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The Concept and Practice of Corporate Governance in Nigeria: The Need for Public Relations and Effective Corporate Communication

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ABSTRACT The problems currently bedelving the Nigerian banking industry which has necessitated the on-going reforms, prosecution of executives of some of the banks and the nationalization of three others before their sale to other investors has brought out the importance of corporate governance in the running of corporate organisations in the country. This paper examines the various ways the concept has been viewed, its various dimensions and basic principles as a major instrument of ensuring corporate accountability and stakeholders' confidence in the operations of corporation organisations. The paper which adopts an analytical and qualitative research method however provides essential theoretical framework within which better practice of corporate governance can be evolved for appreciable corporate results in the Nigerian business environment. Materials for the analysis were from secondary source. The paper's main thesis is that Public Relations and Corporate Communication strategies are essential in realising the objectives of corporate governance. The adoption of such strategies, it is argued, will engender participation by various stakeholders, engender mutual understanding, build social support and ensure accountability and openness. Such strategies would also help in attitude and behavioural change required to instill in the operators of corporate organizations the best practice enshrined in corporate governance codes.

INTRODUCTION

Corporate organisations have become major actors in the political economy of many countries. Under the current neo-liberal economic philosophy they are regarded as the engine of growth and development. Based on this premise the performance of these organisations is of interest to both the government and the citizens. Essentially, various measures, models and concepts have been developed globally and nationally to ensure that these corporate organisations not only survive but operate in the best interest of all stakeholders including the government. One of the most important concepts recently developed by business and financial experts is corporate governance (CG). For over two decades, the concept of corporate governance had been identified as key to the survival of business corporations the world over. This is better expressed by a former Governor of the Central Bank of Nigeria, Sanusi (2002) thus:

Issues of corporate governance have become so pervasive in recent years and the lessons learned from experiences of Corporate organsiations have become major actors in the political economy of many countries. Under the current neo-liberal economic philosophy they are regarded as the engine of growth and development. Based on this premise the performance of these organization is interest to both the government and the citizens. Essentially, various measures, models and concept name been developed globally and nationally to ensure that these corporate organizations not only survive but operate in the best interest of all stakeholders including the government. dealing with them is so important that promoting corporate governance with its attendant challenges have become relevant and timely. Moreover, it is important to recognize that economic performance of any country is shaped largely by the quality and effectiveness of the nation's corporate governance. Thus, the world over, sound corporate governance has become major concern not only to business enterprises, but also to central banks and governments.

It is worthy of note that, the great value of corporate governance has in the recent years created an unimaginable surge around the world and the phenomenon is also evident on the continent of Africa in the numbers of national corporate governance reports that have been produced and published within a close range (Rossouw 2005).

Still on the impact of corporate governance on the economic performance of any nation, Sanusi (2002) further emphasised that, the impact of good corporate governance on economic performance can be appreciated when it is recognised that growth is positively related not only to the size of the investment but also to the efficiency and transparency of its allocation. "A good system of corporate governance ensures that directors and managers of enterprises carry out their duties within a framework of accountability and transparency.

This is imperative for financial institutions because of their responsibility to exert effective corporate governance in the other sectors of the economy. The benefit is that the overall efficiency and competitiveness of the economy will be enhanced thereby boosting confidence in the economy of the country".

Philosophically, corporate governance hinges on a clear cut process of directing and controlling the whole essence of companies or business corporations based on the principles of integrity, honesty, transparency and accountability in order to satisfy the interests of all stakeholders. This basic wisdom enhances the widespread and acceptability of the concept in the contemporary time most particularly when the recent widespread corporate scandals and failures which were rooted in dishonest management decisions and outright cover-ups of illicit activities are considered. In other words, the Asian and Latin American financial crisis of the 1990s and the recent financial scandals in the 2000s which led to the collapse of the world class corporations like Enron, MCI formerly WorldCom, Parmalat, Barings Bank and so on places more emphasis on the practice of corporate governance

Against this backdrop, Sanusi (2003) once again stressed that:

… good governance is therefore an important step in building market confidence and encouraging stable, long-term international investment flows into the country. Since the business corporation is increasingly important engine of wealth creation and growth, not only in our economy but also worldwide, it is imperative that our companies operate within the standards that keep them well focused on their objectives and hold them accountable to the shareholders and for their actions

Wilson (2006) also emphasised the fact that no company whatsoever can be too big financially or otherwise to fail if the practice of good corporate governance is jettisoned. In his words:

The clear lesson, Enron, Parmalat, World Com, Barings Bank taught the corporate world was that no company or bank can be too big financially or otherwise to fail. A common thread that ran through these monumental corporate failures was the poor corporate governance culture, to wit, poor management, poor regulation and poor supervision

As such, events on the global marketplace have clearly defined the position of corporate governance as the heart of business corporations if they actually desire to stay in business. Globally, the concept and practice of corporate governance is continually being entrenched and Africa is not left out. Little wonder Jayashree (2006) describes corporate governance as a way of life and not a set of rules. "Corporate governance is a way of life and not a set of rules. It is more of way of life that necessitates taking interest in every business decisions, a key element of good corporate governance is transparency in projects through a code of good governance which incorporates a system of checks and balances between key players- board of management, auditors and shareholders" (Jayashree 2006).

As a matter of fact, corporate governance in Nigeria and many African countries is still at lower ebb or at a rudimentary stage as espoused by Wilson (2006). The scholar submits that corporate governance in Nigeria is at a rudimentary stage and only 40% of companies (banks inclusive) quoted on the Nigerian Stock Exchange have recognised codes of corporate governance in place and poor corporate governance was one of the major factors in virtually all known instances of distress experienced by the country's financial institutions. This unwholesome situation has largely attracted attention so much that various initiatives have been put up by among others, the World Bank, International Monetary Fund (IMF), United Nations Development Programme (UNDP), Central Banks, Organisation for Economic Cooperative Development (OECD), Commonwealth Association for Corporate Programme (CACG), Financial Institute Training Centre (FITC), Pan-African Consultative Forum on Corporate Governance (PACFCG), Bank for International Settlements (BIS) to practically raise the awareness and the practice of good corporate governance around the world.

It is therefore highly essential to give a clear picture of what corporate governance is all about for better understanding and adherence to its basic principles by all players involved. Various challenges confronting the practice of good corporate governance in Nigeria would also be reviewed within the framework of Nigerian business environment upon which appropriate communication model will be postulated to improve the situation in terms of behavioural and attitudinal change among key players of corporate governance.

Essentially, this paper is considered germane considering the level of crashes that befell the banking industry in Nigeria and how such has led to various theories among which are “The Theory of Consolidation” and what we described as ‘The Theory of Survival’. Various media reports showed that, many banks actually failed to catch up with the theory of consolidation hence unable to survive the challenge majorly due to their failure to properly practise corporate governance. In specific terms, this study is meant to emphasise why corporate governance should be understood in the light of its various benefits. These include:

- Good corporate governance leads to increased shareholder value.
- 80% of institutional investors will pay a premium for a well governed company.
- Financial returns rank lower than transparent and honest practices, in the running of a company in the USA, comprise with good corporate governance out performed those with below average corporate governance over two-year period by 18.9%.
- To prevent corporate failure which can be caused by (1) poor strategic decisions (2) over expansion and ill- judged acquisitions (3) greed, hubris and the desire for power (4) failure of internal control at all levels from top downwards (5) ineffectual and ineffective boards (Hamilton and Micklethwait 2006, cited by Dabiri 2012).

Defining and Understanding the Concept of Corporate Governance (CG)

The task of defining the concept of corporate governance is enormous, yet a clear definition of the concept is very essential in order to create the needed awareness and to achieve good practice in Nigeria and beyond. Described as a nebulous concept, Wilson (2006) defines corporate governance as the manner in which corporations are directed, controlled and held to account with special concern for effective leadership of the corporations to ensure that they deliver on their promise as the wealth creating organ of the society in a sustainable manner.

In his own view, Jayashree (2006) defines it thus:

Corporate governance when used in the context of business organization is a system of making directors accountable to shareholders for effective management of the companies in the best interest of the company and the shareholders along with concern for ethics and values . It is a management of companies through the board of directors that hinges on complete transparency, integrity and accountability of management.

The scholar puts it in another dimension:

Corporate governance is concerned with the establishing of a system whereby the directors are entrusted with responsibilities and duties in relation to the direction of corporation affairs. It is concerned with accountability of persons who are managing it towards shareholders. It is concerned with the monitoring based on ethics, values, parameters of conduct and behavior of the company and its management.

Drawing from the Gandhian principles of trusteeship and the Directive Principles of the Indian Constitution, the Report of Securities and Exchange Board of India (SEBI) Committee defines corporate governance as the acceptance by the management of the inalienable rights of shareholders as the true owners of the corporation and their own role as trustees on behalf of the shareholders. It is about commitment to values, ethical business conduct and about making a distinction between personal and corporate funds in the management of a company.

Another definition also holds that corporate governance is a system of structuring, operating and controlling a company with a view to achieving long term strategic goals to satisfy the shareholders, creditors, employees, customers and suppliers and complying with the legal and regulatory requirements, apart from meeting environmental and local community needs (Wikipedia). Moreover, corporate governance is described as the set of processes, customs, policies, laws and institutions affecting the way a corporation or company is directed, administered or controlled. It also includes the relationship among the many stakeholders involved, the board of directors, employees, customers, creditors, suppliers and the community at large (Wikipedia).

Still, corporate governance is simply put by the famous Report of Cadbury Committee (1992) as the system by which companies are directed and controlled while the Organisation for Economic Cooperative Development (OECD) also holds that corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set and the means of attaining those objectives and monitoring performance are determined.

International business author, Gabrielle O'Donovan equally defines corporate governance as internal system encompassing policies, processes and people which serves the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity, accountability and integrity. Sound corporate governance is reliant on external market place commitment and legislation, plus a healthy board culture which safeguards policies and processes. In the view of Isele and Ugoji (2009), corporate governance is the process by which managers provide leadership and direction, create enabling climate and link systematize collaborative efforts to work groups.

Managers in this sense must be capable of cultivating conceptual thinking, setting achievable goals and objectives to be met as well as priotising activities and arriving at appropriate decisions. Of importance is the submission of Oyejide and Soyibo (2001) who citing Rwegasira and Sullivan (2000), view corporate governance from two perspectives viz: a narrow one in which it is viewed merely as being concerned with the structures within which a corporate entity or enterprise receives its basic orientation and direction and, a board perspective in which it is regarded as being the heart of both a market and a democratic society.

From this array of definitions, it is very clear that corporate governance has come to stay, it stands as inevitable for the survival of business corporation in Nigeria and beyond. It is the cornerstone upon which the corporate goal and sustainability can be achieved and any company that acts otherwise does so at its own peril. More importantly, the essential ingredients of corporate governance such as honesty, trust and integrity, complete transparency, accountability and responsibility, protection of stakeholders interests and satisfaction, participation, business ethics and values, performance orientation, openness, mutual respect and commitment to organisation are quite convincing that sincere compliance or adherence to them would pave way for the sustenance of business corporation, realisation of corporate goals, good and appreciable turn out and a veritable global market place. These ingredients after critical study were summarised into two broad elements. These are the long term relationship which has to deal with checks and balances, incentives for manager and communication between management and investors and, the transactional relationship which involves dealing with disclosure and authority.

Brief Background of Corporate Governance

The concept of corporate governance had existed from antiquity. Historical records show that corporate governance has a long history which dated back to the ancient times where existed what is called tribal communes which supervised the activities of the tribe as well as individual members of the tribe to ensure conformity with tribal norms. As time went by, the tribal form later matured to the level of agrarian communities whereby the concept of family came to the fore with the activities of family members were monitored by the family councils. Also, in his study on corporate governance, Kurkure (2006) submits on its historical development that:

In Roman Empire, specific corporate bodies such as municipal bodies were developed to manage public affairs with transparency for common good. In the Middle East, the nomadic tribes had their councils to ensure fairplay and justice. The evolution of Christianity and Islam in the Middle East placed the responsibility of governance on religion…

In the post Christ period, with improved navigation of vessels, the traders from Europe especially the Portuguese and the Dutch explored the known expanse of the earth and gave rise to global trading entities. Those entities reported to the Kings. This was the beginning of corporate governance. As the 16th century was ushered in, the most powerful trading nation England formed a variety of regulation and regulatory authorities such as joint stock companies and Bank of England to govern all trading activities on the platform of accountability, efficiency/ effectiveness and stakeholders' satisfaction.

The concept of corporate governance was the basic platform for these regulations and regulatory authorities and over a period of time, the concept and its practice took a firm root for all activities Similarly, Crawford (2007) notes that since the late 1970s, corporate governance has been the subject of significant debate in the United States and around the globe. According to the scholar, bold and broad efforts to reform corporate governance have been driven, in past, by the needs and desires of share owners to exercise their rights of corporate ownership and to increase the value of their shares and therefore, wealth. Over the past three decades, corporate directors' duties have expanded greatly beyond their traditional legal responsibility of duty of loyalty to the corporation and its shareowners.

By the first half of the 1990s, the concept and practice of corporate governance had become a public debate due to the wave of dismissals of CEOs of corporations like IBM, Kodak, Honeywell by their Board of Directors. More interestingly, there was a wave of institutional shareholders' activism under the auspices of the Californian Public Employers' Retirement System (CalPERS) in order to ensure corporate governance value despite the new traditionally cozy relationships between the CEOs and the board of directors. Wikipedia also holds that "in 1997, the Eastern Asian Financial Crisis saw the economies of Thailand, Indonesia, South Korea, Malaysia and the Philippines severely affected by the exit of foreign capital after the collapse of huge assets.

The lack of corporate governance mechanisms in these countries highlighted the weaknesses of the institutions in their economies".

In the early 2000s, the massive bankruptcies and criminal malfeasance of Enron and World Com as well as lesser corporate debacles such as Adelphia Communication, AOL, Arthur Andersen, Global Crossing, Tyco, led to increased shareholder and government interest in corporate governance. This is reflected in the passage of the US Sarbane-Oxley Act of 2002 (Wikipedia). All these put together gave rise to the widespread practice of corporate governance across the globe for it is a settled fact that the positive effect of corporate governance on different stakeholders ultimately, is a strengthened economy. Hence, good corporate governance is a tool for socio-economic development in Nigeria and the world over.

Basic Principles of Corporate Governance

For a good and successful practice of corporate governance the world over, its basic and commonly accepted principles must be adhered to. These principles include:

i. Rights and Equitable Treatment of Shareholders: This implies that there are certain fundamental rights of the shareholders which organisations must respect and strictly uphold. Shareholders should equally be allowed to exercise their rights without fear or favour. Organisations are duty bound to give clear interpretation of these rights for better understanding by the shareholders as well as ensuring shareholders' participation in the affairs of the corporation through general meetings.

ii. Interest of Stakeholders: Corporations are obliged to recognise, in their policies and other aspect of operations, their legitimate stakeholders as having legal and other obligations which should be fulfilled at all time.

iii. Role and Responsibility of the Board of Directors: As a matter of fact, board mem-bers should be constituted by people and expertise with the required knowledge. Put differently, technocrats of excellent skills and comprehensive understanding should form the board to be able to deal with vari-ous business issues in order to review and challenge management performance.

The size of the board should be sufficient enough with appropriate level of commitment to fulfill its responsibilities and duties.

iv. Integrity and Ethical Behaviour: This is quite central to the practice of good governance. It involves ethical and responsible decisions making which is necessary in managing risk and avoiding lawsuits. Corporate organisations should evolve a clear cut code of conduct to guide the conduct of their directors and executives. This enhances their sense of duty and consciousness of the interest of all stakeholders.

v. Disclosure and Transparency: Corporate governance requires high level of accountability, hence organisations should make concerted efforts to publicise the roles and responsibilities of board and management in order to make them accountable to the shareholders. Also, there should be set of procedures to ensure independent verification of the company's financial reporting to safeguard the integrity of the organisation. All investors should equally have access to timely and balanced disclosure of materials and factual information concerning the organisation.

However, to make these principles very effective, certain mechanisms have been designed by experts to control and reduce the inefficiencies that could arise from moral hazard and adverse selection in relation to corporate governance. For instance, the behaviour of managers can be monitored and checked by an independent third party in the name of external auditor who attests to the accuracy of the information provided by the management to investors.

Other mechanisms of control for the effectiveness of these principles include: monitoring by the board of directors, internal control procedures and internal auditors, balance of power, standard remuneration, competition, takeovers, media pressure and surveillance, government regulations and so on.

Corporate Governance and Its Regulatory Framework

The regulatory framework of corporate governance is a global phenomenon. Researches show that while there are universal codes for regulating the practice of corporate governance, there exist other national codes based on local needs and the unique characteristics of each country. Importantly, regardless whether it is global or national, the regulatory framework of corporate governance can be viewed from two broad perspectives viz: voluntary and mandatory. Stressing this point, Wilson (2006) observes:

In Nigeria, as in most developed countries, observance of the principles of corporate governance has been secured through a combination of voluntary and mandatory mechanisms. In 2003, the Atedo Peterside Committee set up by the Security and Exchange Commission (SEC), developed a Code of Best Practice of Public Companies in Nigeria. The code is voluntary and is designed to entrench good business practices and standards for board of directors, auditors, CEOs etc of listed companies including banks.

He goes further:

Mandatory corporate governance provisions relating to banks are contained in the Companies and Allied Matters Acts (CAMA) 1990, the Banks and other Institutions Acts (BOFIA) 1991, the Investment and Securities Acts (ISA) 1999, the Security and Exchange Acts (SECA) 1988. And only recently the Central Bank of Nigeria issued a code of conduct for Directors of licensed Banks and Financial Institutions

Globally however, there are three identified codes of corporate governance that are often cited and explicitly referred to in the development of national codes for corporate governance. These are: Principles of Corporate Governance (1999) by the Organisation for Economic Cooperative and Development (OECD), Principles of Corporate Governance by the Commonwealth Association for Corporate Governance (CACG) and either the first or second King Report on Corporate Governance for South Africa by Institute of Directors of South Africa (IoD 1991, 2002; Rossouw 2005).

Drawing from the trio of OECD, CACD and IoD's Codes, a number of countries in Africa have developed and published their national codes for the practice of good corporate governance. Rossouw (2005) highlights the countries as follow:

Ghana: (Manual on Corporate Governance in Ghana 2000), Kenya: (Private Sector Corporate Governance Trust 1999), Malawi: (Corporate governance Task Force 2001), Mauritius: (Report on Corporate Governance in Mauritius 2003), Nigeria: (Code of Corporate Governance in Nigeria 2003), South Africa: (Institute of Directors of South Africa, IoD, 1994, 2004), Tanzania: (Steering Committee on Corporate Governance in Tanzania, 2000), Uganda: (Manual on Corporate Governance and Code of Conduct n.d.), Zambia: (IoD of Zambia 2000) and Zimbabwe: (Principles for Corporate Governance in Zimbabwe n.d.).

With special preference to Nigeria, all the existing codes and laws which entrust the Corporate Affairs Commission (CAC), Security and Exchange Commission (SEC) and Central Bank of Nigeria (CBN) with the responsibility of regulating corporate governance reflect some of the key elements OECD and other global codes. These are stated below.

i. Separating the roles of the CEO from those of the board chairman

ii. Prescription of non-executive and executive directors on the board

iii. Improving the quality and performance of board membership

iv. Introducing merit on criteria to hold top management positions

v. Introducing transparency, due process and disclosure requirements

vi. Transparency on financial and non-financial reporting

vii. Protection of shareholders rights and privileges and;

viii. Defining the composition, role and duties of the audit committee (Wilson 2006).

Quite unfortunate, there have been various challenges in the process of implementing these codes. This is evident worldwide and the Nigerian experience was aptly summarised by the Central Bank in its Codes of Corporate Governance for Banks in Nigeria Post Consolidation. The challenges identified are not, as observed limited to the banking sector alone. They cut across other financial institutions and business corporations in general.

Some of these challenges are epitomised below:

i. Technical incompetence of board and management

ii. Boardroom squabbles and relationship among directors

iii. Squabbles arising from knowledge gaps and relationship between management and staff

iv. Increased level of risks

v. Ineffective integration of entities

vi. Poor integration and development of Information Technology Systems, accounting systems and records

vii. Inadequate management capacity

viii. Insider-related lending/ abuse

ix. Rendition of false returns

x. Continued concealments

xi. Ineffective board/statutory audit committee

xii. Inadequate operational and financial controls

xiii. Absence of a robust risk management system

xiv. Discriminatory disposal of surplus assets

xv. Non-transparency and inadequate disclosure of information

Aside the usual and overstressed structural challenges that confront the Nigerian business environment like epileptic power supply, expensive and ineffective communication system, unmotorable and bad road network, general insecurity, unstable polity and ineffective / ill-informed policies, ethnic bigotry and so on; the challenges summarised above as contained in the CBN code of corporate governance are more internal and directly related to the business corporations in general and can best be tackled within the ambit of the key players of corporate governance.

Of course, this is not to rule out the contribution of the government at the macro level as most of the usual challenges of Nigerian business environment have overbearing effects on business corporation and the role of the government at all levels to improve the situation is inextricably essential.

Essential Imperatives of Corporate Governance

A thorough x-ray of business corporations and the global market economy shows that there is an urgent need for the integration and consolidation of the practice of corporate governance worldwide. This is to simply say that the imperatives of corporate governance in business corporation is so strategic so much that it has been adjudged the imperative of the survival of companies in the 21st century by many business and financial experts for the following reasons as espoused by Jayashree (2006).

i. Adherence to the practice of good corporate governance enhances the efficiency of corporate organizations

ii. Good corporate governance provides stability and desirable growth to the company

iii. Effective corporate governance reduces perceived risks, consequently reducing cost of capital

iv. Good corporate governance system demonstrated by adoption of good corporate practices and ethics builds stakeholders' confidence

v. Adoption of corporate governance promotes stability long-term sustenance of stakeholders relationship

vi. Potential shareholders aspire to enter into a relationship with enterprises whose corporate governance credentials are exemplary.

Theoretical Framework

The need to anchor the concept and practice of corporate governance within the framework of certain theories cannot be overemphasised. These include among others: Agency theory, Ethical theory, Stakeholders theory and Corporate Social Responsibilities theory.

Agency Theory

Agency theory suggests that the firm can be viewed as a nexus of contracts (loosely defined) between resource holders. An agency relationship arises wherever one or more individuals, called principals, hire one or more other individuals called agents, to perform some service and then delegate decision- making authority to agents (Bamberg and Klaus 1987). The scholars both opine that, the primary agency relationships in business are those (1) between stockholders and managers and (2) between debtholders and stockholders. These relationships are not necessarily harmonious; indeed agency theory is concerned with so-called agency conflict, or conflicts of interest between among other things, corporate governance and business ethics. Agency theory which in the formal sense originated in the early 1970s actually emerged as a dominant model in the financial economics literature and is widely discussed in business ethic texts.

From the Ethicists point of view, "it is pointed out that the classical version of agency theory assumes that agents (that is, managers) should always act in principals (owners') interests. However, if taken either (a) the principals interest are always morally acceptable ones or (b) manages should act unethically in order to fulfill their "contract" in the agency relationship. Clearly, these stances do not conform to any practicable model of business ethics (Bowie and Freeman 1992).

In view of the above vis-à-vis the practice of corporate governance, it clearly shows that huge responsibility is placed on the neck of the agents by the principals. To fulfill the ultimate goal of the agency theory by the so-called agents, the need to apply corporate governance is such that it is inevitable to the whole process and operations of the corporate organisations. The recent Nigerian experience of failed banks is a reflection of poor understanding and application of agency theory which led to bad practice of corporate governance.

Ethical Theory

Ethical theory as it were, is a build-up on the concept of ethics in general. The term ethics comes from the Greek ethos meaning something like morals. It is defined as the systematic reflection on what is moral. By this simple submission, morality is the whole of opinions, decisions and actions with which people express what they think is good or right.

Hence, one of the major cardinal thrusts of ethical theory is utilitarianism. It implies, as widely cited from the popular work of Jeremy Bentham (1748-1832) by Schofield (2006) that ethical theory sometimes focuses not on actions but majorly on consequences. The name utilitarianism is derived from the Latin "Utilis" meaning "useful" Therefore, in utilitarianism, the consequence of actions are measured against values. These values can be happiness, welfare, high productivity, expansion etc. By way of emphasis, the cardinal point in this theory is that, it is essential to give the greatest happiness to the greatest number of people.

So, for a successful practice of corporate governance in Nigeria and beyond, practical application of utilitarianism is a core requirement. The utility of the shareholders and other stakeholders should be paramount in the minds of the corporate managers. The agents should make all efforts to ensure that principals have satisfactory values with regards to their investment. The actions of the agents will be adjudged morally right in the process of running the corporations on behalf of the owners if the latter's interest is well represented whereas it will be adjudged wrong if their actions inflict pain on the interest of the principals.

Stakeholder Theory

Stakeholder theory is a further development on the concept of stakeholder and its relationship to any business corporation. Freeman (1984) offers a traditional definition of a stakeholder thus, "any group or individual who can affect or is affected by the achievement of the organisation's objectives" Therefore, the general idea of stakeholder theory is a redefinition of the organisation. That is, what the organisation should be and how it should be conceptualised.

The theory as noted by Friedman (2006) states that the organsiation itself should be thought of as grouping of stakeholders and the purpose of the oraganisation should be to manage their interests, needs and viewpoints. This stakeholder management is thought to be fulfilled by the managers of a firm. The managers should on the one hand manage the corporation for the benefit of its stakeholders in order to ensure their rights and participation in decision making and on the other hand, the management must act as the stockholder's agent to ensure the survival of the firm to safeguard the long term stakes of each group.

Dabiri (2012) equally observes that stakeholders theory takes account of a wider group of constituents rather than focusing on shareholders. Where there is an emphasis on stakeholders, the governance structure of the company may provide for some direct representation of the stakeholders groups. According to Friedman (2006), the main groups of stakeholders are: customers, employees, local communities, suppliers and distributors, shareholders, the media, general public, business partners, future generations, past generations (past founders) academics, competitors, NGOs, trade unions, competitors, regulators and governments.

For good practice of corporate governance in order to achieve the overall corporate objectives, managers of business corporations need to understand, appreciate and conscientiously apply the propositions of stakeholders theory. For every individual or groups that have stake in the organisation, effort must be made by the so-called agents to preserve and protect their interests for the survival of the corporations.

Corporate Social Responsibility (CSR)

For any successful business corporations, corporate social responsibility has long been identified as a core factor. It is also believed that corporate governance cannot be effective without effective corporate social responsibility. Jimi (2008) observes that presently, CSR is a family of concepts dealing with corporate philanthropy, corporate citizenship, community relations, community advocacy, corporate governance, accountability and transparency, corporate competence, corporate ethics, employee relations, human rights and so on.

By conception, Wikipedia Free Encyclopedia defines Corporate Social Responsibility as a concept that organisations (but not only) corporations have on obligation to seek the interest of customers, employees, shareholders, communities and ecological considerations in all aspects of their operations.

According to the World Business Council for Sustainable Development (1999), CRS is defined as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as the local community and society at large" (cited by Odunlami 2008). Cited by Jimi (2008), Moir (2004) defines Corporate Social Responsibility as the capability of business (or any, organisation) to pay more attention to its relationship with society and multiple stakeholders, rather than focus narrowly on maximising shareholder value".

The above submissions underscore the relevance of the contention made by Oso (2008) that, "it appears all major companies have come to accept Corporate Social Responsibility (CSR) as an important component of business philosophy. Their acceptance, to be seen as being good and socially responsibility corporate citizens, is a big shift in paradigm. The shift has more or less being forced on them by changing social values from the 1960s, particularly the 'intrusion' of the people into the political arena".

In summary, business corporations in general survives where good corporate governance is practised whereas the survival of corporate governance is tied to the effective application of Corporate Social Responsibility.

CORPORATE GOVERNANCE FAILURE: NIGERIAN EXPERIENCE

No doubt, "the Nigerian banking system is the key driver of the economy and definitely, has evolved over the years since 1894 when First Bank of Nigeria Plc. (then Bank of British West Africa), the first commercial bank was established originally to serve the British shipping and trading agencies in Nigeria. It has thrived from a government regulated environment to the era of the Structural Adjustment Programme (SAP) embarked upon by government in 1986 which was aimed at deregulating the economy in the direction of market determined pricing (Cowry Asset Management Limited 2009).

It is also documented that, since the market deregulation which involved the liberalisation of the bank licensing process, the need to properly oversee the activities of the increased number of licensed banks became more apparent especially from organisations such as the Central Bank of Nigeria (CBN) and the Nigerian Deposit Insurance Corporation (NDIC). Fed up with the rot in the financial system accumulated over the years from insider abuses, poor corporate governance, inefficiencies, etc. and fearing a collapse of the financial system (and by extension the entire economy), the apex bank with the support of the Federal Government, started a wave of consolidation in the banking industry setting the minimum capital base of each bank at N25 billion and shrinking the number of banks to 25 after mergers and acquisitions with the aim that banks would be robust enough to act as agent/catalyst of economic growth and development functioning in line with healthier and more prudent modus operandi (Cowry Asset Management Limited 2009).

The recent failure, rots and crises in the banking industry in Nigeria clearly revealed the degree of inadequate and failed practice of corporate governance in the general realm of business corporation. As noted by Adewakun (2010), the Central Bank of Nigeria (CBN) has identified poor corporate governance and unethical practices as one of the major causes of distress in the nation's banking industry. He quoted the deputy Governor (Operations) of CBN, Mr. Tunde Lemo who once lamented in his keynote address at the 34th Annual Conference of the Institute of Chartered Secretaries and Administrators (ICSAN) held in Lagos that, the failure of corporate governance leads to crises which, in turn, impact negatively on the investors' funds and weakens companies' financial stability.

The Deputy Governor (Operations) of CBN as cited by Adewakun (2010) states further:

… *the decision of the apex bank to issue a code of corporate governance for the nation's banks in March 2006, was informed by the need to check corporate governance abuses and professional misconduct by board, management and staff of deposit money banks more recently, the banking sector crisis that led to the intervention of the Central Bank of Nigeria (CBN) in 2009 was caused, among others, by weak corporate structures and unethical practices by the banks. The examination of banks before our intervention revealed a high incidence of major failures in corporate governance. Banks' report to Central Bank and investors were seldom accurate, thus depriving the Central Bank of Nigeria (CBN) of the right information to take timely and effective regulatory decisions. Investors and other shareholders were also misled by these pieces of distorted information supplied by the banks*.

In his own account, Yusuf (2010) contends that many people did not actually know the gory details of how sacked chief executives of the eight banks ruined their banks; if not providence that saw the emergence of Mallam Sanusi Lamido Sanusi, the bank would have become failed banks with the poor depositors going home with a maximum of N200,000, irrespective of the amount of deposit they have in the banks, while the bank thieves that ruined the banks will be enjoying their loots, possibly in a foreign land.

Yusuf (2010) stated further that, following the auditing of the 24 banks, ten in the first batch and 14 in the second and final batch, the reports showed gross abuse by the disgraced banks' chief executives, reckless use of depositors' fund, poor corporate governance, share price manipulation, insider loans many of which later became toxic etc. This is not alone; the report showed that corporate governance in many banks failed because the boards ignored this concept, including being misled by executive management in obtaining unsecured loans at the expense of depositors and not having the qualifications to enforce corporate governance in bank management (www.economi.confidential.net).

Records also show that more than forty financial instructions have gone into liquidation owing to poor practice of corporate governance among other vital business principles. Some of these liquidated financial corporations are given in Table 1 (Appendix).

MANAGING THE INTERESTS, ATTITUDES AND PERCEPTION OF STAKEHOLDERS THROUGH PUBLIC RELATIONS AND EFFECTIVE CORPORATE COMMUNICATION

While corporate governance deals with processes, policies, laws, regulations and institutions which ensure that the management of organisation is accountable, objective, transparent and ethical in the conduct of the business in their interaction with stakeholders and the larger society, the issue of perception is crucial. In today's business where ownership has been separated from the management, the owners (shareholders) and other stakeholders must be made to see that those entrusted with the task and responsibility of day-to-day management of their business are doing so according to the best practices to protect and advance their interest.

Public Relations, Perception Management and Corporate Social Responsibility are quite important as tools in engineering the needed social support from all stakeholders. In this context, corporate governance goes beyond laws and regulations and adherence to them to embrace how organisations manage their relationships with their various stakeholders, the manner of identifying and executing social responsibility programmes and how information is disseminated both within and outside the organisation.

In this age of ICTs and globalisation, corporate managers face many challenges in managing the various domains of corporate communications. The ecology of communication is changing on regular basis so also is the socio-psychological environment of the people. One of the fundamental changes witnessed in the last few years is how the advent of ICTs has ushered in many media channels including the so-called social media and the potentially limitless abundance of voices and contents in these new media. Connected to this is the possibilities offered the citizens to play an active role in the creation, dissemination, reception and interpretation of media messages. The democratisation of access to the technologies of content creation and dissemination and the pluralisation of voices, views and perspectives in the public spheres have greatly altered the hitherto existing communication and information hegemony of not only governments and the ruling elites but of business corporations. Corporate control over public discourse may be eroding if the potential offered by ICTs are realised. Herein lies the major challenges of corporate governance where information disclosure and transparency is a major component.

The concept of information society comes in to describe the challenges here. As Cees Hamelink remarked some years ago. "The political arena of information society is participatory. Its decision making is decentralised and its instances on greater access to information for its citizens equate with the shift of power from the governing elite…" (Hamelink 1986).

As stakeholders, citizens either as shareholders (owner of business), community members, social advocates and activists, and governments agencies and regulatory bodies need timely and quality information to be able to assess an organisation as to its performance, adherence to rules, ethical behaviour and responsiveness to social and community needs. Accountability and transparency in the conduct of business are partly based on and /or judged by the type of information people have. People need information for decision making for example, whether to invest or not to invest in a company. From communication theory, we know that what we call social reality or as the great American journalist, Walter Lippman called it many years ago, the picture in our heads is a function of the type of information presented to us about a phenomenon. Image making, branding and such concepts are mainly perceptual. As hinted earlier, it was much easier for corporate organisations to control this perceptual process before now. Information manipulation in the form of propaganda, publicity, disinformation and such other negative activities designed to curry public support and manufacture consent is quite easy when sources of (alternative) information are either limited or non-existent. That era appears to be over. For anybody who cares to do the search, many sources of information are available and the skills to interpret and analyse such information are increasingly being made available to many people.

Though under a free enterprise economic system, companies are mainly private entities with the sole aim of making profit, Ulrich has however observed that "today's company or corporation has to be understood as quasi-public institution which is expected to create values of different kinds according to a variety of societal needs" (Ulrich 1995). This in essence means that "the neo-classical definition of companies has been superseded by a socio-economic vision with a more complex set of relationships, the search for being social legitimacy (sic) and responsibilities" (Gutierrez-Garcia 2008). Company must therefore realise that any decision they make affect "the lives and fortunes of us all" (Bowen 1953). In this context, companies' activities, programmes and policies are not just open to public scrutiny; they are part of the issues in the public sphere.

The point to be realised from the above is that a company's public dimension, especially its relational nature and activities must be properly managed (Gutierrez-Garcia 2008). Companies must be conscious of various stakeholders' demands and factor them into their decision making process. The emergence of the concept and practice of corporate social responsibility which is mainly a public relations function underlines the importance of paradigm shift in the management and r'aison d'être of companies. It expresses the shift from the emphasis in shareholders' interests to the interests of all stakeholders, a broader concept implying a network of relationships that a company must be concerned with in its operations and strategies formulation. As an author has rightly pointed out, this "leads to integrated governance system".

Post and Carroll (2006) further explain that "Taken as a whole, this network of relationships constitutes a "governance system" (de facto, if not de jure) for the modern corporation". Many companies now focus more on the engagement of various stakeholders in order to improve their corporate image. Corporate governance is not just a legal issue or a mechanism designed to ensure growth and profitability but as the Organisation for Economic Cooperative Development (OECD) states "corporate governance involves a set of relationships between a company' management, its board, its shareholders and other stakeholders" (OECD 2004).

The stakeholder model places emphasis on seeing various interest groups that a company must relate with as partners who are also interested in the development of the company and the society at large. The stakeholder concept advocates a democratic approach to business with an emphasis on proactive engagement with various groups and interests in the society. As Emma Wood has observed, the approach "is premised on the interrelation of state, society and economy as opposed to the free market approach…"(Wood 2001). Burkiff and Ashton describe the stakeholder economy as based on

The idea that many interest groups may be said to have a "stake" in certain activities not necessarily because they have a financial interest but because they are affected by them, these stakes should be recognised by those whose actions may impinge upon them. Individuals should recognise that their behaviour can have repercussions upon society. They should act in a responsible way that does not damage others… stakeholder firms must act with responsibility to other stakeholders (quoted in Wood 2001).

The concept of sustainable development expresses this collective desire for a balanced and just process of development. To meet the challenges and demands expressed in this kind of relationships, it requires a system of governance which will be able to align the interests of the company to those of the various stakeholder groups. This cannot be an ad hoc arrangement but a continuous activity.

Corporate communication is an instrument for engaging the various stakeholders and eliciting social support. One of its functions in this regard is that the managers of corporate organisations should be in regular contact with the various stakeholders. This is to enable them monitor public opinion, and collect and analyse relevant information which forms inputs into the decision making process of an organisation. This is an aspect of the boundary-spanning role of public relations. The boundary-spanner is "an individual who creates links between different publics and the organistion". This helps to facilitate communication (Harris 2000).This is part of environmental monitoring, a type of public relations research designed to "observe trends and development in public opinion and social events that they may have some effects on the activities of an organisation" (Oso 2001).

As a strategic management function, Public Relations must be used as a tool to listen and learn from the environment that is, facilitating dialogue. Within PR literature, this could be situated within Grunig's symmetrical model. Though, some critics have described this model as utopian because of the inequality in the distribution of power and other resources among the various stakeholders, it is a model that underlies the ethical belief that an organisation must not only listen to its various stakeholders but must act in ways that are mutually beneficial to all the parties

One of the challenges any organistion may face these days is the challenge of its legitimacy. Corporate governance could be seen as a response to this challenge; so also are corporate social responsibility programmes and activities embarked upon by an organisation. An organisation must constantly justify and maintain its existence in the face of this challenge. As Metzler once noted "… organisational legitimacy is an organisation's right to exist and conduct operations. Publics evaluate an organisation's legitimacy based on its activities' relationship to social norms and values". The author believes this challenge is becoming more prevalent, "As issue-oriented publics and the general public intensify their scrutiny of organisation and the latter's activities direct disputes of organisational legitimacy will become more prevalent" (Metzler 2001).

Meeting the legitimacy challenge calls for understanding and dialogues between the organisation and the relevant publics and stakeholders. Understanding involves knowing and assessing the needs, aspirations and perceptions of the stakeholders and communicating with them before decisions are made.

A PR scholar has argued that organisational legitimacy "is established, maintained, challenged and defended through dialogue between an organisation and its various publics regarding organisational activities and their relation to social norms and values" (Metzler 2001). This process involves the constructing of meaning and social reality (Neilsen and Rao 1982), In this process, the organisation must be responsive to the views and claims of its various publics, acquire relevant knowledge and information about them. This is an important aspect of boundary-spanning role of public relations mentioned earlier.

The approach being advocated here demands that corporate communication managers "focus on bidirectional communication that leads to a genuine dialogue process in which both company and publics share their views and the company tries to handle the latter's expectations and demands". Decisions of the company must be able to incorporate the perspectives of the publics in the governance of the company" (Gurterrez-Garcia 2008). The communication activities of an organisation must be properly managed and inclusive as part of organisational strategic planning.

The point to be derived from the above discussion is that good corporate governance must go beyond obedient to rules and regulations to incorporate the management of many complex elements of which communication is an important one. Good corporate governance can hardly exist without a sound coordinated communication relationship (Gurterrez-Garcia 2008).

This epoch has been described as the knowledge society. Any reputable organisation must be able, not only to acquire the right knowledge and analyse it but also allow such knowledge to have a bearing on its decisions and activities. Writing on this, Rebecca Harris describes knowledge management as "the coordination of knowledge and information in business and other strategic activities". She goes on to say that

It includes capturing, transferring and accessing the right knowledge and information when needed to make better decisions, take actions and deliver results. The ongoing role of the public relations practitioners involves knowing the wants, needs, and opinions of the various publics that surround and interact with the organisation. Feeding this knowledge into the dominants coalition and management structure of the organization can enhance business effectiveness (Harris 2000).

In managing both its internal and external mechanisms for corporate governance, the organisation must be able to effectively and efficiently handle the interaction and relationships between the people involved in operating the architecture of the organisation. This in the main, involves gathering and dissemination of information; the operation of an organisational wide system of communication. Public Relations is an essential tool in this regard. In the words of Cutlip et al. "Public Relations deals with the interdependence of organisation and others in their environments"(Cutlip et al. 1994). They further argue that,

… *public relations management is charged with keeping organizational relationship in tune with the mutual interests and goals of organization and their publics*

The tasks here are intelligence gathering, environmental monitoring and scanning, analysis of such and proper dissemination. Another area for Public Relations and corporate communication in general is in building the positive values that go a long way in supporting good governance. If corporate governance includes ethics and morals, it means the beliefs, conducts and behaviours of individuals within an organization are essential ingredients in sustaining the ethos of corporate governance. Communication and Public Relations are essential in sustaining organizational or corporate culture. Organisational culture has been described by L'Etang to include.

… *values, relationship, power and politics, formal and informal behaviour and relationships. Culture is reproduced in organisational discourse, rituals and symbols. Communication is fundamental in the co-creation and reproduction of organizational culture and values. (L'Etang 2008)*.

As many scholars have argued, communication is essential in behaivoural and attitudinal change. Employees can be educated to be more responsible and demonstrate more commitment to the organization culture and values in their activities. For such employees, the acceptable must be communicated through different channels and fora. Organisations are in the main, made up of communicative individuals. The pattern of interaction and relationship and discourse on display must be of interest of PR managers. In this regard, PR can be used to create and disseminate the right symbols and strategic direction which can influence behaviuoral patterns of the employees and organizational climate in general.

The point is that for corporate governance to have meaning and impact in any organization, it ethos must be accepted and practised across board within the organisation. This is an important task for corporate communication.

CONCLUSION

Today, the society and government are demanding more from business than just declaring profit and paying tax. Today's business must be socially responsible, morally upright, transparent and accountable in its behaviour and activities. Its relationship can no more be limited to that between managers and shareholders. As a quasi-public institution, it is answerable to a variety of stakeholders and expected to meet the social and economic needs of many interest groups. In response to this change in the philosophy of business management and paradigm shift toward a more transparent and morally responsible business and also the changes in the environment in which business operation has positioned the issue of corporate governance very prominently worldwide. It imposes not only legal but moral obligations on business. It calls for a change in the behaviour and attitude of business and operators in their relationship with the society and various stakeholders.

This is where reputation and relationship management comes in. Managing reputation and relationships calls for an articulate corporate communication mechanism which should be able to gather, analyse and disseminate the views and perspectives of all stakeholders. It should also be able to incorporate the knowledge obtained from such an exercise into the policy and decision making process of the organisation. This is the realm of communication management. For corporate communication to be able to achieve its mandate in this regard, PR must be a management function. The PR function as L'Etang has argued "must be empowered as a distinctive and strategic managerial function if it is to play a role in making organization effective". Grunig and Hunt (1984) have also counseled that PR must be at the centre of any organisation management.

Public relations is most likely to contribute to organizational effectiveness when the senior public relation manager is a member of the dominant coalition where he or she is able shape the organisation's goals and help determine which external publics are most strategic (Grunig 1984).

The strategic importance of Public Relations in providing objective information on organisation's environment is yet to be appreciated by many corporate executives in Nigeria. PR is seen and used mainly as a tool of crisis management and image laundering. No wonder the many available corporate scandals we have witnessed in the last few years, especially in the banking sector.

RECOMMENDATIONS

A review of the poor adherence to corporate governance by many of the failed banks in Nigeria shows that the personality-centred management style of these banks contributed to their problems. Many of the chief executives were running the banks as if they were personal fiefdoms where they can do what they like. They failed to realise that they are more or less agents of various interest groups i.e stakeholders and that the banks they are managing are "quasi-public institutions"

In this regard Chief Executives of corporate organisations and senior management must have a change of orientation. In a more democratic and inclusive managemen,t culture must be instituted to guide the operations of these organisations. Adherence to ethical principles, meeting social needs of various stakeholders must be at the core of such a culture.

Though it is recognised that the CEO and senior management are the public face of any organization, Public Relations and corporate communication must serve the larger interest of the organisation and not deployed to boost the image of individuals. A situation where the names of images of the CEO looms so large in the mass media and public consciousness and dwarf the image and name of the organisation he or she works for may in the long run be detrimental to the existence of the organization. PR and corporate communication as management function should serve the interest of the organization.

Many former chief executives of the distressed banks have been charged to court by the Economic and Financial Crime Commission (EFCC) for mismanagement and corruption while three banks that could not be recapitalised were nationalised by the Asset Management Corporation of Nigeria (AMCON). This no doubt implies corporate incompetence and poor practice of corporate governance among the banks' chief executives.

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APPENDIX

Table 1: List of some liquidated financial corporations

S. No.	*Name of liquidated banks*	*Date of closure*
1.	Abacus Merchant Bank Ltd.	Jan.16 1998
2.	ABC Merchant Bank Ltd.	Jan.16 1998
3.	African Express Bank Ltd.	Jan.16 2006
4.	Allied Bank of Nigeria Plc.	Jan.16 1998
5.	Allstates Trust Bank Plc.	Jan.16 1998
6.	Alpha Merchant Bank Plc.	Sept.08 1994
7.	Amicable Bank of Nigeria Plc.	Jan.16 1998
8.	Assurance bank of Nigeria Plc.	Jan.16 2006
9.	Century Merchant Bank Ltd.	Jan.16 1998
10.	City Express Bank Plc.	Jan.16 2006
11.	Commerce Bank Plc.	Jan.16 1998
12.	Commercial Trust bank Ltd.	Jan.16 1998
13.	Continental Merchant Bank Plc.	Jan.16 1998
14.	Coop. & commerce Bank Plc.	Jan.16 1998
15.	Credite Bank Nig. Ltd.	Jan.16 1998
16.	Crown Merchant Bank Ltd.	Jan.16 1998
17.	Financial Merchant Bank Ltd.	Jan.21 1998
18..	Great Merchant Bank Ltd.	Jan.16 1998
19.	Group Merchant Bank Ltd.	Jan.16 1998
20.	Gulf Bank Ltd.	Jan.16 2006
21.	Hallmark Bank Plc.	Jan.16 2006
22.	Highland Bank of Nig. Plc.	Jan.16 1998

Table 1: Contd.....

S. No.	*Name of liquidated banks*	*Date of closure*
23.	ICON Ltd. (Merchant Bankers)	Jan.16 1998
24.	Ivory Merchant Bank Ltd.	Dec. 22 2000
25.	Kapital Merchant bank Ltd.	Jan. 21 1994
26.	Lead Bank Plc.	Jan.16 2006
27.	Lobi bank of Nig. Ltd.	Jan.16 1998
28.	Mercantile Bank of Nig. Plc.	Jan.16 1998
29.	Merchant Bank of Africa Ltd.	Jan.16 1998
30.	Metropolitan Bank Ltd.	Jan.16 2006
31.	Nigeria Merchant Bank Ltd.	Jan.16 1998
32.	North South Bank Nig. Plc.	Jan.16 1998
33.	Pan African Bank Ltd	Jan.16 1998
34.	Pinacle Commercial Bank Ltd.	Jan.16 1998
35.	Premier Commercial Bank Ltd.	Dec. 22 2000
36.	Prime Merchant Bank Ltd.	Jan.16 1998
37.	Progress Bank Ltd.	Jan.16 1998
38.	Republic Bank Ltd.	Jun. 29 1995
39.	Rims Merchant Bank Ltd.	Dec. 22 2000
40.	Royal Merchant bank Ltd.	Jan.16 1998
41.	Trade bank Plc.	Jan.16 1998
42.	United Commercial Bank Ltd.	Sept. 8 1994
43.	Victory Merchant Bank Ltd.	Jan.16 1998
44.	Eagle Bank Plc.	Jan.16 2006
45.	Liberty Bank Plc.	Jan.16 2006

Source: Cowry Asset Management Limited 2009, pp.11-12