amended code of corporate governance capped the shareholding ability of individuals to a maximum of five percent equity investment so that no single shareholder can hold the bank ransom, as was the case in the past, mainly with family-owned banks''. P5 mentioned that, unlike in the past, the comprehensive supervision also involves the examination of the banks' subsidiaries. The transactions of the subsidiaries may hurt the bank as a whole and erode its share capital, making the bank delinquent.

P1 mentioned that as part of their comprehensive supervision, the regulators now engage regularly in the inspection of some bank departments that was not subject to examination in the past. Some of these departments are the foreign exchange department and Money Laundering Unit. The investigation of these departments also shows transactions done in the bank that may

have any signs of money laundering, and financial terrorism. P1 further mentioned that ‘‘ comprehensive supervision of a bank prevents both credit and liquidity risk that may lead to bank distress.

Table 3 Comprehensive Supervision

*Comprehensive Supervision*

Codes	Themes	Subthemes	Number of occurrence	Percentage of occurrence
Carrying out both on-site and off-site supervision can ensure that bank comply with the code of corporate governance	Comprehensive Supervision		25	100%

**Theme 2: Recruitment of Skilled Personnel**

Almost all the participants noted that the CBN had recruited additional members of staff to complement the existing staff levels. P1, P10, P12, P15, P21, and P25 all noted that the CBN now has professionals with excellent IT skills who can scrutinize banks’ books and easily bring discrepancies to light. Additionally, the CBN has now recruited staff from commercial banks, and these individuals can point out the various loopholes in the code that the banks were able to manipulate when rendering returns to the CBN in the past.

The CBN has accordingly closed these loopholes so that the banks cannot provide fictitious accounts anymore. P7commented that in the past, the CBN did not have the robust IT



architecture or an adequate number of staff with IT skills who could detect discrepancies in the returns submitted. During member checking, P11 re-emphasized that:

The CBN has now recruited personnel with vital technical skills to review the monthly returns when they are presented meticulously. IT experts have been hired with critical competencies to check any discrepancies. They have greatly helped in the monitoring of the banks.

Simpson (2014) argued that recruitment and selection have become imperative within organizations because of the need to attract the right individuals to meet the constant changes in the marketplace. The CBN appears to have the appropriate caliber of staff for the regulatory function. The inference is that the CBN may not have had the adequate workforce in the past.

Table 4 Recruitment of Skilled Personnel

*Recruitment of Skilled Personnel*

Codes	Themes	Subthemes	Number of occurrence	Percentage of occurrence
Making recruitment process transparent will enhance the recruitment of skilled personnel	Recruitment of qualified personnel	Executive search	23	92%

**Training and retraining.** Interview question number 6 explored the possible lapses or gray areas within the code that the banks can manipulate to their advantage. Most of the participants admitted that adequate training is imperative. P5 said that “in the past; the banks could take advantage of some lapses and go for the CBN penalties when they commit infractions rather than amend their actions”. P5 added that “one other area that the banks take advantage of the regulations of CBN is in the rendering of the hard copies of the monthly returns within 28

days after the month's end as stipulated by the code." P10 commented that "some of the banks do not and were always rendering falsified reports which were not easy to detect. As a result, the CBN had made sure that the members of staff of the Monitoring and Supervision department undergo rigorous training locally and abroad for capacity building to give them an in-depth understanding of the regulatory requirements".

From the focus group, the members mentioned that some staff members within the inspection department had been moved to other departments because they failed many of the tests given during training. They also could not cope with the changing dynamics in the department. Training and retraining refer to programs designed to help new and old employees adjust to changes in the banking environment (Agyemang & Castellini, 2015).

P3 mentioned, "at the beginning of several bank failures, the CBN had adopted the risk-management procedures of the Canadian banking system and that some of the staff went to Canada to understudy the particular banking system". In the modern workplace environment, training for highly specific job skills is carried out for the sake of long-term professional development. Kilic (2015) argued that previous education, previous and current training, and the qualifications of employees all contribute to higher levels of productivity and competence. P6 stated that

Training of staff and examination and has significantly increased too. I just sat for a test last month, and it was tough. Everyone in this department has to undergo regular training; otherwise, we would become obsolete and transferred out or retrenched.

Given the fact that the world is now a global market, employees need to acquire the appropriate skills to deal with complex changes in the business environment (Yousuf & Islam,

2015). P7 stated, “We are investing a lot in training. I even have one for tomorrow. The CBN conducts in-house and online training to equip the staff for future challenges and create a high level of professionalism to detect any micro fraud. “Staff training is very crucial for the survival of any financial institution (Agyemang & Castellini, 2015).

Table 5 Training and Retraining

*Training and Retraining*

Codes	Themes	Subthemes	Number of occurrence	Percentage of occurrence
	Continuous training system ensures that personnel are regularly upgraded to know the best approach to CBN requirements	Training and retraining	9	36%

**Theme 3: E-Examinations**

P5 noted that in the past the examiners conducted an in-depth, on-site examination once a year. They also, however, performed ad-hoc investigations only whenever they had reason to believe that there were problems in the banks that needed to be addressed. Even in the past, the regulators had allotted periods during which these annual inspections occurred. Within the period granted, they had to scrutinize the massive loans accounts and other significant transactions of the banks and rely primarily upon the returns rendered by the banks during the on-site inspection (Jakada & Inusa, 2014).

In the past, banks usually kept two sets of accounts: the exact statements, which showed the precise position of the bank, and another report, with falsified financials, for the auditors and the regulators (Umanholen, 2015). It is therefore not surprising that a bank may suddenly be

unable to meet its obligations only a short time after the regulators had conducted a routine examination and judged the bank to be healthy (Jakada & Inusa, 2014). The participants noted that the recent introduction of e-examination, or technology-based inspections, had curbed the deceptive practices used by banks.

According to Sangmi and Jan (2014), the use of technology in the banking industry transforms and enhances delivery channels, and opens up new areas for users to conveniently access financial information. P11 mentioned that under the technology-based approach, banks submit the monthly report of their activities to CBN by downloading it to the CBN server every month. P2 noted, “The CBN has a link [software] that connects to the server of each commercial bank, and downloads live data directly from the bank’s database.” P6 mentioned that the CBN now has professionals, most of whom are IT experts, who monitor the monthly returns from the banks.

In the past, the lack of a comprehensive risk-asset portfolio and efficient information technology systems have both contributed to the disruption of bank activities, thereby leading to bank distress and liquidation (Taktak & Mbarki, 2014). The participants noted that the level of bank monitoring, especially, with the active use of the e-examination is now detailed. Given the depth of the investigations that are currently conducted, the CBN is in an excellent position to detect problems with each bank and mitigate them before they escalate.

Table 6 E-Examination

*E-Examination*

Codes	Themes	Subthemes	Number of occurrence	Percentage of occurrence
Conducting	E-		18	72%

---

electronic examinations for banks enhance the on-site and off-site examinations for banks	examination
---	-------------

---

#### **Theme 4: Board Composition and Board Meetings**

All the participants noted that the minutes of banks' board meetings are relevant documents in their monitoring and inspection activities. P9 said that "The CBN has given directives to all board members of banks on how often the board of banks should hold board meetings, and the CBN reviews the minutes of the meetings". P6 revealed that that board pack and memo pack both contains the agenda of what transpired during the board meetings and that by reviewing the board pack and memo pack the regulators can ascertain how the board arrived at the decisions that were taken in the banks.

P5 mentioned that "in the past, the board meetings were conducted at the discretion of the chairperson or the managing director". P2 and P13 noted that under the present dispensation, the regulators look into the composition of the banks' management and board members, as well as how the banks conduct the meetings. P17 and P19 mentioned that in the past the review of the board's activities and its composition was not as detailed as it is now under the amended code. Then, some bank owners and chief executive officers made their associates or family members directors who would not challenge the actions taken by the banks.

Sifile, Susela, Mabvure, Chavunduka, and Dandira (2014) observed that some managing directors of firms appoint directors who they are very familiar with, and they obey all directives given to them and would not act contrary to their sponsor's agenda. P15 noted that some aspects

of the amended code had curtailed the overbearing influences of the directors and chairpersons of banks, contrary to how things were in the past. The impunity on the part of bank directors and chairpersons contributed to past bank failures (Achim, Borlea, & Mare, 2016).

P6 further noted that legal actions were against some of the managing directors of the failed banks for actions they performed while at the helm of the banks they led. Under the amended code, the board is responsible and accountable for the performance of the bank. In addition, by provisions in the Companies and Allied Matters Act (CAMA) of 1990, directors owe the bank the duty of care and loyalty and must act in the interest of the banks' employees and other stakeholders.

The board is expected to formulate policies for the bank's strategic goals, support long and short-term business strategies, and to supervise the implementation of policies by bank management. The BOD is responsible for monitoring the interest of all the stakeholders in the bank (Akpan & Amaran, 2014). The amended code stipulates that the board should consist of executive and non-executive directors. The bank considers the record of accomplishment of the proposed directors, including their integrity, as determined by the existing CBN guidelines on fit and proper person's regime before they are nominated.

P3 noted that under the amended corporate governance code, the directors of banks could not spend more than three terms, or twelve years, on the board of any bank. The CEOs of the banks also have a shorter tenure of no more than ten years. The positions of board chairperson and managing director (CEO) should be separate and not as was done in the past when a single individual doubled as the CEO and chairperson and controlled the affairs of the bank. Now, one person shall not hold these two seats in any bank at the same time.

Proponents of agency theory argue for a significant number of external and independent directors on the board of organizations (Taktak & Mbarki, 2014). Akpan and Amran (2014) explained that a board dominated by independent directors ensures thorough scrutiny of the banks' books and that these independent directors bring a wealth of experience. Such boards make fewer provisions for delinquent loans (Taktak & Mbarki, 2014).

By agency theory, the boards of banks that are made up mainly of independent directors, who are professionals in their fields, efficiently monitor the management of the banks better and can curb the excesses arising from the personal interests of the executive and the managing directors (Akpan & Amran, 2014). The presence of independent directors in banks lessens the agency problem because they monitor the conduct of executives and ensure that the stakeholders' interests are respected (Nkundabanyanga et al., 2014). Independent directors are likely to be unbiased in their responsibilities, and can competently supervise the executives (Lee & Isa, 2015).

Table 7 Board Meeting

*Board Meeting*

Codes	Themes	Subthemes	Number of occurrence	Percentage of occurrence
The frequency of Board meeting should be encouraged for strategic discussion on the code of corporate governance	Board meetings		25	100%

### **Theme 5: Special Board Committees**

All the participants agreed that the creation of special board committees has been of tremendous help to the banks and that it has simplified the on-site examination processes. In the past, banks failed because of illiquidity, for holding a large number of sticky and irrecoverable risk-asset portfolios, and for falsification of financial reporting (Umanhoben, 2015). Banks should have internal mechanisms that prevent them from engaging in these practices and put checks in place to forestall any act in violation of the code of corporate governance (Saeid & Sakine, 2015).

After the global economic crisis of 2009, many Nigerian banks became distressed (Afolabi & Dare, 2015), because they did not have the internal mechanisms to ensure that they adhered fully to the code of corporate governance (Saeid & Sakine, 2015). To forestall the steady deterioration of banks' assets and avert future bank distresses, the amended code of corporate governance provided for the creation of two essential board committees in the bank, which ensure that the banks risk portfolio and financial position of the banks are reviewed continuously. These are the risk-asset and audit committees. All of the participants expressed that the committees have been of tremendous help and that their creation was entirely justified.

P2 noted that the audit committee is statutory because the banks' auditors make use of this committee's report to audit the banks and prepare the yearly-published accounts. The audit committee is expected to conduct its duties efficiently at all times and to ensure that the banks' books are well maintained. Financial reporting is one significant indicator of an organization's accountability and transparency (Babalola & Adedipe, 2014).



It is the means of communicating the activities of the organization's actions to the stakeholders, who rely on the information provided for decision-making (Brandas, 2014). P3 noted that the amended code stipulated the requirements for membership of the committees. P1 pointed out that the chairperson of the bank could not be the head of a committee, and that executive directors cannot either. Independent and external directors are expected to head committees not only because of the experience that they possess but because they would be unbiased.

P7 further stressed that the concept of independent directors, who monitor the other executive directors, has been helpful. The independent directors have been given powers that enable them to perform their work effectively. P8 said that the board members are now afraid, and are meticulous and would not allow the banks to commit infractions as they might have before. This is because, under the revised code, the board members are held personally and collectively liable for any actions taken by the banks.

Because of this and for fear of being sent to jail, the directors are wary of making decisions that may tarnish their professional reputations. P10 also observed that the external auditors should not engage in any other activity except for overseeing the banks' books. The external auditors are empowered to report to the board audit committee directly, and to the board of the bank in its entirety. P1 concluded that

Fundamentally, a bank of the future must be a bank that has strong corporate governance, because that is important. A bank of the future must be a bank that must have very proactive management that can strategize and position the bank competitively for the next five years, for instance.

Table 8 Special Board Committees

*Special Board Committees*

Codes	Themes	Subthemes	Number of occurrence	Percentage of occurrence
Appointing a Special Board committee has helped the compliance	Special board committee		25	100%

**Theme 6: Classification of Banks**

P2 further stated that unknown to the public; the CBN uses some parameters to classify the inherent risk of each bank's portfolio. Accordingly, the classification of banks used by the CBN is four namely; low-risk, high-risk, above-average-risk, and moderate-risk. Most banks want to be in the low-risk category.

According to P2 and P3, those banks in the high-risk group are under the watchful eyes of the regulators. P5 noted that the CBN recently changed the entire board and management of one of the banks in the high-risk group because the collapse of the bank was imminent, and the shareholders could not inject additional funds to stabilize it. The members of the focus group mentioned that the best group is the low-risk because the books of the banks are well maintained in line with the code and that the CBN wants all banks to be in that group.

Banks in the low-risk group are reliable, efficient, and comply fully with the code of corporate governance. P4 and P7 also reiterated that, unlike before, with the classification of the banks, the examiners' work is somewhat simplified because they can now devote more attention to the banks in the high-risk category. The CBN can therefore quickly offer intervention measures to salvage the situation and forestall public outcry to such banks.

Table 9 Classification of Banks

*Classification of Banks*

Codes	Themes	Subthemes	Number of occurrence	Percentage of occurrence
All banks must belong to either category such as high risk, low risk, medium risk bank and above average risk.	Bank classification		18	72%

**Theme 7: Gray Areas and Self-Regulation**

In response to the effects of possible gray areas that the banks manipulated in the past, P5 and P18 emphasized that there are no longer any lapses or gray areas on the part of CBN.

According to them, the banks are now monitored, and the directors are afraid. Therefore, they are now self-regulatory. P9 said that CBN had recruited IT professionals with excellent skills who can scrutinize the books of the banks thoroughly and have been able to close all loopholes that were being manipulated in the past.

Additionally, the CBN recruited people from the commercial banks that exploited these loopholes, and these individuals are now the ones assisting the CBN in identifying and closing

them. P4 and P7 observed that the amended code is explicit, detailed, and unambiguous so that the requirements from all parties are clear. Sixteen participants noted that the monthly off-site inspections performed at the CBN head office at Abuja have been of significant help in checking the financial recklessness of the banks.

The CBN now has live monthly data from the banks, unlike before. Because of these measures, data falsification is no longer possible, or at least a lot harder to get away with. The regulators move swiftly to banks when discrepancies are observed to investigate and resolve any issues. A failure to reconcile the books within a specified period warrant severe sanctions from the governor of the CBN. In all banks, the primary responsibilities of safety and soundness, as well as prevention and detection of fraud and errors, rests with the board and management of the bank.

Table 10 Gray Area and Self-Regulation

*Gray Area and Self-Regulation*

Codes	Themes	Subthemes	Number of occurrence	Percentage of occurrence
Uniform rules and regulations introduced by CBN will provide self-regulation among all banks in Nigeria	Gray area and self-regulation		16	64%

**Theme 8: Penalty Review Sanction Power**

In response to the question on the penalties for non-compliance, P2 and P6 stated that the current amount of fine paid is higher than before, and the code of corporate governance contains an omnibus clause, as indicated in BOFIA, that the CBN governor uses to apply sanctions to erring banks. In the past, this was not the case, and the banks were paying nominal penalties that

did not have a much negative impact on their profits. Some banks, therefore, preferred to pay the fines rather than accurately record and maintain their books of accounts. P11 remarked that

The CBN is now out to sanitize the banks. You know a bank recently paid ₦200, 000,000 or about \$555,560 for the infraction and noncompliance with directives. (<https://www.xe.com/currencyconverter>). Section 60A of BOFIA has an omnibus clause that gives power to the governor to review the penalty upwards. The governor is relying on that clause to issue penalties that are more stringent to banks, which have served as a deterrent because banks do not want to pay huge penalties that will erode their profits.

P7 mentioned that the CBN had proposed a review of applicable bank sanctions to the Senate of the Federal Republic of Nigeria for consideration and approval. P7 further noted that the adoption of the proposal would; give additional powers to the CBN, allow the regulatory agency to acquire an equity investment in banks, and ensure that the sector maintains sound financial discipline. In the past, while banks responded to examinations, they frequently ignored the examiners' recommendations despite the seriousness of the issues raised, and the directors faced no personal consequences for non-compliance (Nwagbara, 2015).

The CBN inadvertently allowed this practice to go unchecked, establishing a way of doing business that compromised the supervision process. Because of the small amount of the fines, most banks preferred to commit infractions and pay the penalties. However, as a result of the application of the omnibus clause by the CBN governor, the penalties are now very steep, so that banks are forced to abide by the code or pay a huge penalty. Some of the current fines contained in the code of corporate governance without the omnibus clause include:

The Fine of ₦10, 000; \$30, or 3 years' imprisonment, is for unauthorized overdrawn balances in customers' accounts. Fine of ₦50, 000, or \$150, and ₦1, 000 or \$3 daily for as long as the offense remains unsettled, or 10 years imprisonment for rendering false information to the regulators. There would be a fine of ₦500,000, or \$1,400 if convicted for failure to maintain a reserve of funds out of the net profit for future use of the bank. Directors and managers who grant unauthorized loans to themselves are liable to pay a fine of ₦100, 000 or \$300, or 3 years' imprisonment, if convicted.

Failure to keep proper books of accounts warrants a punishment of between ₦10, 000 and ₦50, 000, or \$30 to \$150. A bank would pay a penalty of ₦5, 000, or \$15, for not sending the monthly statement of affairs to the CBN after 28 days, and ₦10, 000, or \$30 daily, until the returns are submitted. When a bank that had been sanctioned by the CBN fails to demonstrate compliance with the penalty/sanction, or when a bank fails to include the auditor's stamp on the published reports of the bank, the bank would be subject to a fine of ₦100, 000, or \$300.

From the above, it is clear that the penalties were not stringent enough to deter the banks from committing these infractions. The participants remarked that the CBN governor now applies the omnibus clause to review the penalties upwards. However, to document the increases in the payment of penalties, the CBN has sent in a proposal to the Senate of the Federal Republic of Nigeria to be passed into law. The bill is currently under consideration in the legislature.

Some highlights of the new bill are as follows: The bill seeks to amend the BOFIA Act "to streamline the operations of banks and other financial institutions in Nigeria to conform to best practices as obtainable in other climes." Specifically, Section 2(2) of the bill imposes a penalty of not less than, ₦50,000,000 or \$140,000 or imprisonment of a term of not less than ten

years, or both, against any person that transacts a banking business without a banking license. No doubt, the provisions of the bill are stringent. Erring banks will pay a considerable amount of fine that will negatively affect their profits.

Table 10 Penalty Review and Sanctions

*Penalty Review and Sanctions*

Codes	Themes	Subthemes	Number of occurrence	Percentage of occurrence
The penalties for noncompliance with the code of corporate governance rule should be reviewed	Penalty review	Sanctions	17	68%

**Theme 9: Zero Shareholder Influence**

All the participants remarked that the shareholders of the banks are not involved in the examination process and that they are not around when the regulators go in for routine inspections. P7 remarked that the shareholders only attend the banks' annual general meetings after the CBN has approved their financial accounts. Iyaniwura and Iyaniwura (2014) noted that under subsection 81 of CAMA, the bank's shareholders have the right to attend the annual general meetings to vote and ask the directors questions.

Furthermore, the shareholders have rights to the banks' profits, as well as to inspect the registers of the banks' members. P9 noted that under the code, no shareholder should have more than 5 percent equity in any bank, and, therefore, none of them has a controlling voice over the affairs of the bank. However, it is likely that some of the shareholders may have proxies in the banks holding the shares in different names for any shareholder, though this is difficult to prove.

Table 11 Zero Shareholders' Influence

*Zero Shareholder' Influence*

Codes	Themes	Subthemes	Number of occurrence	Percentage of occurrence
No shareholder should have majority votes or influence to determine the decision of the CBN	Zero shareholder influence		25	100%

**Theme 10: The Omnibus Clause**

P1 through P16 all said that the governor of the CBN relies on the omnibus clause in section 60 of BOFIA 2016, as amended, to apply sanctions on banks for infractions. P6 stated that because of the omnibus clause, the CBN's governor has been issuing steeper penalties to banks in violation of the code of corporate governance. P3 said a bank recently paid a considerable sum of approximately ₦200, 000, 000, or \$556,000(<https://www.xe.com/currencyconverter>).

The CBN has sent signals to the banks that it will no longer tolerate breaches of the code of corporate governance, and that the penalties for these breaches will be severe. In regards to why the governor had to use the omnibus clause when applying sanctions to the banks, during member checking P4 confirmed that it appears that the banks commit the infractions because the penalties are not stringent. The use of the omnibus clause is new in the banking industry in Nigeria: even though I worked for three decades in the Nigerian banking sector, I never came across instances where the clause was used.



Table 12 The Omnibus Clause

*The Omnibus Clause*

Codes	Themes	Subthemes	Number of occurrence	Percentage of occurrence
An omnibus clause is in subsection 60 of BOFIA as amended	Omnibus clause		16	64%

### **The Study Results from Focus Group**

The focus group consisted of five participants. The focus group session was conducted in a quiet place in the Banking Supervision Department chosen by the five participants and lasted 50 minutes. Each participant in the focus group was labeled with PF and corresponding number. During the focus group, I was able to share my screen that showed the interview questions and purpose of the study.

I read each question to the group, and the participants were able to see the issues while they discussed their answers. The data from the focus group were recorded using audio recorder. Table 13 demonstrates the codes and number of times the words and phrases were mentioned to identify the emerging themes from each of the participants in the focus group.

#### **Theme 11: Defined Duties of the Board Members**

The theme of defined duties of the board members emerged from the focus group interview of five participants. All five participants (100%) inferred that with defined responsibilities of board members, the CBN could carry out the duty of planning, organizing, directing, and controlling to enforce the code of corporate governance effectively. Alzhan

(2015) evaluated the duties of CBN as the banker of other banks and that as regulating institution, defining roles and responsibilities is paramount in carrying out the regulatory function in solving the challenges of banks non-compliance.

Othman and Ameer (2015) inferred that that board is directly accountable to the shareholders at each year's annual general meeting (AGM) during which the directors are expected to provide a report to shareholders on the performance of the company. The CBN has the responsibility for the well-being of the banks by giving dedicated job functions to each board member (Othman & Ameer, 2015).

### **Theme 12: Right of Stakeholders**

The theme on the right of stakeholders emerged from the focus group interview with five participants. The five participants that took part in the focus group agreed that the right of all stakeholders must be of priority when complying with the code of corporate governance. The participants inferred that the board to allow for the efficient management of the organization must respect the interest of all the stakeholders. Chan and Oppong (2017) identified the rights of stakeholders include the benefit of the employees, the community, and the shareholders. Compliance with the code of corporate governance is important to ensure that stakeholders' interest is adequately represented in the organization (Chan & Oppong, 2017).

Table 13 Codes and Themes from Focus Group Interview

*Codes and Themes from Focus Group Interview*

Codes	Themes	Subthemes	Number of occurrence	Percentage of occurrence
Defining the duties of every board members provide clarity to board members to know what is required in compliance with the code of corporate governance	Defined duties of the board members		5	100%
Every stakeholder of the bank has the right to freedom of expression and freedom to a meeting. The freedom of the bank should not be restricted by other stakeholder	Right of stakeholders		5	100%

### **The Study Results from Document Review**

With the permission of the head of the department, I had access to the published audit reports of some banks to investigate the level of compliance of banks compliance with the code of corporate governance. The audit report shows how the internal audit report system put in place by the banks compares with the requirements for compliance with CBN's code of corporate governance. Table 15 contains the theme that emerged from the document review process.

### Theme 13: Internal Audit Report

The theme internal audit report emerged from the audit report document reviewed at the CBN during the data collection process. From the materials reviewed, it showed that CBN had included in the regulatory framework of the banks, an internal control system that would facilitate the compliance with the code of corporate governance. Qussii and Taktak (2018) inferred that the presence of an audit system in the bank is a measure of agreement with the rules and regulations set by the CBN. The internal audit report document reviewed, showed that all banks are expected to complete a monthly report of compliance with the code of corporate governance and forward to the regulators monthly. Future researchers may extend this study to appraise how the internal control system of the banks interacts with the CBN on issues of regulation and control.

Table 14 Codes and Themes from Document Reviewed

*Codes and Themes from Document Reviewed*

Document	Themes	Subthemes	Number of occurrence	Percentage of occurrence
Audit records	Internal audit report		1	100%

### Summary

In chapter 4, I gave a presentation of the review and analysis of the research data collected from the study. The purpose of this qualitative exploratory case study was to explore the challenges confronting leaders of the regulatory body, (the CBN), in enforcing compliance of code of corporate governance by the licensed banks in Nigeria. I collected the data from 25

senior employees of the CBN at the Banking and Supervision Department in the Lagos office.

Data was collected from multiple sources including semistructured face-to-face interview, focus group interviews, and document review.

I addressed the findings of my research study, including the demographics, research setting, data collection, data analysis, evidence of trustworthiness, and description of the themes and categories. The findings from the study were entirely different from my expectations, and from the general conclusions of the existing literature on the subject. The participants mentioned that in some cases, the CBN had found long-lasting solutions and that most of the challenges of the past that led to bank failures and liquidations have been reasonably addressed.

Thirteen emergent themes were observed in the study. The need for comprehensive examination had become necessary because the financial holdings and reporting of local subsidiary banks can negatively influence the books of the parent bank. Some participants, about 60%, alluded to the fact that the CBN did not conduct such detailed examinations in the past, but that the CBN now performs comprehensive examinations to confirm the soundness of banks' subsidiaries so that unexpected shocks from them do not lead to unanticipated problems in the local holding companies.

The other emergent themes include; recruitment of skilled personnel, e-examination, board composition and board meetings, special board committee, classification of banks, gray areas and self-regulation, penalty review and sanction power, zero shareholder influence, the omnibus clause, defined duties of board members, right of stakeholders, and internal audit report. The two subthemes identified were the on-site and the off-site investigation, and training and retraining. The result of this study showed that the CBN now additionally monitors some

seemingly less critical departments of the bank, like the Money Laundering Department, to prevent shocks in the system.

All the participants mentioned that the CBN now conducts intensive local staff training, both in-house and abroad. Standards are now in place that will ensure that the banks comply with the code of corporate governance to reduce Nigeria's rates of bank failure. Unlike before, the CBN now carries out monthly, in-depth analyses during the off-site examination process, in addition to the annual on-site examinations.

Banks directors were sacked by the CBN because of non-compliance with the code of corporate governance, and the penalty is now stringent emphasizing that regulators will no longer tolerate any further breach of the code. The research question for the study sought to find out the challenges that the regulators face as they try to get all Nigerian banks to comply with the code of corporate governance. In most cases, the responses obtained revealed that the regulators had identified the problems and had put necessary measures in place to forestall future occurrences of bank failures. Hence, the constant interjection by the participants was saying "it cannot happen again" or "that was in the past." The responses tried to answer the interview questions and at the same time showed the current effort made by the CBN implying that the observed problems are no longer applicable. In chapter 5, I presented the interpretations of the findings, limitations of the study. I also offered some recommendations including the study's implications and the conclusion of the study.

### **Introduction**

The purpose of this qualitative exploratory case study was to explore the challenges confronting leaders of the regulatory body (the CBN) in enforcing compliance with the code of corporate governance by the licensed banks in Nigeria. I decided to conduct this research using a single case study design because of the nature of the RQ. Because I wanted to have an in-depth understanding of the problems encountered, I used the case study design that allows for the utilization of the several sources of data that would assist in unraveling the issues.

I gathered data from the regulators at the CBN's Lagos office. I collected data using multiple sources, including semistructured interviews, focus group interviews, and document review. The key findings from the study are summarised into 13 themes and two subthemes. The 13 emergent themes were: (a) comprehensive supervision, (b) recruitment of skilled personnel, (c) e-examination, (d) board meetings, (e) zero shareholder influence, (f) special board committees'/board composition, (g) bank classifications, (h) gray areas and self-regulation, (i) penalty review/sanction power, (j) the omnibus clause, (k) duties of board members, (l) right of stakeholders, and (m) internal audit report. The two subthemes are (a) the on-site and the off-site investigation, and (b) training and retraining.

### **Interpretation of Findings**

Because of the nature of my RQ, the qualitative method presented itself as the most appropriate methodology. The study findings confirmed the results of other studies and opened up a new and more in-depth understanding of the steps that regulators took in ensuring that Nigerian banks comply with the CBN's code of corporate governance. The literature shows that

previous regulatory ineptitude and the prevailing banking practices of the time contributed in large part to the bank failures in Nigeria (Afolabi & Dare, 2015; Ikpefan & Ojeka, 2013; Jakada & Inusa, 2014; Starbuck, 2014).

Other scholars observed that inadequate supervision and connivance led to incomplete compliance with the code and the resultant bank failures experienced over time in the country (Ikpefan & Ojeka, 2013; Umanholen, 2015). In the study, the participants noted the need for detailed and comprehensive bank examinations. The participants further pointed out that the CBN had commenced the comprehensive reviews. These examinations involve an in-depth inspection of the different departments of the bank, including the subsidiaries, and other related businesses.

The examination also extends to the money-laundering department, which is the desk through which unscrupulous individuals bring illegal funds into the banks and then siphon them abruptly away, which has an attendant negative impact of liquidity squeeze and cash flow deficits of the affected banks (Afolabi & Dare, 2015). The participants' identification of the need for more banking oversight is supported by studies that call for more proactive and efficient action from banking regulators (Ajibo, 2015; Al-Tawil, 2016). The reason behind this is that sound corporate governance helps to build a better reputation for banks, increases their profitability, and, as a result, instills public confidence in the banks.

Poor corporate governance, on the other hand, makes banks susceptible to failure and possible collapse (Al-Tawil, 2016). Corporate governance exists to ensure the transparency, accountability, adequate disclosure, and effectiveness of the reporting systems (Agyemang & Castellini, 2015). The study confirmed that the CBN had recruited professionals for the IT



department of the Banking Examination and Monitoring Department for the efficient supervision of the banks.

All of the participants mentioned that the IT professionals have been invaluable in providing a quick review of the monthly returns sent in by the banks. The implication is that in the past the staffing level of regulatory departments may not have been adequate, which might have contributed to the rendering of unscrupulous accounts by Nigerian banks. Simpson (2014) noted that individuals with strategic skills are vigilant, in addition to having an aptitude for evaluating the threats and opportunities that surround their businesses.

The servers of all the banks are linked directly to the CBN, and the IT professionals who carry out the e-examinations monthly collect information at source from the banks' servers. Accordingly, the system highlights observed discrepancies immediately, and regulators call for timely reconciliation. If this fails, they visit the banks to resolve the issue, and if this fails, they then cite the bank for the infraction. Although the e-examinations of banks had always been the part of the oversight functions of the regulators, the leaders of the CBN might not have given adequate attention to it in the past; there may also have been an apparent shortage of the IT personnel required to perform these tasks. The participants' constant use of the phrase "that was in the past; it cannot happen again," points to the fact that the situation may have occurred in the past but the era has passed, and the issue of rendering undetected fictitious accounts cannot happen again. The CBN appears to have a better level of workforce required for the regulatory oversight and the ad-hoc bank visits to put checks on the banks that will ensure full compliance with the code of corporate governance.

Umanholen (2015) observed that in the past, regulators performed the annual comprehensive inspection once a year. Conducting the checks infrequently may have created room for the malpractices on the part of the banks (Jakada & Inusa, 2014). The participants mentioned that the CBN now has a robust IT department that connects directly to the banks' servers to get live data so that the supervision and monitoring of the banks are now conducted monthly. The measure will go a long way in preventing unexpected shocks during the on-site examination held at the end of the financial year of the banks because observed discrepancies are reconciled by the banks monthly.

The participants noted that the CBN had made a significant financial investment in IT hardware and software, as well as in IT personnel, in recent times to ensure that the banks are being adequately supervised. Adewale et al. (2014) argued that the CBN should have robust IT architecture given the sophistication of the IT departments of some banks and the constant changes in the field of computer science globally. The findings showed that the CBN had noted the shortcoming in the IT department and had taken the corrective steps.

Scholars argue that there may be gray areas in the code that the banks manipulate to suit their purposes (Afolabi & Dare, 2015; Umanholen, 2015). The results of this investigation confirmed this assertion. Over 50 percent of the participants mentioned that the CBN had recruited staff from commercial banks that now assist in the regulatory activities by closing loopholes that could be exploited. Additionally, the past and current CBN governors are both former employees of commercial banks, and they have first-hand knowledge of the possible shortcomings of the code. It is therefore not surprising that the code was amended in 2014 to give more explicit and in-depth directives.

The purpose of the training is to sharpen the employees' skills and keep them up to date with the current trends in the global banking system. Training and retraining of staff are vital to enable the team to act efficiently and take proactive measures when applicable (Lipunga, 2014). Lipunga (2014) observed that the lapses among bank regulators in Zimbabwe led to increased training to forestall constant problems in the nation's banking industry

All the participants agreed that there were no interferences from the shareholders during the inspection and monitoring of banks. This assertion stands contrary to the belief that shareholders may have an overbearing influence on the regulators during the routine supervision of banks (Outa & Waweru, 2016). However, some of the participants (30%) said that under the new code, no shareholder could hold more than 5% equity in a bank. Therefore, no single shareholder can dictate the affairs of a bank to the extent that they might have been able to in the past when chairpersons and managing directors of some banks had controlling interests (Umanholen, 2015). The argument that some shareholders control the banks may have been correct in the past, but the situation has since changed.

The participants agreed that the introduction of two new board committees, namely the audit and risk-asset committees has been tremendously helpful to the regulators. Because of the formation of the committees, the risk-asset portfolios of the banks have significantly improved, and the banks now conduct in-depth credit appraisals before making loans available (Ojeme et al., 2018). The directors of banks now observe due diligence because they do not want their reputations to be tarnished with the possibility of imprisonment. Simpson (2014) argued that the board members should have diverse skill sets and that they should be responsible for the management of the banks.

The omnibus clause associated with the CBN's code of corporate governance has also been valuable in enforcing compliance. Participants mentioned that the CBN governor now relies on the omnibus clause to increase the applicable sanctions to the banks whenever appropriate. From participants' responses, it would seem as though the omnibus clause was not used efficiently in the past. It would appear that the penalty for noncompliance with some aspects of the code was not stringent in the past, and as a result, bankers preferred to pay penalties for an infraction rather than amend their actions (Nwagbara, 2015). The situation has since changed.

Some of the participants noted that a bank paid as much as \$555,600 for a breach in 2017. In the past, such an infraction would have resulted in the payment of a much smaller fine. Because of the competition for dominance in the marketplace, banks do not want to do anything that might negatively affect their profits or their reputation, and they, therefore, comply with the code of corporate governance.

By using the interview questions, I was able to uncover the answer to the RQ. The eight interview questions were geared towards getting a deeper understanding of how the CBN examines the banks. The intention was to have an in-depth knowledge of the possible challenges the regulators may face during the inspection. The responses obtained gave an insight into how the regulators inspect the banks, which gave a clearer understanding of how the examination is conducted. On the specific issue of the challenges faced by the regulators, the responses acknowledged that these challenges might have been there in the past, but they have been mitigated in the course of time because lasting measures have been put in place to ensure full compliance by the banks.

Such measures include (a) enhancing the IT department with modern IT architecture, (b) employing competent IT staff, (c) employing staff from the commercial banks, (d) conducting detailed monthly off-site monitoring, (e) constant training of the staff of the department, and (d) applying punitive sanctions for any breach of the code. The focus group interview revealed that prior challenges of the incompetent workforce are being corrected through on-going extensive staff training. In addition, the interviews also showed the positive effect of the board credit and audit committees in forestalling rendition of fictitious accounts by the commercial banks.

Brandas (2013) argued that, in line with agency theory, managers are expected to work in the best interests of the stakeholders. Bank managers carry out their duties efficiently to generate profit for the stakeholders as mandated by law, and bank regulators ensure that the banks comply with all the requirements to provide stability in the sector. The findings of this study show that the regulators have put mechanisms in place to ensure that the banks comply fully with the code of corporate governance, which in turn ensure that the banks operate smoothly and profitably. Agency theory also makes a clear distinction between the owners of the organization, who are the equity providers, the management; and the BOD (Ottman & Rahman, 2011).

### **Limitations of the Study**

The main limitation of this study relates to the qualitative methodology used. Researchers use the qualitative method to explore an issue in an intricate and detailed manner from the perspectives of the participants (Yin, 2011). The sample size employed is usually small so that the investigator can conduct an in-depth study to unravel the answers to the research question (Sargeant, 2012).

Given the smallness of the sample size, the researcher cannot generalize the findings, as is the case with the quantitative studies (Frankfort-Nachmias, Nachmias & Dewaard, 2015).

When researchers use the quantitative method, they make use of statistical measures such as mean, median, mode, and standard deviation to analyze data. In this study, the sample size was 25. The results of the study cannot be generalized and cannot be subject to statistical analysis (Houghton et al., 2013; Kolb, 2012).

The second limitation of the study is that I made use of a purposeful sampling of 25 individuals who had stayed over ten years in the Banking and Examination Department of the CBN. It is likely that the views of the participants do not accurately represent the opinion of all the banking examiners in the CBN, particularly those who have been there for less than ten years and may not have the same viewpoints as the experienced senior staff members. The third limitation was the choice of collecting data from only the Banking and Examination Department.

Though the department is directly in charge of monitoring the banks' level of compliance with the code of corporate governance, other departments in the CBN, like the Research Department and the Currency Department, may have different views about the level of banks' compliance with the code of corporate governance. Their opinions may differ from those expressed by participants in this study. For research of this nature, however, it is essential that one get the views of those directly in charge of monitoring the banks, and in this case, that is the Monitoring and Supervision Department.

Another limitation might lie within the accuracy of the participants' responses to the interview questions. Because the participants are all in the same department at the CBN, they may want to paint a positive, uniform picture that the department is working hard to ensure that

the levels of compliance by the banks have improved. As a result of this, I made a conscious observation of all facial and body expressions: I observed if any of the participants acted unusually during the interview session.

From the responses of the 25 participants that participated in the semistructured interview including the five participants for the focus group, and the document reviewed in the CBN office, I found that the participants were all excited to tell me about the different approaches put in place by the CBN to increase compliance with the code. Except for the focus group interview in the secluded area, I conducted the face-to-face meetings in the offices of the participants. I was able to observe facial expressions; phrases like “things have changed now,” and “that was in the past”; and other body movements all further support the participants’ excitement about the changes implemented.

Finally, the researcher’s bias can be a limitation of the study. Maxwell (2013) argued that the researcher’s bias and reactivity are the main threats to validity for qualitative research. To mitigate this threat, I was very objective and professional about the whole process. Because some of the responses I received were at variance with the literature on the subject, I repeated the questions several times during the interview. I kept on making observations of the facial expressions or body language to detect possible changes in expression that were dissonant with the verbal responses given. I also conducted member checking and triangulation.

### **Recommendations**

I have highlighted below the recommendations for future research based on my analysis of the data. Due to the narrow selection of 25 participants in the study, there is a need for additional research to confirm the validity of the key themes that emerged from the study.

Researchers could also get in-depth responses by applying another qualitative approach, such as phenomenology, to examine the same research topic.

Future research might also focus on the banks, themselves, rather than on the CBN as a regulatory body, to understand their position on the level of compliance with the corporate code of governance. It would be good to employ the use of quantitative methodology to compare the banks' statements about their compliance with the findings from the CBN. Some of the findings from this study are at odds with the existing literature on the subject; therefore, the study may spur broader investigation into the study's results. Although the participants agreed that the level of bank compliance with the corporate code of governance might have been low in the past, they were more than eager to inform me of the successes that they have achieved, and that most banks are now complying because of the measures that put in place. In particular, further research would be useful into whether or not the regulators carry out the detailed on- and off-site examinations as claimed. Further investigation into the positive effect of the boards' risk-asset and audit committees, as well as the issue of shareholder non-interference, would also be useful.

The reason for this is that the regulators believe that the era of bank liquidation is over in Nigeria, given all the measures that they have now put in place to ensure full compliance with the CBN's corporate code of governance. The issue of appropriate punishment for breaches of the code of corporate governance is equally important and deserving of further research. Some participants mentioned that the governor relies on an omnibus clause to impose higher sanctions. The imposition of stiffer sanctions has curtailed some of the excesses of the banks. Some participants also indicated that a bill is in Nigeria's Senate to approve and grant more powers to CBN governor to impose even higher sanctions. As soon as the law becomes active, the



leadership of the banks will conduct themselves appropriately and will not be compelled to pay severe fines for infractions. They will be further obligated to comply with the code going forward. Research into the details of the proposal with the Nigeria Senate could be fruitful. It will be interesting to see how Nigerian banks will fare in the wake of the increased compliance with the code. This, too, is another possible area for further study.

### **Recommendations for Action**

The research findings may have bearing for researchers, regulators, corporate executives, and investors who wish to study and promote good corporate governance practices. Researchers can build upon this study by further expanding knowledge of those measures put in place to prevent future bank distress by the bank regulators in Nigeria. Ultimately, this research could contribute to the structuring of a corporate governance model. The results of the research could be revelatory to Nigerian banks in that it might engender an understanding of the impetus behind the measures that the CBN has put in place to ensure compliance. The banks should ensure that they comply with all the dictates of the code, and understand that they may face severe sanctions if they do not. The research findings have revealed that the CBN wants to restore the public's confidence in the Nigerian banking system and that is the reason behind the measures that they have put in place to further compliance.

The CBN has put in place severe sanctions for any violation of the code because corporate governance is essential for maintaining the public's confidence in the banking sector (Afolabi, & Dare, 2015). Corporate governance encourages new investments, employment opportunities, and foreign investments (Yousuf & Islam, 2015). Additionally, my findings have potential to give confidence regulators in the CBN not to "rest on their oars," so to speak, but

rather to be vigilant and ensure that banks continue to comply with the code. Corporate governance enhances transparency, openness, and promotes sound corporate culture (Agyemang & Castellini, 2015). Therefore, CBN should continue to train the staff so that it can adapt to the constant changes in the global banking environment.

## **Implications**

### **Implications for Positive Social Change**

The purpose of this qualitative, single exploratory case study was to explore the challenges confronting the leaders of the CBN in ensuring that Nigerian banks comply with the code of corporate governance. Corporate governance enhances the performance of banks and provides a favorable financial standing that promotes economic growth (Adewuyi & Olowookere, 2013). A viable banking sector fosters investors' confidence (Agyemang, & Castellini, 2015). An efficient financial system encourages savings and deepens financial intermediation, which in turn creates increased domestic capital and investment activities (Hassan & Halbouni, 2013). There will resultantly be increased employment opportunities for the population (Agyemang, & Castellini, 2015), and bank failures and attendant staff retrenchments will be drastically reduced (Adewuyi & Olowookere, 2013).

This study is critical because bank failures are widespread globally. In the case of Nigeria, illuminating the reasons why the regulators have not been able to get banks to comply fully with the code of corporate governance may enable regulators to adopt strategies that would promote compliance. My findings reveal that the compliance level of Nigerian banks may have improved after the 2009 global meltdown because of the various measures put in place by the CBN.

Accordingly, the regulators firmly believe that the issues of bank foreclosure and liquidation will not occur again in Nigeria. The CBN has put several measures in place to ensure that banks comply with regulatory requirements. The introduction of the on-and the off-site bank inspections, as opposed to the former practice of performing once-a-year, on-site inspections, has helped to curtail the incidences of rendering falsified returns to the CBN.

Under the amended code of corporate governance, the CBN specifies the exact caliber of individuals that the banks should appoint as directors and members of board committees. This decision has paid off, as the independent directors have brought in lots of experience to complement the skills of the bankers. Also, because these directors are accountable for any decision jointly taken by the bank, they are now more prudent in making decisions, as they do not want to be personally associated with any scandals, or sent to jail, even.

The amended code also curbs insider abuses by directors. In the past, banks granted large loans to the directors without thorough credit appraisals and monitoring. In most cases, the loans deteriorated and resulted in irredeemable risk-asset portfolios, illiquidity, and erosion of the shareholder's funds (Ojeme et al., 2018). Under the new code of corporate governance, as amended in 2016, the maximum amount of loans that the Nigerian banks can grant to any director is five percent of the paid-up share capital of the bank.

The banks are to report such credits separately, classify them differently, and keep them under the watchful eyes of the regulators. By so doing, the banks have reduced the incidences of bad loans (Ekhatior & Anyiwe, 2016). The creation of board credit and audit committees has also significantly helped.

The corporate code of governance specifies that banks must hold board meetings every quarter to keep all the directors aware of the banks' activities. The board is also responsible for ensuring that the bank sends the minutes of these meetings to the regulators for their records. Additionally, because Nigerian banks render monthly returns of their activities to the CBN, the CBN can monitor the banks' affairs and detect infractions before they become significant problems.

Because the world is a global village, a country with a stable financial environment is much more likely to attract international businesses (Chernev & Blair, 2015). As the banks increase the level of compliance with the corporate code of governance, the international community will have much more confidence in the Nigerian banking sector. Foreign direct investment will increase, which will lead to more liquidity within the banking sector as well as the creation of more businesses and jobs in the country (Vidaver-Cohen, & Bronn, 2015). Having a healthy banking sector indicates that banks are complying with the CBN's code of corporate governance and that they are doing well and making enough income to cover their overhead while still making reasonable profits (Waweru, 2014).

Therefore, when the banks comply with the code of corporate governance, there will be little or no need for downsizing and retrenchment (Adewale et al., 2014). In the past, bank failure has led to staff layoffs, and these individuals find themselves thrown into the job market and have a hard time keeping up with family obligations. In some cases, family members suffer: the children might be out of school or resort to going to public schools with lower educational standards. Some of the children ultimately resort to petty crime.

The findings of my study have shown that the regulatory bodies have put in measures to ensure that banks adhere to the corporate code of governance that will, in turn, ensure an upsurge in public confidence in the banking sector. Many people, especially those in the rural areas that have low per capita income, are often wary of banks because of the fear that their savings may vanish if the bank collapses. They regularly patronize local community cooperatives that are well known and trusted not to swindle their patrons (Afolabi & Dare, 2015).

However, when the banks are stable, the rural citizens of Nigeria are much more likely to patronize the banks without fear of losing their money. They will have the assurance that their deposits are safe with the banks. As a result, the volume of deposits and investments in the banks will increase, and the banks will have more liquid funds to use for the extension of more loans to entrepreneurs and small businesses (Al-Tawil, 2016; Quaresma, Pereira, & Dias, 2013). Finally, on the issue of corporate social responsibility, the banks rely on the profits made from transactions to support the developments in their local communities. When banks comply fully with the dictates of the code of corporate governance, they will be in stronger positions to set aside some funds to support their local communities (Hack et al., 2014). The local communities are also stakeholders of the banks whose concerns should be of importance to the banks. Ultimately, findings of this study have the potential to help Nigerian banks become more socially responsible.

### **Implications for Theory**

Brandas (2013) argued that, in line with agency theory, managers are expected to work in the best interests of the stakeholders. Bank managers carry out their duties efficiently to generate profit for the stakeholders, as mandated by law, and bank regulators ensure that the banks

comply with all the requirements to provide stability in the sector. The findings of this study show that the regulators have put mechanisms in place to ensure that the banks comply fully with the code of corporate governance, which in turn ensure that the banks operate smoothly and profitably. Agency theory also makes a clear distinction between the owners of the organization, who are the equity providers; the management; and the BOD (Ottman & Rahman, 2011).

The owners expect that the directors will operate in the best interests of the owners to generate profit. The owners entrust control of the banks to the BOD, who formulate policies for the day-to-day running of the organization. The study has shown that to ensure that the Nigerian banks' boards of directors are fulfilling their responsibilities, the regulators successfully mandated that directors meet regularly so that they have an in-depth understanding of what transpires in the bank. To additionally ensure the protection of the shareholders' funds, the CBN has directed the creation of the audit and credit committees to monitor the loan portfolios and profitability of the banks at all times.

### **Implications for Practice**

The research findings have the potential contribution to the existing literature on the subject, to shed light on the CBN's efforts in getting Nigerian banks to comply with the corporate code of governance, and, in turn, to curb the incessant bank failures in Nigeria. A significant number of existing literature on the subject still show that most of the Nigerian banks are not complying with the code of corporate governance because of regulatory ineptitude (Afolabi & Dare, 2015; Ikpefan & Ojeka, 2013; Starbuck, 2014; Umanholen, 2015). Researchers may build on this study to expand knowledge and to create more awareness on the efforts made by Nigerian banks to be compliant with the code and imbibe global best standards in banking.

Under the macro environment of financial reforms, especially in the aftermath of the global economic meltdown of 2009, this dissertation has some positive implications specifically for regulators within the CBN. Previous studies have focused mainly on the actions of the banks, whereas studies on the regulators and the possible problems they may encounter in ensuring compliance with the code of corporate governance are hard to find. The reason for this is that the regulators do not usually grant interviews; therefore, getting access to them has not been easy. The findings of this study have shown that the regulators are not complacent but are alive to their regulatory obligations.

The research revealed that regulators have now put measures in place to mitigate previous issues that contributed to bank failures, and that they are now well prepared to curb the excesses of the Nigerian banks and forestall future bank foreclosures and liquidations. The study may assist the Federal Government of Nigeria and its policymakers in supporting the regulators by enacting laws that will make violations of the code of corporate governance punishable under the law, as is the case in other developed nations (Nwagbara, 2015). Corporate governance plays a vital role in maintaining public confidence in the banks (Lipunga, 2014). Poor corporate governance in banks can contribute to bank failures, which in turn poses significant consequences for the banking public. Banks with effective corporate governance will perform better than insolvent ones (Tai, 2015).

### **Conclusions**

The purpose of this qualitative, exploratory case study was to explore the challenges confronting the CBN's leaders in ensuring that the Nigerian banks comply fully with the code of corporate governance. I conducted semi-structured interviews, focus group interview and

document review at the office of the regulators in CBN's Lagos office. The participants gave responses to the interview question freely and not under any form of compulsion. They were quick to inform me of the measures they have put in place to forestall constant bank failures. Therefore, the responses to the interview questions on the challenges they encounter with the banks were often mixed with the successes they have achieved as it relates to the issue. The dominant themes that emerged from the study were comprehensive supervision, recruitment of skilled personnel, e-examination, board composition and board meetings, special board committee, classification of banks, gray areas and self-regulation, penalty review and sanction power, zero shareholder influence, the omnibus clause, defined duties of board members, right of stakeholders, and internal audit report. The two subthemes were the on-site and off-site investigation, and training and retraining.

Findings confirmed that although the regulators in the past regularly supervised the banks, the monitoring might not have been comprehensive enough to detect problems in all the departments of the banks. Additionally, it would appear as though there were some gray areas that the banks manipulated and that at times they were willing to pay penalties rather than comply fully with the code. More recently, however, the CBN has significantly improved the bank examination process and has implemented several measures that will ensure that the banks fully comply. The CBN now monitors the bank monthly through the of-site supervision that allows for the collection of data from the servers of banks, leaving no room for no possibility of record falsification as was rampant in the past.

There has been the massive recruitment of professionals, particularly IT experts, who examine the banks' returns and call for immediate reconciliation when discrepancies are noticed.



The CBN has also gone ahead and recruited staff from commercial banks to assist in the monitoring. In fact, the incumbent CBN governor, as well as the governor before him, both used to work in commercial banks, and are therefore well aware of which aspects of the code of corporate governance were being exploited by these banks. In the past, the penalties for an infraction of the code of corporate governance are soft, and the banks can pay without difficulty and continue to circumvent the code (Ekhatior & Anyiwe, 2016). However, the CBN governor now relies on an omnibus clause in the code that enables him to penalize any infraction. Some banks have had to pay severely for their violations lately. This has sent a signal to the banks that the CBN is holding the banking sector to higher standards, and that it will no longer tolerate any breach of the code.

The CBN is out to regain the public trust in the banking sector and to increase investment activity within the economy. Rather than allow a bank to become distressed, the regulators would pump in additional funds and change the bank's management and board. The CBN replaced the board of a bank recently and applied punitive sanctions to other erring banks. The era when a single individual would own the controlling interest in a bank is over. In line with the code, no single individual can own more than five percent of the paid-up capital of any bank. Directors of the banks are also under the watchful eyes of the regulators and held accountable for any problems within the banks. The CBN continually trains the staff to adapt to constant changes and challenges in the marketplace. Time will tell if the measures put in place will adequately ensure that the banks comply fully with the code. If the CBN succeeds, then the problems encountered by the regulators will have been mitigated, and the era of bank failures in Nigeria will hopefully be outdated.

## References

- Abor, J., & Fiador, V. (2013). Does corporate governance explain dividend policy in Sub-Saharan African? *International Journal of Law and Management*, 55, 201-225.  
doi:10.1108/17542431311327637
- Abutalib, M., & Tavallaei, M. (2010). A general perspective on the role of theory in qualitative research. *Journal of International Social Research*, 3(11), 570-577 Retrieved from <http://www.sosyalarastirmalar.com/>
- Achchuthan, S., & Kajanathan, R. (2013). Corporate governance practices and firm performance: Evidence from Sri Lanka. *European Journal of Business and Management*, 5(1), 19-26. Retrieved from <http://www.iiste.org/Journals/index.php/EJBM>
- Achim, M. V., Borlea, S., & Mare, C. (2016). Corporate governance and business performance: Evidence for the Romanian economy. *Journal of Business Economics and Management*, 17(3), 458-474. doi:10.3846/16111699.2013.834841
- Adegbite, O. (2012). Corporate governance in Ghana: The past, the present, and the future. *Public and Municipal Finance*, 1(2), 1-5. doi:10.1108/CG-11-2015-0150
- Adewale, T., Murtala, A., & Rahman, T. (2014). Does corporate social responsibility improve on organizations' financial performance? Evidence from the Nigerian Banking Sector. *Journal of Corporate Governance*, 13(4), 52-60. Retrieved from [http://www.iupindia.in/Corporate\\_Governance.asp](http://www.iupindia.in/Corporate_Governance.asp)
- Adewuyi, A. O., & Olowookere, A. E. (2013). New corporate code and immediate performance change of the Nigerian firm's corporate governance. *International Journal of Business in Society*, 13, 169-183. doi:10.1108/14720701311316643

- Adewunmi, Y. A., Koleoso, H., & Omirin, M. (2016). A qualitative investigation of benchmarking barriers in Nigeria. *Benchmarking: International Journal*, 23, 1677-1696. doi:10.1108/BIJ-06-2014-0055
- Afolabi, A., & Dare, A. (2015). Corporate governance in the Nigerian banking sector: Issues and challenges. *European Journal of Accounting, Auditing, and Finance Research*, 3(55), 64-89. Retrieved from <http://www.eajournals.org>
- Aggarwal, R. (2010). India in the world economy: Role of business restructuring. *Review of Integration*, 2(2/3), 181-228. Doi:10.1177/10974929210000200302
- Agyemang, O. S., & Castellini, M. (2015). Corporate governance in an emergent economy: A case of Ghana. *Corporate Governance: The International Journal of Business in Society*, 15, 7-44. doi:10.1108/CG-04-2013-0051
- Ajibo, K. I. (2015). Risk-based regulation: The future of Nigeria banking industry. *International Journal of Law and Management*, 57, 201-216. doi:10.1108/IJLMA-02-2014-0014
- Akpan, E. O., & Amran, N. A. (2014). Board characteristics and company performance: Evidence from Nigeria. *Journal of Finance and Accounting*, 2(3), 81-89. doi:10.11648/j.jfa.20140203.17
- Alalade, Y. S., Onadeko, B.B., & Okezie, O.F. (2015). Corporate governance practices and firms' financial performance of selected manufacturing companies in Lagos State, Nigeria. *International Journal of Economics, Finance, and Management Sciences*, 2, 285-296. doi:10.11648/j.ijefm.20140205.13

- Alam, N. (2013). The impact of banking regulation on risk and efficiency in Islamic banking. *Journal of Financial Reporting and Accounting*, 11, 29-50. doi:10.1108/JFRA-03-2013-0010.
- Al Mamun, A., Yasser, Q.R., & Rahman, M. A. R. (2013). A discussion of the suitability of only one vs. more than one theory for depicting corporate governance. *Modern Economy*, 4(1), 37-48. doi.org/10.4236/me.2013.41005
- Al-Saeed, M. (2013). Compliance with the principles of corporate governance: Different perspectives from Jordan. *Accounting & Management Information Systems Contabilitatesi Informatica de Gestiune*, 12, 553-577. Retrieved from [http://www.cig.ase.ro/revista\\_cig/](http://www.cig.ase.ro/revista_cig/)
- Al-Tawil, T. N. (2016). The major issues that need to be addressed by effective corporate governance in the twenty-first century. *Journal of Financial Crime*, 23, 349-378. doi:10.1108/JFC-01-2015-0003
- Al-Thuneibat, A. A., Al-Rehaily, A. S., & Basodan, Y. (2015). The impact of internal control requirements on the profitability of Saudi shareholding companies. *International Journal of Commerce and Management*, 25, 196-217. doi:10.1108/IJCOMA-04-2013-0033
- Alzehan, A. (2015). Influence of audit committee on internal audit conformance with internal audit standards. *Managerial Auditing Journal*, 30, 539-559. doi:10.1108/MAJ-12-2014-1132
- Anseel, F., Beatty, A., Shen, W., Lievens, F., & Sackett, P. (2015). How are we doing after 30 years? A meta-analytic review of the antecedents and outcomes of feedback-seeking behavior. *Journal of Management*, 41, 318-348. doi:10.1177/0149206313484521

- Anwar, J., & Hasnu, S. (2016). Business strategy and firm performance: A multi-industry analysis. *Journal of Strategy and Management*, 9, 361-382. doi:10.1108/JSMA-09-2015-0071
- Apanga, M., Appaih, K., & Arthur, J. (2016). Credit risk management of Ghanaian listed banks. *International Journal of Law and Management*, 58, 162-178. doi:10.1108/IJLMA-04-2014-0033
- Arunrangsirilert, T., & Chonglerthan, S. (2017). Effect of corporate governance characteristics on strategic management accounting in Thailand. *Asian Review of Accounting*, 25, 85-105. doi:10.1108/ARA-11-2015-0107
- Babalola, A., & Adedipe, O. A. (2014). Corporate governance and sustainable banking sector: Evidence from Nigeria. *Research Journal of Finance and Accounting*, 5(12), 32-43. Retrieved from [www.iiste.org](http://www.iiste.org)
- Babatunde, M. A. (2015). Oil price shocks and exchange rate in Nigeria. *International Journal of Energy Sector Management*, 9, 2-19. doi:10.1108/IJESM-12-2013-0001
- Bakker, A., Schaeuing, J., & Nijhof, A. (2014). Governance and microfinance institutions. *Corporate Governance*, 14, 637-652. doi:10.1108/CG-03-2014-0032
- Bapat, D., & Mazumdar, D. (2015). Assessment of business strategy: Implication for Indian banks. *Journal of Strategy and Management*, 8, 306-325. doi:10.1108/JSMA-06-2014-0047
- Barden, O. (2013). New approaches for new media: Moving towards a connected methodology. *Qualitative Research Journal*, 13(1), 6–24. doi:10.1108/14439881311314496

- Bekhet, A.K., & Zauszniewski, J.A. (2012). Methodological triangulation: An approach to understanding data. *Nurse Researcher*, 20(2), 40–43. Retrieved from <http://www.nursing-standard.co.uk>
- Bello, L. (2016). Re: Duplication of corporate governance codes and the dilemma of firms with dual regulatory jurisdictions. *Corporate Governance*, 16, 476-489. doi:10.1108/CG-08-2015-0115.
- Berg, B. L., Lune, H., & Lune, H. (2004). *Qualitative research methods for the social sciences*. Boston, MA: Pearson.
- Birindelli, G., & Ferretti, P. (2013). Compliance function in Italian banks: Organizational issues. *Journal of Financial Regulation and Compliance*, 21, 217-240. doi:10.1108/JFRC-07-2012-0027.
- Bokpin, G. A. (2013). Ownership structure, corporate governance, and bank efficiency: an empirical analysis of panel data from the banking industry in Ghana. *Corporate Governance: International Journal of Business in Society*, 13, 274-287. doi:10.1108/CG-05-2010-0041.
- Boshkoska, M. (2015). Agency problem: Measures for its overcoming. *International Journal of Business and Management*, 10(1), 204-209. doi:10.5539/ijbm.v10n1p204
- Boston College. (2016). Focus group protocol. Retrieved from <http://www.bc.edu/>
- Breslow, K., Crowell, L., Francis, L., & Gordon, S. P. (2015). Initial efforts to coordinate appreciative inquiry: Facilitators' experiences and perceptions. *Inquiry in Education*, 6(1), 1-19. doi:10.5038/2379-9951.1.1.1030

- Brandas, C. (2013). Formal representation of corporate governance principles and codes. *Procedia-Social and Behavioral Sciences*, 73, 744-750.  
doi:10.1016/j.sbspro.2013.02.113.
- Bughin, C., Finet, A., & Monaco, C. (2013). Banking governance and financial crises: The case of the French market. *International Atlantic Economic Society*, 19(1), 75-76.  
doi:10.1007/s11294-012-9391-y
- Bukair, A. A., & Rahman, A. A. (2015). Bank performance and board of directors' attribute by Islamic banks. *International Journal of Islamic and Middle Eastern Finance and Management*, 8, 291-309. doi:10.1108/IMEFM-10-2013-0111.
- Burghausen, M., & Balmer, J. M. (2015). Corporate heritage identity stewardship: A corporate marketing perspective. *European Journal of Marketing*, 49, 22-61. doi:10.1108/EJM-03-2013-0169.
- Burmeister, E., & Aitken, L. M. (2012). Sample size: How many is enough? *Australian Critical Care*, 25, 271-274. doi:10.1016/j.aucc.2012.07.002.
- Calandro, J. (2015). A leader's guide to strategic risk management. *Strategy and Leadership*, 43, 26-35. Doi:10.1108/SL-11-2014-0082
- Chan, A. P., & Oppong, G. D. (2017). Managing the expectations of external stakeholders in construction projects. *Engineering Construction and Architectural Management*, 24, 736-756. doi:10.1108/ECAM-07-2016-0159
- Chen, L., Danbolt, J., & Holland, J. (2014). Rethinking bank business models: The role of intangibles. *Accounting, Auditing & Accountability Journal*, 27, 563-589.  
Doi:10.1108/AAAJ-11-2012-1153

- Chernev, A., & Blair, S. (2015). Doing well by doing good: The benevolent halo of corporate social responsibility. *Journal of Consumer Research*, *41*, 1412-1425. doi:10.1086/680089
- Chhillar, P., & Lellapalli, R. (2015). Divergence or convergence: Paradoxes in corporate governance. *Corporate Governance*, *15*, 693-705. doi:10.1108/CG-05-2015-0066
- Collins, C. S., & Cooper, J. E. (2014). Emotional intelligence and the qualitative researcher. *International Journal of Qualitative Methods*, *13*, 88-103. Retrieved from <http://ejournals.library.ualberta.co/index.php/IJQM/index>
- Converse, M. (2012). Philosophy of phenomenology. How understanding aids research. *International Journal of Research Methodology in Nursing and Health Care*, *20*, 28-32. doi:10.7748/nr2012.09.20.1.28.c9305
- Cope, D. G. (2014). Methods and meanings: Credibility and trustworthiness of qualitative research. *Oncology Nursing Forum*, *41*, 89-91. doi:10.1188/14.ONF.89-91
- Corbin, J., & Strauss, A. (2015). *Basics of qualitative research: Techniques and procedures for developing a grounded theory* (4th Ed.). Thousand Oaks, CA: Sage Publications.
- Coule, T. (2013). Theories of knowledge and focus groups in organization and management research. *Qualitative Research in Organizations and Management: An International Journal*, *8*(2), 148-162. doi:10.1108/QROM-09-2011-1006.
- De Andres, P., & Valle, E. (2008). Corporate governance in banking: The role of the board of directors. *Journal of Banking & Finance*, *32*, 2570-2580. doi:10.1016/j.jbankfin.2008.05.008
- Denzin, N., & Lincoln, Y. (2011). Introduction: The discipline and practice of qualitative research. *The Sage handbook of qualitative research* (4th ed.), Thousand Oaks, CA: Sage Publications.



- De Silva, T. A. (2011). Mixed methods: A reflection of its adoption in environmental reporting. *Qualitative Research in Accounting and Management*, 8, 91-104.  
doi:10.1108/11766091111124720
- Dibley, L. (2011). Analyzing narrative data using McCormack's lenses. *Nurse Researcher*, 18(3), 13-19. Retrieved from <http://nurseresearcher.rcnpublishing.co.uk/news-andopinion/commentary/analyzing-qualitative-data>.
- Donaldson, L., & Davis, J. H. (1989). CEO governance and shareholder returns: Agency theory or stewardship theory. *Annual Meeting of the Academy of Management, Washington*, 49-63. Retrieved from <http://aom.org/annualmeeting/>
- Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management*, 16, 49-65.  
doi:10.1.1.199.6439.
- Doody, O., & Noonan, M. (2013). Preparing and conducting interviews to collect data. *Nurse Researcher*, 20, 28-32. doi:10.7748/nr2013.05.20.5.28. e327
- Dworkin, S. L. (2012). Sample size policy for qualitative studies using in-depth interviews. *Archives of Sexual Behavior*, 41, 1319-1320. doi:10.1007/s105080120016-6
- Edwards, D. B., Jr., (2017). Policy formation in the context of global governance: Rational, organizational, and political perspectives on policy making in El Salvador. *International Journal of Educational Development*, 52, 81-96. doi: 10.1016/j.ijedudev.2016.10.012
- Ekhatior, E. O., & Anyiwe, L. (2016). Foreign direct investment and the law in Nigeria: A legal assessment. *International Journal of Law and Management*, 58, 126-146.  
doi:10.1108/IJLMA-08-2014-0049

- El-Chaarani, H. (2014). The impact of corporate governance on the performance of Lebanese banks. *International Journal of Business and Finance Research*, 8, 35-46. Retrieved from <http://www.theibfr.com/ijbfr.htm>
- Elkelish, W., & Tucker, J. (2016). Bank regulation and stock market stability across countries. *Journal of Financial Regulation and Compliance*, 24, 402-419. doi:10.1108/JFRC-09-2015.0049
- Erlingsson, C., & Brysiewicz, P. (2012). Orientation among multiple truths: An introduction to qualitative research. *Africa Journal of Emergency Medicine*, 3(2), 92-99. doi:10.1016/j.afjem.2012.04.005
- Faff, R., Gray, S. & KengTa, J. (2016). A contemporary view of corporate finance theory, empirical evidence and practice. *Australian Journal of Management* 1(25). doi:110.1177/0312896216632032
- Fakis, A., Hilliam, R., Stoneley, H., & Townend, M. (2014). Qualitative analysis of qualitative information from interviews: A systematic literature review. *Journal of Mixed Methods Research*, 8(2), 139-161. doi:10.1177/1558689813495111
- Frankfort-Nachmias, C., Nachmias, D., & Dewaard, J. (2015). *Research methods in the social sciences* (8th ed.). New York, NY: Worth.
- Funder, D. C., Levine, J. M., Mackie, D. M., Morf, C. C., Vazire, S., & West, S. G. (2013). Improving the dependability of research in personality and social psychology recommendations for research and educational practice. *Personality and Social Psychology Review*, 18(1), 3-12. doi:10.1177/1088868313507536

- Fusch, P. I., & Ness, L. R. (2015). Are we there yet? Data saturation in qualitative research. *Qualitative Report, 20*, 1408-1416. Retrieved from <http://tqr.nova.edu/wp-content/uploads/2015/09/fusch1>
- Gadi, P., Emesuanwu, C., & Shammah, Y. (2015). The impact of corporate governance on the financial performance of microfinance banks in the North Central Nigeria. *International Journal of Humanities, Social Sciences, and Education, 2*(1), 155-170. Retrieved from <http://www.ijhssnet.com/>
- Garanina, T., & Kaikowa, E. (2016). Corporate governance mechanism and agency costs: Cross country analysis. *Corporate Governance, 16*, 347-360. doi:10.110//CG-04-2015-0043
- Gebba, T. R. (2015). Corporate governance mechanisms adopted by UAE national commercial banks. *Journal of Applied Finance and Banking, 5*(5), 23-61. Retrieved from <http://www.scienpress.com>
- Giannarakis, G. (2014). Corporate governance and financial characteristics effects on the extent of corporate social responsibility disclosure. *Social Responsibility Journal, 10*, 569-590. doi:10.1108/SJJ-02-2013-0008
- Giorgi, A. (2009). *A descriptive phenomenological method in psychology: A modified Husserlian approach*. Pittsburgh, PA: Duquesne University Press.
- Glaser, J., & Laudel, G. (2013). Life with and without coding: Two methods for early-stage data analysis in qualitative research aiming at causal explanations. *Forum: Qualitative Social Research, 14*(2), 1-37. Retrieved from <http://www.qualitative-research.net/>
- Granot, E., Brashear, T. G., & Cesar, M. P. (2012). A structural guide to in-depth interviewing in business and industrial marketing research. *Journal of Business and Industrial Marketing, 27*, 547-553. doi:10.1108/08858621211257310

- Guo, L., Smallman, C., & Radford, J. (2013). A critique of corporate governance in China. *International Journal of Law and Management*, 55, 257-272. doi:10.1108/ijlma-10-2011-0012
- Hack, A., Kenyon, A., & Wood, E. (2014). A critical corporate social responsibility (CSR) timeline. *International Journal of Management Cases*, 16(4), 46-55. Retrieved from <http://www.ijmc.org/>
- Haddon, A., Loughlin, C., & McNally, C. (2015). Leadership in a time of financial crisis: What do we want from our leaders? *Leadership & Organization Development Journal*, 36, 612-627. doi:10.1108/LODJ-12-2013-0166
- Hanson, J. L., Bolmer, D. F., & Giardino, A. P. (2011). Qualitative research methods for medical educators. *Academic Pediatrics*, 11, 375-386. doi: 10.1016/j.acap.2011.05.001
- Harper, M., & Cole, P. (2012). Member checking: Can benefits be gained similar to group therapy? *Qualitative Report*, 17, 510-517. Retrieved from <http://www.nova.edu/ssw/QR>
- Hassan, M. K., & Halbouni, S. S. (2013). Corporate governance economic turbulence and financial performance of UAE listed firms. *Studies in Economics and Finance*, 30, 118-138. doi:10.1108/10867371311325435
- Hassan, I., Mansour, F., Eljelly, A. M., & Abdullah, A. M. (2016). Consumer attitude towards e-banking services in Islamic banks: The case of Sudan. Review on *International Business and Strategy*, 26, 244-260. doi:10.1108/RIBS-02-2014-0024
- Hemphill, T. A., & Laurence, G. L. (2014). The case for professional boards: An assessment of Pozen's corporate governance model. *International Journal of Law and Management*, 56, 197-214. doi:10.1108/IJLMA-07-2012-0023

- Hiebl, M. R. (2015). Agency and stewardship attitude of chief financial officers in private companies. *Qualitative Research in Financial Markets*, 7, 4-23. doi:10.1108/QRFM-12-2012-0032
- Hoffmann, J., Roffger, U., Ingenhoff, D., & Hamidati, A. (2015). The rehabilitation of the nation variable links between corporate communications and the cultural context in five countries. *Corporate Communications: International Journal*, 20, 483-499. doi:10.1108/CCIJ-10-2014-0071
- Houghton, C., Casey, D., Shaw, D., & Murphy, K. (2013). Rigor in qualitative case study research. *Nurse Researcher*, 20, 12-17. doi:10.7748/nr2013.03.20.4.12. e326
- Humphries, S. A., & Whelan, C. (2017). National culture and corporate governance codes. *Corporate Governance: International Journal of Business in Society*, 17, 152-163. doi:10.1108/CG-06-2016
- Hyett, N., Kenny, A., & Dickson-Swift, V. (2014). Methodology or method? A critical review of qualitative case study reports. *International Journal of Qualitative Studies on Health and Well-being*, 9, 1-12. doi:10.3402/qhw. v9.23606
- Iftekhhar, H., & Ru, X. (2013). Foreign bank entry and bank corporate governance in China. *Emerging Markets Finance & Trade*, 49(2), 4-18. doi:10.2753/ REE1540-49X 490201
- Ikpefan, O., & Ojeka, S. (2013). Corporate governance as a tool for curbing bank distress in Nigerian deposit money banks: Empirical evidence. *Research Journal of Finance and Accounting*, 4(13), 41-51. Retrieved from <http://www.iiste.org>

Inayatullah, S., & Milojevic, I. (2016). Leadership and governance in higher education 2025:

Can Malaysian universities meet the challenge. *Foresight*, 18, 434-440. doi:10.1108/FS-03-2016-0011

Jain, S., & Nangia V. (2014). Corporate governance disclosure: Emerging trends in Indian banks.

*IUP Journal of Corporate Governance*, 13(1), 19-46. Retrieved from

<https://www.questia.com/library/journal/1P3-3259723371/corporate-governance-disclosures-emerging-trends>

Jakada, B., & Inusa, A. (2014). Corporate governance: A strategic tool for survival in the

Nigerian Banking sector. *Journal of Economic Development, Management, IT, Finance and Marketing*, 6, 45-56. Retrieved from <http://www.gsmi-ijgb.com/>

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency

costs, and ownership structure. *Journal of Financial Economics*, 3(4), 305-360. Retrieved from <http://www.sfu.ca>

Kale, S., Eken, M. H., & Selimler, H. (2015). The effects of regulations on the performance of

banks: Evidence from the Turkish banking industry. *Journal of Centrum Cathedra:*

*Business and Economic Research Journal*, 8, 109-145. doi:10.1108/JCC-08-02-2015-B003

Kapooria, P., Sharma, R., & Kaul, D. (2014). Compliance of corporate governance and its

impact on firm performance: An empirical analysis with dummy variables. *International Journal of Research in Commerce, IT & Management*, 4, 9-12. Retrieved from

<http://ijrcm.org.in/it/index.php>

- Karem, M. A., Al-Musali, M., & Ismail, I. K. (2015). Board diversity and intellectual capital performance. The moderating role of the effectiveness of board meetings. *Accounting Research Journal*, 28, 268-283. doi:10.1108/ARJ-01-2014-0006
- Katwalo, A. M., & Muhanji, S. I. (2014). Critical success factors for the unbanked customers in Kenya. *International Journal of Bank Marketing*, 32, 88-103. doi:10.1108/IJBM-09-2013-0100
- Kerle, K. (2015). Enhancing the quality of risk reporting: The roles of the risk decision- making and the accountability of the executive. *Journal of Securities Operations and Custody*, 8(1) 35-40. Retrieved from <http://www.ingentaconnect.com/>
- Kilic, M. (2015). The effect of board diversity on the performance of banks: Evidence from Turkey. *International Journal of Business and Management*, 10(9), 182-192. doi:10.5539/ijbm.v10n9p182
- Kirkwood, A., & Price, L. (2013). Examining some assumptions and limitations of research on the effects of emerging technologies for teaching and learning in higher education. *British Journal of Educational Technology*, 44, 536-543. doi:10.1111/bjet.12049
- Kolb, S. M. (2012). Grounded theory and the constant comparative method: Valid research strategies for educators. *Journal of Emerging Trends in Educational Research and Policy Studies*, 3(1), 83-86. Retrieved from <http://jeteraps.scholarlinkresearch.org>
- Kowalewski, O. (2016). Corporate governance and corporate performance: Financial crisis (2008). *Management Research Review*, 39, 1494-1515. doi:10.1108/MRR-12-2014-0287

- Krenn, M. (2016). Convergence, and divergence in corporate governance an integrative institutional theory perspective. *Management Research Review*, 39, 1447-1471.  
doi:10.1108/MRR-05-2014-0103
- Kuranchie-Pong, L., Bokpin, G., & Andoh, C. (2016). Empirical evidence on disclosure and risk-taking of banks in Ghana. *Journal of Financial Regulation and Compliance*, 24, 197-212.  
doi:10.1108/JFRC-05-2015-0025
- Lee, C. J. G. (2012). Reconsidering constructionism in qualitative research. *Educational Philosophy and Theory*, 44, 403-412. doi:10.1111/J.1469-5812.2010. 00720.x
- Lee, S. P., & Isa, M. (2015). Directors' remuneration, governance, and performance: The case of Malaysian banks. *Managerial Finance*, 41(1), 26-44. doi:10.1108/mf- 08-2013-0222
- Leavy, B. (2014). Strategy organization and leadership in a new transient advantage world. *Strategy and Leadership*, 42, 3-13. doi:10.1108/SL-05-2014-0038
- Leech, N. L., & Onwuegbuzie, A. J. (2007). An array of qualitative data analysis tools: A call for data analysis triangulation. *School Psychology Quarterly*, 22, 557-584.  
doi:10.1037/1045-3830.22.4.557
- L'Huillier, B. M. (2014). What does corporate governance actually mean? *Corporate Governance*, 14, 300-319. doi:10.1108/CG-10-2012-0073
- Liberati, E. G., Gorli, M., Moja, L., Galuppo, L., Ripamonti, S., & Scaratti, G. (2015). Exploring the practice of patient-centered care: The role of ethnography and reflexivity. *Social Science & Medicine*, 133, 45-52. doi: 10.1016/j.socscimed.2015.03.050
- Lincoln, Y. S., & Guba, E. G. (1985). *Naturalistic inquiry*. Beverly Hills, CA: Sage Publications.
- Lipunga, A. M. (2014). Corporate governance practices in the commercial banking sector of



- Malawi: Evidence from annual reports. *Journal of Applied Finance and Banking*, 4(5), 115-133. Retrieved from <https://www.academia.edu>
- Lu, W., & Whidbey, D. A. (2016). US bank failure and bailout during the financial crisis. Examining the determinants of regulatory intervention decisions. *Journal of Financial Economics Policy*, 8, 316-347. doi:10.1108/JFEP-02-2016-0011
- Madanoglu, M., & Karadag, E. (2016). Corporate governance provisions and firm financial performance the moderating effect of deviation from optimal franchising. *International Journal of Contemporary Hospitality Management*, 28, 1805-1822. doi:10.1108/IJCHM-09-2014-0470
- Marilen, P., & Ana-Cristina, N. (2013). Corporate governance codes of best practice of top Romanian banks. *Annals of Faculty of Economics*, 1, 390-397. Retrieved from [http://steconomice.uoradea.ro/anale/en\\_index.html](http://steconomice.uoradea.ro/anale/en_index.html)
- Marshall, C., & Rossman, G. B. (2016). *Designing qualitative research* (5th ed.). London, United Kingdom: Sage Publications.
- Maxwell, J. A. (2012). *Qualitative research design: An interactive approach* (3rd ed.). Thousand Oaks, CA: Sage Publications.
- Maxwell, J. A. (2013). *Applied social research methods series: Qualitative research design: An interactive approach*. Thousand Oaks, CA: Sage Publications.
- Mayoh, J., & Onwuegbuzie, A. J. (2015). Toward a conceptualization of mixed methods phenomenological research. *Journal of Mixed Methods Research*, 9(1), 91-107. doi:10.1177/1558689813505358

- Meding, J. V., McAllister, K., Oyedele, L., & Kelly, K. (2013). A framework for stakeholder management and corporate culture. *Built Environment Project and Assets Management*, 3, 24-41. doi:10.1108/BEPAM-07-2012-0042
- Michael, B., & Goo, S. H. (2015). Corporate governance and its reform in Hog Kong: A study in comparative corporate governance. *Corporate Governance*, 15, 444-475. doi:10.1108/CG-09-2013-0109
- Mikkelsen, E. N. (2013). A researcher's tale: How doing conflict research shapes research about conflict. *Qualitative Research in Organizations and Management*, 8(1), 33-49. doi:10.1108/17465641311327504
- Miles, M. B., & Huberman, A.M. (1994). *Qualitative data analysis: An expanded sourcebook*. Thousand Oaks, CA: Sage Publications.
- Mitnick, B. (2013). Origin of the theory of Agency: An account by one of the theory's originators. *SSRN Electronic Journal*. Doi:10.2139/ssrn.1020378
- Moll, S. (2012). Navigating political minefields: partnerships in organizational case study research. *Work*, 43, 5-12. doi:10.3233/wor-2012-1442
- Mubaraq, S., & Haji, A. (2014). The impact of corporate governance attributes on intellectual capital disclosure: A longitudinal investigation of Nigerian banking sector. *Journal of Banking Regulation*, 15(2), 144-163. doi:10.1057/jbr.2013.15
- Mukhopadhyay, S., Bouwman, H., & Jaiswal, M. (2015). Portfolios of control in mobile ecosystems: evolution and validation. *Info*, 17, 36-58. doi:10.1108/info-11-2014-0043
- Narteh, B. (2013). Key determinant factors for retail bank switching in Ghana. *International Journal of Emerging Markets*, 8, 409-427. doi:10.1108/IJoEM-01-2011-0004

- Nardo, N., & Francis, R. (2013). Social and governance changes: Rate, principles, and morals. *Journal of Business Systems, Governance, and Ethics*, 8(1), 61-70. Retrieved from <https://www.vu.edu.au>
- Narwal, K. P., & Pathneja, S. (2016). Effect of bank-specific and governance-specific variables on the productivity and profitability of banks. *International Journal of Productivity and Performance Management*, 65, 1057-1074. doi:10.1108/IJPPM-09-2015-0130
- National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research. (1979). The Belmont report: Ethical principles and guidelines for the protection of human subjects of research. Washington, DC: U.S. Department of Health and Human Services.
- Naziliatul, A., SitiNrzam O., & Norlida, M. (2015). Exploring the perspectives of corporate governance and theories on sustainability risk management (SRM). *Asian Economic and Financial Review*, 5, 1148-1158. doi: 10:18488/journalaefr/20155.10/102.10.1148.1158
- Neubert, M., & Dyck, B. (2016). Developing sustainable management theory: Goal setting theory based on virtue. *Management Decision*, 54, 304-320. doi:10.1108/MD-05-2014-0312
- Neuman, W. L. (2011). *Social science methods: Qualitative and quantitative approaches* (7th ed.). Boston, MA: Pearson.
- Nkamnebe, A. D., Ukenna, S., Aniomwu, C., & Chibuike, V. (2014). Determinants of banks selection by University undergrads in South East Nigeria: Empirical evidence. *African Journal of Economics and Management Studies*, 5, 369-382. doi:10.1108/AJEMS-08-2011-0054

- Nkundabanyanga, S. K., Ahiauzu, A., Seijaaka, S. K., & Ntayi, J. M. (2013). A model for effective board governance in Uganda's services sector firm. *Journal of Accounting in Emerging Economics*, 3, 125-144. doi:10.1108/20421161311288857
- Ntongho, R.A. (2016). Culture and corporate governance convergence. *International Journal of Law and Management*, 58, 523-544. doi:10.1108/IJLMA-04-2015-0016
- Nwagbara, U. (2012). En/Countering corrupt leadership and poor corporate governance in the Nigerian Banking Sector: Towards a model of ethical leadership. *Journal of Corporate Governance*, 5(2), 133-148. doi:10.1177/0974686220120204
- Nwagbara, U. & Ugworji, C. (2015). Corporate governance, CSR reporting, and accountability: The case of Nigeria. *Economic Insights-Trends and Challenges*, 4(1), 77-84. Retrieved from [http://www.upg-bulletin-se.ro/archive/2015-1/9.Nwagbara\\_Ugwoji](http://www.upg-bulletin-se.ro/archive/2015-1/9.Nwagbara_Ugwoji)
- Nwosu, C. O., Nwosu, F. O., & Nwosu, G. E. (2013). Universal ramifications of immigration, brain drain, and capital flight: The Nigerian lenses. *Journal of Functional Education*, 4(1), 1-25. Retrieved from <http://www.journaloffunctionaleducation.com>
- Nyamongo, E. M., & Temesgen, K. (2013). The effect of governance on the performance of commercial banks in Kenya: A panel study. *Corporate Governance: International Journal of Business in Society*, 13, 236-248. doi:10.1108/CG-12-2010-0107
- Oba, B., Tigrel, E., & Sener, P. (2014). Board structure in listed firms: Evidence from an emerging economy. *Corporate Governance*, 14, 382-394. Retrieved from <http://www.emeraldinsight.com>
- Ogbechie, C. (2011). Corporate governance practices in the Nigerian banking industry. *IGBE-RT Research Report*, 5(11), 230-253. doi:10.1108/CG-05-2012-0044

- Ogunyemi, K., & Laguda, E. (2016). Ethics, workforce practices, and sustainability by multinationals in Nigeria. *Worldwide Hospitality and Tourism Themes*, 8, 158-181. doi:10.1108/WHATT-11-2015-0052
- Ojeme, M., Robson, A., & Coates, N. (2018). Investigating the Nigeria small and medium enterprises (SMEs) banking long-term relationship building. *International Journal of Bank Marketing*, 36, 89-110. doi:10.1108/IJBM-07-2016-0097
- Okoye, N., & Siwale, J. (2017). Microfinance regulation and effective corporate governance in Nigeria and Zambia. *International Journal of Law and Management*, 59, 1-23. doi:10.1108/IJLMA-06-2016-0054
- Okunbor, J., & Arowoshegbe, A. (2013). Determinants of quality of forensic accounting services in Nigerian corporate organizations. *Franklin Business & Law Journal*, 2013(2), 61-82. Retrieved from <http://www.franklinpublishing.net/businesslaw.html>
- Olagunju, A., & Oluwa, T. (2012). Corporate governance and performance of money deposit banks in Nigeria. *Business & Management Review*, 3, 333-342. <http://www.abrmr.com/index.php?view=home>
- Onakoya, O., Fasanya, O., & Ofoegbu, D. (2014). Corporate governance as a correlate for firm performance: A pooled OLS investigation of selected Nigerian Banks. *IUP Journal of Corporate Governance*, 15(7), 7-18. doi: 10.1016/j.jcorpfin.2008.03.006
- Orazalin, N., Mahmood, M., & Lee, K. J. (2016). Corporate governance financial crises and bank performance: Lesson from a top Russian bank. *Corporate Governance: International Journal of Business & Society*, 16, 798-815. doi:10.1108/CG-10-2015-0145

- Osemeke, L., & Adegbite, E. (2016). Regulatory multiplicity and conflict: Towards a combined code on corporate governance in Nigeria. *Journal of Business Ethics* 13, 431-451.  
doi:10.1007/s10551-014-2405-3
- Othman, R., & Ameer, R. (2015). Conceptualizing the duties and roles of auditors in Islamic financial institution. What makes them different? *Humanomics*, 31, 201-213.  
doi:10.1108/H-04-2013-0027
- Ottman, Z., & Rahman, R. (2011). Understanding corporate governance for a social constructionist perspective. *International Journal of Humanities and Social Science*, 2.  
Retrieved from [http://www.ijhssnet.com/journals/Vol.\\_1\\_No.\\_2;\\_February\\_2011/17.pdf](http://www.ijhssnet.com/journals/Vol._1_No._2;_February_2011/17.pdf)
- Otusanya, O. J. (2014). Anti-social financial practices in Nigeria. *Journal of Financial Crimes*, 21, 149-173. doi:10.1108/JFC-02-2013-0005
- Outa, E. R., & Waweru, N. M. (2016). Corporate governance guidelines compliance and firm financial performance: Kenya listed companies. *Management Auditing Journal*, 31, 891-914. doi:10.1108/MAJ-12-2015-1291
- Pande, S., & Ansari, V. (2014). A theoretical framework for corporate governance. *Indian Journal of Corporate Governance*, 1, 56-72. doi:10.1177/0974686220140104
- Pare, G., Trudel, M.C., Jaana, M., & Kitsiou, M. (2015). Synthesizing information systems knowledge: A typology of literature reviews. *Information and Management*, 52, 183-199.  
doi:10.1016/j.im.2014.08.008
- Patton, M. Q. (2015). *Qualitative evaluation and research methods* (4th ed.). Newbury Park, CA: Sage Publications.

- Polit, D. F., & Beck, C. T. (2012). *Nursing research: Generating and assessing evidence for nursing practice*. Philadelphia, PA: Lippincott Williams and Wilkins.
- Quaresma, A., Pereira, R., & Dias, A. (2013). Corporate governance practices in listed banks – impact on risk management and resulting financial performance. *Proceedings of the Northeast Business and Economic Association*, 197-200. doi:10.15341/jbe (2155-7950)/08.05.2014/006
- Qussii, A. A., & Taktak, N. B. (2018). Audit report timeliness. Does internal audit function coordination with external auditors' matter? Empirical evidence from Tunisia. *EuroMed Journal of Business*, 13, 60-74. doi:10.1108/EMJB-10-2016-0026
- Rad, A. (2016). Risk management-control system interplay: case studies of two banks. *Journal of Accounting and Organizational Change*, 12, 522-546. doi:10.1108/JAOC-08-2014-0042
- Rahman, M., & Carpano, C. (2017). National corporate social policy, corporate governance system and organizational capabilities. *Corporate Governance: International Journal of Business in Society*, 17, 13-29. doi:10.1108/CG-02-2016-0037
- Ramady, M. A. (2015). Effective regulation regimes: A comparative analysis of GCC regulators. *Journal of Financial Regulation and Compliance*, 23(1), 2-17. doi:10.1108/jfrc-09-2013-0032
- Ravitch, A., & Riggan, C. (2012). *Reason and rigor: How conceptual frameworks guide research*. Thousand Oaks CA: Sage Publications.
- Reilly, R.C. (2013). Found poems, member checking and crises of representation. *Qualitative Report*, 18(15), 1-18. Retrieved from <http://www.nova.edu/ssss/QR/QR18/reilly30>

- Ritchie, J., Lewis, J., Nicholls, C. M., & Ormston, R. (2013). *Qualitative research practice: A guide for social science students and researchers*. Thousand Oaks, CA: Sage Publications.
- Rouleau-Carroll, L. K. (2014). *Attributes and characteristics that contribute to successful female leadership in secondary education* (Doctoral dissertation, Drake University). Retrieved from <http://escholarshare.drake.edu>
- Rowley, J. (2012). Conducting research interviews. *Management Research Review*, 35, 260-271. doi:10.1108/01409171211210154
- Saeid, H., & Sakine, H. (2015). Agency theory and corporate governance. *International Business Management*, 9, 805-815. doi:10.3923/ibm.2015.805.815
- Sahile, S. W., Tarus, D. K., & Churuiyot, T. K. (2015). Marked structure-performance hypothesis in Kenyan banking industry. *International Journal of Emerging Market*, 10, 679-710. doi:10.1108/IJoEM-12-2012-0178.
- Saleh, A. A., Ratajeski, M. A., & Bertolet, M. (2014). Grey literature searching for health sciences systematic reviews: A prospective study of time spent and resources utilized. *Evidence-Based Library and Information Practice*, 9(3), 28-50. Retrieved from [eJournals.library.ualberta.ca](http://eJournals.library.ualberta.ca)
- Saldana, J. (2015). *The coding manual for qualitative researchers*. Thousand Oaks, CA: Sage Publications.
- Sangmi, M. D., & Jan, S. (2014). Corporate governance policies in Indian commercial banks: An empirical analysis. *IOSR Journal of Business and Management*, 16(1), 13-23. Retrieved from <http://iosrjournals.org>



- Santos, R. E., & Da Silva, F. Q. (2013, October). Motivation to perform systematic reviews and their impact on software engineering practice. In *Empirical software engineering and measurement* (pp. 292-295), 2013 ACM/IEEE International Symposium on Empirical Software Engineering and Measurement, Baltimore, MD. doi:10.1109/ESEM.2013.36
- Sanusi, L. (2012). Global financial meltdown and the reforms in the Nigerian banking sector. *CBN Journal of Applied Statistics*, 2(1), 93-108. Retrieved from <https://www.cbn.gov.ng/documents/cbnjas.asp>
- Sargeant, J. (2012). Qualitative research part II: Participants, analysis, and quality assurance. *Journal of Graduate Medical Education*, 4(1), 1-3. doi:10.4300/JGMED-1100307-1
- Schwandt, T. A. (2015). *The Sage dictionary of qualitative inquiry* (4th ed.). Thousand Oaks, CA: Sage Publications.
- Seidman, I. (2013). *Interviewing as qualitative research: A guide for researchers in education and the social sciences*. New York, NY: Teachers College Press
- Shamsabadi, H. A., Min, B.-S., & Chung, R. (2016). Corporate governance and dividend strategy: Lessons from Australia. *International Journal of Management Finance*, 12, 583-610. doi:10.1108/IJMF-08-2015-0156
- Sharafizad, J., & Coetzer, A. (2016). Women business owners' start-up motivations and network content. *Journal of Small Business and Enterprise Development*, 23, 1-24. doi:10.1108/JSBED-07-2015-0085
- Shehata, N. F. (2015). Development of corporate governance codes in the GCC: An overview. *Corporate Governance*, 15, 315-338. doi:10.1108/CG-11-2013-0124

- Sifile, O., Susela D. K. S., Mabvure J. T., Chavunduka, M. D., & Dandira, M. (2014). Corporate board failure in Zimbabwe: Have non-executive directors gone to sleep? *IOSR Journal of Business and Management*, *16*(7), 78-86. Retrieved from [www.iosrjournals.org](http://www.iosrjournals.org)
- Silverman, D. (2005). *Doing qualitative research: A practical handbook* (2nd ed.). London, United Kingdom: Sage Publications.
- Simon, M. K. & Goes, J. (2011). *Assumption, limitations, delimitations, and scope of the study*. Includes excerpts from Simon & Goes (2013), *Dissertation and scholarly research: Recipes for success*. Seattle, WA: Dissertation Success. Retrieved from <http://www.dissertationrecipes.com>
- Simpson, S.N.Y. (2014). Boards and governance of state-owned enterprises. *Corporate Governance*, *14*, 238-251. doi:10.1108/CG-08-2012-0063
- Sinkovics, R. R., & Alfoldi, E. A. (2012). Progressive focusing and trustworthiness in qualitative research. The enabling role of computer assisted qualitative data analysis software (CAQDAS). *Management International Review*, *52*, 817-845. doi:10.1007/s11575-012-0140-5
- Smith, J., & Noble, H. (2014). Bias in research. *Evidence Based Nursing*, *17*, 100-101. doi:10.1136/eb-2014-101946
- Solas, J. (2016). The banality of bad leadership and followership. *Society and Business Review*, *11*, 12-23. doi:10.1108/SBR-09-2015-0049
- Sorour, K., & Howell, K. (2013). A grounded theory analysis of corporate governance in Egyptian banking. *Qualitative Research Journal*, *13*, 289-316, doi:10.1108/QRJ.03.2013.0017

- Starbuck, W. (2014). Why corporate governance deserves serious and creative thought. *Academy of Management Perspectives*, 28(1), 15-21. Retrieved from <http://www/amp.aom.org/>
- Stefanescu, C. (2014). Does a strong governance mechanism improve efficiency in the banking system? *International Advances Economic Report*, 20, 117-118, doi:10.1007/s112940.013-9415-2.
- Suri, H. (2011). Purposeful sampling in qualitative research synthesis. *Qualitative Research Journal*, 11, 63-75. doi:10.3316/QRJ0802091
- Swensen, S., Gorringer, G., Caviness, J., & Peters, D. (2016). Leadership by design: International Organization development of physician leaders. *Journal of Management Development*, 35, 549-570. doi:10.1108/JMD-08-2014-0080
- Tai, L. (2015). The impact of corporate governance on the efficiency and financial performance of GCC national banks. *Middle East Journal of Business*, 10(1), 12-16. Retrieved from [www.mejb.com](http://www.mejb.com)
- Taktak, N. B., & Mbarki, I. (2014). Board characteristics, external auditing quality, and earnings management. *Journal of Accounting in Emerging Economies*, 4(1), 79-96. doi:10.1108/jaee-10-2011-0046
- Tan, Y. (2014). Corporate governance in the banking sector. *Chandos Asian Studies Series: Performance, Risk in the Chinese Banking Industry*, 39-64. doi:10.1533/9781780634463.39
- Thanetsunthorn, N., & Wuthisatian, R. (2016). The current state of corporate governance. Global business and cultural analysis. *Management Research Review*, 39, 1431-1446. doi:10.1108/MRR-03-2015-0061

- Thomas, A., & Rihab, K. (2013). Researching the lived experience of corporate governance. *Qualitative Research in Accounting and Management*, 10(1), 4-30.  
doi:10.1108/11766091311316176.
- Umanholen, O. (2015). Effect of the global financial meltdown on Nigerian banking industry and economy. *Scientific & Academic Publishing*, 5(3), 63-89. doi:10.5923/j.mm20150503.01
- Vance, L., Raciti, M. W., & Lawley, M. (2016). Sponsorship selections: Corporate culture beliefs and motivations. *Corporate Communications: International Journal*, 21, 483-499.  
doi:10.1108/CCIJ-11-2015-0072
- Vanni, D.(2017). The role of compliance in Italian banking system. *Journal of Financial Crime*, 24, 143-147. doi:10.1108/JFC-04-2014-0025
- Vidaver-Cohen, D., & Bronn, P. (2015). Reputation, responsibility, and stakeholder support in Scandinavian firms: A comparative analysis. *Journal of Business Ethics*, 127(1), 49-64.  
doi:10.1007/s10551-013-1673-7
- Viritha, B., Mariappan, V., & Venkatachalapathy, V. (2015). Combating money laundering by the banks in India: Compliance and challenges. *Journal of Investment Compliance*, 16, 78-95. doi:10.1108/JOIC-07-2015-0044
- Wagstaff, C., & Williams, B. (2014). Specific design features of an interpretative phenomenological analysis study. *Nurse Research*, 21(3), 8-12.  
doi:10.7748/nr2014.01.21.3.8. e1226
- Wan Yusoff, W., & Idris, A. (2012). The insight of corporate governance theories. *Journal of Business & Management*, 1(1), 52-63. Retrieved from <http://www.todayscience.org/jbm>

- Waters, R. D. (2013). The role of stewardship in leadership. *Journal of Communication Management, 17*, 324-340. doi:10.1108/JCOM-05-2012-0041
- Waweru, N. (2014). Factors influencing quality corporate governance in Sub Saharan Africa: An empirical study. *Corporate Governance, 14*, 555-574. doi:10.1108/CG-02-2013-0024.
- Weis, L., & Fine, M. (2012). Critical bifocality and circuits of privilege: Expanding critical ethnographic theory and design. *Harvard Educational Review, 82*(2), 173-201. doi:10.17763/haer.82.2v/jx34n441532242
- White, J., Drew, S., & Hay, T. (2009). Ethnographical versus case study: Positioning research and researchers. *Qualitative Research Journal, 9*(1), 18-37. doi:10.3316/QRJ0901018
- Wilson, C. V. (2012). *Post-implementation planning and organizational structure of enterprise resource planning systems* (Doctoral dissertation). Available from ProQuest Dissertations and Theses database (UMI No. 3512581).
- Wisdom, J. P., Cavaleri, M. A., Onwuegbuzie, A. J., & Green, C. A. (2012). Methodological reporting in qualitative, quantitative, and mixed methods health services research articles. *Health Services Research, 47*, 721-745. doi:10.1111/j.1475-6773.2011.01344.x
- Wong, A. (2014). Corporate sustainability through non-financial risk management. *Corporate Governance, 14*, 575-586. doi:10.1108/CG-02-2013-0026
- Wongsansukcharoen, J., Trimetsoontorn, J., & Fongsuwan, W. (2015). Social CRM, RMO and business strategies affecting banking performance effectiveness in B2B context. *Journal of Business and Industrial Marketing, 30*, 742-760. doi:10.1108/JBIM-02-0039
- Yakasai, G. (2001). Corporate governance in a third world country with particular reference to Nigeria corporate governance. *Corporate Governance: An International Review, 9*(3), 238-253. doi:10.1111/1467-8683.00251

Yin, R. K. (2014). *Case study research: Design and methods* (5th ed.). Thousand Oaks, CA: Sage Publications.

Yongqiang, L., Armstrong, A., & Clarke, A. (2014). Relationship of corporate governance mechanisms and financial performance in Islamic Banks: a meta-analysis. *Journal of Business Systems, Governance, and Ethics*, 9(1), 50-65. Retrieved from <http://www.globethics.net/web/journal-of-business-systems-governance-and-ethics/journal-overview>

Yousuf, S., & Islam, M. D. (2015). The concept of corporate governance and its evolution in Asia. *Research Journal of Finance and Accounting*, 6 (5), 19-25. Retrieved from [www.iiste.org](http://www.iiste.org)

Zakaria, K. M., Nawawi, A., Saiful, A., & Salin, A. P. (2016). Internal controls and fraud empirical evidence from oil and gas Company. *Journal of Financial Crime*, 23, 1154-1168. doi:10.1108/JFC-04-201

Zuckweiler, K. M., Rosacker, K. M., & Hayes, S. K. (2016). Business students' perceptions of corporate governance best practices. *Corporate Governance*, 16, 361-376. doi:10.1108/CG-08-2015-0117

## Appendix A: Interview Protocol for Dissertation Research

Researcher: Aderonke Tayo-Tiwo

Dissertation Title

Case study of Nigerian banks' compliance with the code of corporate governance

Interview Setting

In private location on the premise of the CBN, the regulatory agency, or a private place of participant's choice.

Interview Requirements

The interview questions, a jotter, and a recording device

Interview Method

Questions are open-ended to give participants maximum opportunity to provide adequate responses to the questions asked.

Interview Questions

Please explain the process by which you carry out the inspection and examination of the banks to ensure that they are complying with the code of corporate governance.

Please discuss the documentation required by the banks to prove that they are complying with the regulatory requirement.

Tell me the penalties for non-compliance.

How do you prevent any form of interference from the shareholders of the bank during the examination process?

How does the creation of the board committees including the credit and audit committee help in the review process?

How do you see the effect of possible gray areas that the banks may hide under when rendering returns?

How do you see the need to enforce compliance by the banks with the code by promulgating laws to enforce compliance?

What are your suggestions for the regulatory agency to enforce the banks' compliance with the code of corporate governance?

Thank you so much for your time

Aderonke Tayo-Tiwo

Researcher



## Appendix B: Focus Group Interview Protocol

1. Please think about the level of Nigerian banks' compliance with the code of corporate governance. What comes to your mind?
2. What do you consider the major challenge the regulators face when they try to ensure that the banks comply fully with the code?
3. Please tell me if you think that the banks are making efforts to ensure full compliance?
4. What do you think are possible gray areas that the banks use as cover up during the monitoring and examination process?
5. How do you think interferences from the various stakeholders affect your examination process?
6. What do you think about the application of stiffer penalties for erring banks?
7. What suggestions do you have that may help in getting the licensed banks in Nigeria to be fully compliant with the code of corporate governance.

Thank you so much for your time.