THE IMPACT OF CORPORATE GOVERNANCE ON THE SURVIVAL AND SUSTAINABILITY OF BANKSIN NIGERIA

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Abstract

The rapid development and transformation of any organization in today's hypercompetitive environment to a large extent is dependent the quantumof strategic relationships which would further enhance service excellence. An important strategic planning step for an organization going through transformation is to understand and institute the concept and principles of corporate governance. Corporate Governance has assumed the central stage for enhanced corporate performance. The relevance of corporate governance cannot be overemphasized since it constitutes the organizational climate for the internal activities of a company. Corporate governance brings new outlook and enhances a firm's corporate competitiveness and stakeholder's value. This study tries to examine the effect of corporate governance on the survival and sustainability of companies. This paper is of the opinion that the adoption of section 404 of Sarbanes-Coxley Act, which requires that management certify that internal controls contain no material weaknesses, so as to further enhance integrity of financial statement and ensure effective corporate governance and ethics in the banking industry in Nigeria.

Keywords: Corporate Governance, Reforms, Regulation, Supervision, Banking sector.

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1.0 Introduction

The global economy appears to be back on the road to recovery after suffering its worst recession in the post-war era.

Emerging markets in Asia and Latin America continue to experience growth whilst the United States of America, where the crisis originated is also recording some recovery, largely due to an aggressive fiscal and monetary stimulus package implemented by the US government. It is expected that commodity rich economies will benefit from the recovery as demand for commodities increases and prices continue to trend upward.

The year 2010 saw continued concern over the impact of the global crisis on the domestic challenging economy, leading to capital flight by foreign investors. Weak oil prices caused a contraction of government revenue and a reduction in external reserves.

The poor operating precinct hampered the performance of many companies. Rising unemployment, weakened purchasing power and weakened investor confidence exerted downward pressure on asset prices. The challenge of management in a rapidly changing world and challenging economies is therefore to prepare the leaders in governance, captains of industries, entrepreneurs, managers and the citizens to cope with unforeseen change and to manage planned change in such a way that it enhances performances and sharpens the countries and organizations growth and development.

Economically, politically and socially, the world around us has been changing so fast that corporate landscapes of industrialized economies have equally changed drastically.

Increase in global competition and liberalization of markets combined with shift in consumer demand and preferences (changes in peoples values and priorities) have prompted the drive for lower cost margins and greater efficiency.

As a result of this, countries and corporates have been more or less forced to cut out wasteful and unproductive activities and concentrate resources in their areas of core-competence in order to achieve sustainable competitive advantages. On the other hand, worldwide, recession has affected company structure and practices while global management has brought companies face to face with complex cross-cultural issues and competitions.

To survive these unprecedented turmoil, most organizations embarked on corporate governance. The aim is to solve today's business and high-end corporate's problems by improving business processes so as to engender companies sustainability and enhanced strategic performance.

Corporate governance, as a concept, can be viewed from at least two perspectives: 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 (Rwegasira, 2000) and a broad perspective in which it is regarded as being the heart of both a market economy and a democratic society (Sullivan, 2000). The narrow view perceives corporate governance in terms of issues relating to shareholder protection, management control and the popular principal-agency problems of economic theory. In contrast, Sullivan (2000), a proponent of the broader perspective uses the examples of the resultant problems of the privatization crusade that has been sweeping through developing countries since the 1980s, and the transition economies of the former communist countries in the 1990s, that issues of institutional, legal and capacity building as well as the rule of law, are at the very heart of corporate governance. Besides, the bitter experience of Asian financial crisis of the 1990s underscores the importance of effective corporate governance procedures to the survival of the macro economy. This crisis demonstrated in no unmistakable terms that ''even strong economies, lacking transparent control, responsible corporate boards, and shareholder rights can collapse quite quickly as investor's confidence collapse '' and emphasizing the need for mutual cooperation between the public and the privates sector in developing the capacity to ensure effective corporate governance with a view to ensuring the development of market-based economies and democratic societies based on the rule of law.

M.R. Chatu Mongol Sonakul, Governor, Bank of Thailand, ''Corporate Governance and Globalization, ''Opening Address at the ''Asian Economic Crisis and Corporate Governance Reform'' Conference held on September 12-14, 1999, Bangkok, Thailand. Quoted in Sullivan (2000).

The adaptation of various economic reform programmes in Africa in the 1980s, in which privatization of government-owned enterprises form a major plank, has heightened the corporate governance debate in the continent. The bitter experience of massive governance in some countries of Eastern Europe like Czech Republic and Russia that rushed into large-scale privatization without the necessary corporate governance ''infrastructure'', suggests that Africa needs to take stock of its corporate governance capacity. This paper is an attempt to do just that, using Nigeria as a case study. In the next section, we provide some perspective of the current structure of owner ship in the business sector in the country as well as assess the implementation

of the privatization programme so far. In section III, following Ricardo(2000), we identify and review the different provisions of legislation governing corporate governance in Nigeria from three perspectives: disclosure and transparency; minority and shareholder rights; and oversight management. We evaluate the standard of corporate governance in Nigeria using the OECD scoring instrument in section IV and concluded in section V. Corporate governance is now established as an important component of international architecture, but barely half a decade ago it was little known beyond specialists in a few countries such as US, Australia, Canada, UK and South Africa. In 1999, There were an estimated 274 conference in 39 countries on corporate governance, but most were in developing countries and almost none in Africa.

That is change. In addition to the king report, which was authored in South Africa, which in the view of many is the global benchmark, there has been a rapid growth in the development of African thinking on corporate governance. In many African countries this interest in corporate governance has its origins less in the context of private sector financial systems, and more in the need to improve the performance of, and then to privatise state enterprise.

In general, it is easy to see why corporate governance has grown in status. The asian financial crisis, which cause so much damage to the global economy, was triggered by poor corporate governance practices.

The fundamental purpose of corporate governance is healthy national development. In a period in which the private sector is accepted as the motor for growth, good corporate governance is a essential lever for development and social justice.

In addition to the South African King Report, there has been a rapid growth in the development of African thinking on corporate governance. In a period in which the private sector is accepted as the motor for growth, good corporate governance is an essential lever for development and social justice. As the New Partnership for Africa's Development (NEPAD) recognises, the link with economic and political governance criteria is critical. New thinking is to attack on the supply side of corruption (company bribes) by complementary anti-corruption measures by the state. The recent initiative of the African Union (AU) to develop an AU Convention on Combating Corruption addresses the importance of declaring public officials' assets, and also breaks ground by targeting unfair and unethical practices in the private sector.Governance, which is the manner in which power is exercised in the management of economic and social resources for sustainable human development is an extremely important component in the maintenance of

a dynamic balance between the need for order and quality in society; setting in motion the efficient production and delivery of goods and services; ensuring accountability in the use of power and the guarantee or protection of human rights and freedoms ;and the maintenance of an organized corporate framework within which each citizen can contribute fully towards finding innovative solutions to common problems.

Corporate Governance refers to the manner in which the power of a corporation is exercised in the management of the corporation's total portfolio of assets and resources, with the objective of maintaining and increasing shareholders' value and the satisfaction of other stakeholders in the context of its corporate mission.

Corporate Governance is concerned with creating a balance between economic and social goals and efficient use of resources, accountability in the use of power and as far as possible, to align the interests of individual corporations and society.

Corporate Governance means the establishment of an appropriate legal, economic and institution environment that allows companies to thrive as institutions for advancing long-term shareholders value and maximum human-centered development while remaining conscious of their other responsibilities to other stakeholders, the environment and the society in general.In the past business ownership was solely the prerogatives of the owners getting directly involved in the day to day running of the activities of the business. However with modernization, growth and expansion of business both in size and technical knowhow, it has become difficult and almost impossible for business owners to personally manage these trends alone. Appointment of managers has become imperative as business owners will like their enterprise to continue and such appointment is that the continuity and management will be done in their behalf. These are to give account of their stewardship periodically by reporting to the business owners the results of their works. Sanusi, 2003 asserts that there is no one single factor that contributes to institutional problems than the lack of effective governance. Widespread corporate scandals and failures had their root in dishonest management decisions and, in some cases, outright cover-ups of illicit activities, that is why in the words of Owolabi and Dada, 2011 as a result of fraudulent practices by the management of corporate organizations as well as in the preparation of financial statements prepared by the management and report thereon to the business owners has brought to the fore the role, which the pursuit of narrow group interest played in wrecking these

corporations and, consequently, the lives of millions of innocent citizens who had a stake in them, therefore the concept of corporate governance emerges and we need to know.

The improvement of corporate governance practices in widely recognized as one of the essential elements in strengthening the foundation for the long-term corporate performance of countries and corporations.

Although the result revealed no evidence to support the impact of boar composition on performance, there was significant evidence to support the fact that CEO duality adversely impacted firm performance. The result also suggested firm size and leverage also impacted the firm performance. A new variable, identified as more than one family member on the board, was found to have an adverse effect on firm performance. Abdullah, 2004 suggested neither board independence nor leadership structure nor the joint effects of these two had any relation with the firm performance. The structures of boards were largely found to be independent of management and absence of any dominant person.

Effective corporate governance has been identified to be critical to all economic transactions especially in emerging and transition economies (Dharwardkar et al., 2000). However, at varying levels of agency interactions, market institutional conditions that reduce informational imperfections and facilitate effective monitoring of agents impinge on the efficiency of investment. Likewise, corporate governance has assumed the centre stage for enhanced corporate performance.

2.0 Theoretical and Legal Framework of Corporate Governance

Corporate governance has traditionally been associated with the “principal-agent” or “agency” problem. A “principal-agent” relationship arises when the person who owns a firm is not the same as the person who manages or controls it. For example, investors or financiers (principals) hire manages (agents) to run the firm on their behalf. Investors need mangers’ specialized human capital to generate returns on their investments, and managers may need the investors’ funds since they may not have enough capital of their own to invest. In this case there is a separation between the financing and the management of the firm, i.e. there is a separation between ownership and control, Berle and means (1932). Before looking at the relationship between corporate governance, firm performance, and the role of stakeholders/ shareholders, firm useful to have a framework with which t understand how corporate governance can affect firm

behaviour and corporate performance. One of the problems with the current debate on corporate governance is that there are many different, and often conflicting, views on the nature and purpose of the firm. This debate ranges form positive issues concerning how institutions actually work, to normative issues concerning what should be the firm's purpose. Therefore, in order to make sense of this debate, it is useful, it is useful to consider the different analytical backgrounds or approaches that are often employed.

The term corporate governance has been used in many different ways and he boundaries of the subject vary widely. In the economics debate concerning the impact of corporate governance on performance, there are basically two different models of the corporation, the shareholder model and the stakeholder model. In its narrowest sense (shareholder model), corporate governance often describes the formally system of accountability of senior management to shareholders. In its widest sense (stakeholder model), corporate governance can be used to describe that network of formal and informal relations involving the corporation. More recently, the stakeholder approach emphasizes contributions by stakeholders that can contribute to the long term performance of the firm and shareholder value, and the shareholder approach also recognizes that business ethic and stakeholder relations can also have an impact on the reputation and long term success of the corporate. Therefore, the difference between these two models is not as stark as it firm seems, and it is instead a question of emphasis.

The lack of any consensus regarding the definition of corporate governance is also reflected in the debate on governance reform. This lack of consensus leads to entirely different analyses of the problem and to the strikingly different solutions offered by participants in the reform process. Therefore, having a clear understanding sides of this debate. An understanding of the issues involved can also provide the basis from which to identify good corporate governance practices and to provide policy recommendations.

To strengthen supervision, the SEC is migrating to risk-based supervision of financial intermediaries which as a matter of fact is the best practice in the supervision of such entitles. The concept of corporate governance attracts so much attention from scholars, corporate watchers and stakeholders because it is concerned with the economic health of an organisation, in particular, and the society In general. Therefore, the concept has been viewed from various perspectives and different authors have come up with different definitions that reflect their various perspectives. Cadbury (2000), for example, says that ''corporate governance is

concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for stewardship of those resources. The aim is to align, as nearly as possible, the interest of individuals, corporations and society. The organization for Economic Cooperation and Development (OECD) (1999) opines that:

> *Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structures through which the company's objectives are set and the means of attaining those objectives and monitoring performance.*

Corporate governance is crucial in an attempt to enhance efficiency in the banking system, sustain the confidence of depositors, ensure better risk management strategies, increase shareholders' value, and meet the expectations of the various stakeholders. Corporate governance in the context of banking refers to the situation where operations are controlled directly to enhance transparency and accountability, thus protecting stakeholder's interests. The OECD, according to the Basle Committee on Banking, defines corporate governance ''as involving a set of relationships between a company's management, its shareholders, and other stakeholders. ''on the other hand, Armstrong (2003) contends that corporate governance seeks to create corporations that are governed transparently an with integrity and which are accountable and responsible.

Corporate governance covers every aspect of the organizational set-up of a firm commencing from how resources are generated, deployed and utilised. Good corporate governance, according to Nzotta (2003), requires judicious and prudent management of resources, preservation of the assets of the corporate firm, maintenance of ethical and professional standards and vigorous pursuit of the firm's corporate objectives. Furthermore, corporate governance ensures a high level of consumer satisfaction, high level of employee morale, maintenance of market discipline, and stabilisation and strengthening of banking operations. It also extends to critical issues like the extent to which the firm complies with the regulations in place, effectiveness of internal

controls, transparency and reliability of financial information flows, level of efficiency in meeting the goals of the firm and expectations of stakeholders.

Corporate governance, as a philosophy, has been practised for as long as there have been entities. However, the study of the subject and the phrase ‘’corporate governance’’ is of recent origin. The development of corporate governance is a reaction to unethical business practices in corporate organisations such as tempering with financial statements to give false impression of the financial health of these organizations to the recipients of these reports. Many organizations, which were once icons of success, productivity and financial discipline, became bankrupt and collapsed. For example, ENRON made bogus sales of three bogus power generating barges to the Lagos State Government Independent Power Project to boost its profit (Olesin, 2004).

Similarly, Worldcom, Xerox, Quest communications, Arthur Anderson and Halliburton were involved in some unethical business practices which included the manipulations of financial statements. In Nigeria, African Petroleum (AP) was involved in the concealment of debts to give misleading information on its financial statement (Onyenankeya, 2003). These examples, together with other reported cases of corporate failure arising from massive frauds and material misstatements such as the Asian financial crisis of 1997-98, led to the

development and growth of corporate governance.There has been a most fascinating and unresolved debate on the premise and genesis of corporate governance. There are two schools of thought: agency and stewardship. Agency theory presents governance as a contract between directors and the shareholders. The directors and management, seeking to maximise their personal utility, take actions that are advantageous to themselves but are the expense of the shareholders. Consequently, the transactions costs of appropriate checks and balances- such as ensuring adequate disclosures to shareholders, using independent directors and auditors- are high. Stewardship theory, the alternative perspective, takes a broader frame of reference based on the original and legal definition of companies in which directors have a fiduciary duty to the shareholders to act in the best interest of the company at all times not in their own sectional interest (Companies and Allied Matters Act (CAMA), Section 282 (FGN, 2004).Corporate governance, therefore, is about promoting corporate fairness, transparency and accountability.The systemic corporate governance failures highlighted above led to some legislative efforts in so many countries such as the USA where the Sarbanes-Oxley Act was

passed in 2002. The Sarbanes-Oxley Act dramatically changed the regulatory landscape for organisations that

participate in the US capital market. It imposed major corporate governance and disclosure reforms and created an entirely new regulatory requirement for published financial statements. The basic principles of corporate governance are also fully articulated in the Organization for Economic Co-operation and Development (OECD) principle of corporate governance.

Corporate governance is quite critical for organizations that are struggling to attract foreign direct investment in particular, developing economies in general, and especially for structural reforms and management of financial institutions, which are the engine for the growth and development of various economies. Thus each of these organizations has to institute the necessary framework for the implementation of effective corporate governance principles.

Corporate governance framework entails the establishment of necessary structures to ensure that the principles and concept of corporate governance are instituted and practised. The structures required to adequately implement corporate governance are board of directors, audit, compensation, corporate governance and nomination, the code of personal and business conduct and ethics committees. (FGN, 2004) provides that every company shall have directors. Though the size of the board for effective corporate governance varies depending on the need, the common size is between seven (7) and fifteen (15). Majority of these are expected to be independent. Independence means that the directors are not employees of the company and do not depend on the company for their livelihood. These non-employee directors are expected to bring independent perspectives in their discussions at board meetings and provide a wide range of experience to the CEO in particular, the management, and the entire organization in general. The Central Bank of Nigeria (CBN) (2006) expects that the number of non-executive directors should exceed that of executive directors. To ensure that one person does not dominate at board meetings, corporate governance principles expect that the positions of the chairman of the board and the CEO are occupied by two different persons. It also expects the separation of the position of the chairman of the board from that of the CEO. Section 279 to 283 of CAMA (2004) specify the duties of directors which include the duty of care and skill in the best interest of the company. To carry out their duties with care and skill and to ensure good an effective corporate governance, the board creates four committees: adult, compensation, corporate governance and nomination, and code of personal and business conduct and ethics.

The purpose of the audit committee, which CAMA 2004 section 359 (3) requires all publicly quoted companies to establish, is to assist the board in its function of oversight of the integrity of the organisation's financial statements, external auditors' qualification and independence, the performance of internal audit function and external auditors and compliance with legal and regulatory requirements. The audit committee plays a vital role in financial and operational controls in the whole system of corporate governance. Section 359(6) of CAMA 2004 specifies the duty of audit committee. The committee has authority to conduct any investigation appropriate to fulfilling its responsibility. One of the most important jobs of the audit committee is to ensure the integrity of financial statements in the light of recent financial misstatements and corporate failure (Agbugba and Egbunike, 2003: Onyenankeya, 2003: Olesin, 2004).

To stem the trend of falsifying financial statements and ensure the independence of external auditors, Okafor and Eiya (2006) are of the opinion that regulatory authorities should appoint auditors for banks and other financial institutions and specify what is in the best interest of the economy as the requirements of audit.

Furthermore, they suggest that auditors should be paid by the regulatory authorities and the expense from banks by the Nigeria Deposit Insurance Corporation (NDIC). To ensure the independence of auditors Section 201 of Sarbanes-Oxley Act (2002) prohibits auditors from performing certain activities for the companies they audit. Furthermore, Section 203 of the Act provides for the rotation of audit partners responsible for the audit of a company so as to ensure programming, investigative, and reporting independence (Mautz and Sharaf, 1980). The Central Bank of Nigeria CBN (2006) restricts the activities of external auditors and limits their tenure to a maximum of ten years. Section 404 of Sarbanes-Oxley Act requires that financial statements include management certified statement that internal controls contains no material weakness. Material weakness exists in situations where the internal control system may not reasonably detect or prevent material misstatement in financial results.

The purpose of compensation committee is to ensure adequate compensation policy that encourages high performance, promote accountability, and align employees' interest with that of the shareholders. This committee will review and approve the competitiveness of the company's cash and non-cash executive compensation to attract and retain top flyers, motivate employees to achieve organizational goals and align the interest of employees to the long-term interest of the

shareholders. To buttress this point, CBN (2006) provides that a committee of non-executive directors should determine the remuneration of the executive directors.

As for corporate governance and nomination committee its purpose is to advise and make recommendations to the board on matters concerning corporate governance and to identify and evaluate potential candidates for directorship instead of leaving these issues to the chief executive officer.

The code of personal and business conduct and ethics is to ensure that an organisation conducts its business in accordance with the highest ethical standards and maintain complete confidence and trust of customers and the general public. To this end, the committee would ensure that employees and directors disclose conflicting interest in any transactions with the organizations. This certainly will forestall the abuse of official position and insider dealings.

As we indicated, it is expedient for the majority of the members of the board to be independent to give the board an outside perspective. The membership of the committees mentioned above should be dominated by these independent members. It is the view of Dunn (1996) that independent directors should constitute the audit committee. This would perhaps increase the integrity of financial statements. It would be especially beneficial if the chairpersons of these committees are independent to ensure non-interference of the executive. To effectively institute corporate governance, the structures mentioned above must be established and allowed to function as anticipated not only by law but also for the benefit of all the stakeholders of an organization.

3.0 LITERATURE REVIEW

In its simplest conceptualization, corporate governance refers to the range of policy and practices that stockholders, executive managers, and board of directors use to manage the operations of corporate organizations towards fulfilling their responsibilities to the investors and other stakeholders in the society. It is essentially ‘’a system by which the organization or company directs, managers and controls the business of the company to enhance performance and corporate responsiveness to shareholders and other stakeholders’’ (Inyang, 2004). Corporate governance is a term that is used extensively today. In the media, we hear of good governance. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporate such as, the board, managers, shareholders and stakeholders, and spells out the rules and procedures for making decisions on corporate affairs Kajola (2008).

Hussy (1999) defines corporate governance more formally as ‘’ the manner in which organizations, particularly limited companies are managers to the owners. In other words, corporate governance is not just a set of rules but also a structure of relationship geared towards establishing good corporate practice and culture..

Corporate governance refers to the process by which company is controlled, or governed. Just as nation have governments that respond to the needs of the citizens and establish policies, so do banks have systems of internal governance that determines the overall strategic direction and balance sometimes divergent interests.

Shleifer and Vishny (1997) ‘’Corporate governance deals with the way in which suppliers of finance to corporations assure themselves of getting a return or their investment.

Ultimate Business Dictionary (2003) defines corporate governance functionally as ‘’the managerial or directional control of an incorporated organization, which when well practiced can reduce the risk of fraud, improve company’s performance and leadership and demonstrate social responsibility.

Wolfensohn (2001) ‘’corporate governance is about promoting corporate fairness, transparency and accountability’’ OECD (1999) ‘’ corporate governance is the system by which business corporations are directed and rights and responsibilities among different participants in the corporation such as the board, managers, shareholders and other stakeholders, and spells out the

rules and procedure for making decision on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and means of attaining those objectives and monitoring performance. From the public asset Coyle (2002) says ‘’corporate governance is about nurturing enterprises while ensuring accountability in the exercise of power and patronage by firm. From the shareholder's view Coyle (2002) is therefore concerned with achieving a balance between economic and social goals and between individuals' and communal goals. The relationship between the owners (shareholder) and decision makers (board of directors) has generated into conflicts which is now the major source of many problems with corporate governance.

The Basel committee on banking supervision (1999) states and that from a banking industry perspective, corporate governance involves the manner in which the business and affairs of individual institution are governed by their boards of directors and senior management. It sets out the duties of the board of directors to include:

a. Set corporate objectives (including generating economic returns to owners).
b. Run the day to day operations of the business
c. Consider the interest of recognized stakeholders.
d. Align corporate activities and behavior with the expectation that banks will operate in safe and sound manner, and in compliance with applicable laws and regulations.
e. Protect the interests of depositors.

The committee further enumerates basic components of good corporate governance to include:

a. The corporate values, codes of conduct and other standards of appropriate behavior and the system used to ensure compliance with them.
b. A well articulated strategy against which the success of the overall enterprises and the contribution of individuals can be measured.
c. The clear assignment of responsibilities and decision making authorities, incorporating hierarchy of required approvals from individuals to the board of directors.
d. Establishment of mechanisms for the interaction and cooperation among the board of directors, senior management and auditor.
e. Strong internal control system, including internal and external audit functions, risk management functions independent of business lines and other checks and balances.

f. Special monitoring of risk exposures where conflicts of interests is likely to be particularly great, including business relationship with borrowers affiliated with the bank.

g. The financial and managerial incentives to act in an appropriate manner, offered to senior management, business line management and employees in the form of compensation, promotion and otter recognition.

h. Appropriate information flows internally and to the public. On a theoretical discipline which examines how to achieve an increase in the effectiveness, contracts, organizational regulation and business legislation. It is not a disputed fact that banks are crucial elements to any economy; this therefore demands that they have strong and good corporate to any governance in practice if their positive effects are to be achieved.

Ultimate Business Dictionary (2003) defines corporate governance functionally as ‘’the managerial or directional control of an incorporated organization, which when well practiced can reduce the risk of fraud, improve company’s performance and leadership and demonstrate social responsibility

In its simplest conceptualization, corporate governance refers to the range of policy and practices that stockholders, executive managers, and board of directors use to manage the operations of corporate organizations towards fulfilling their responsibilities to the investors and other stakeholders in the society. It is essentially ‘’a system by which the organization or company directs, managers and controls the business of the company to enhance performance and corporate responsiveness to shareholders and other stakeholders’’ (Inyang, 2004). Corporate governance is an evolving field which has gained tremendous popularity and interest worldwide after the collapse of Enron,Worldcom, Arthur Andersen etc in the United States of America which had forced academics, legal practitioners, Accountants, regulatory agencies ,government institutions, NGO’s local and international financial institutions and other professionals in related fields to be attentive to corporate governance reforms

(Kay and Siberston, 1995; Vinten, 1998; 2002; Chanbers, 2006; Marlin, 2008; Judge, Douglas and Kutan, 2008; De Cleyn, 2008). Consequent upon published corporate scandals and the preceding financial crises experienced in Asia in the late 1990’s, there was global impetus to promote good corporate governance, accountability and ethical business practice in many countries (Alo, 2001; Sanusi, 2003; Wilson, 2006; Inyang, 2009). Corporate governance is a system by which organisations and companies are directed, managed and controlled in order to

enhance corporate performance and cater for shareholder's interest (Sanusi, 2003; Inyang, 2004). Corporate governance has a leadership dimensionbecause it provides dimensional leadership to organisations by creating the enabling environment which integrates and systemize various collaborative efforts for setting objectives and achieving corporate goals (Ugoji and Isele, 2009). Good corporate governance helps to prioritiseorganisational objectives and achieve good corporate performances, enhances ethical decision making within organisation where shareholders concerns and stakeholders interests are addressed properly (Sanda, Mikailu and Garba, 2006; Wieland, 2005; Roc, 2008; De cleyn, 2008). The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporate such as, the board, managers, shareholders and stakeholders, and spells out the rules and procedures for making decisions on corporate affairs Kajola, (2008).

.. Akinsulire, (2008) define corporate governance as the system by which the affairs of companies are directed and controlled by those charged with the responsibility.

O'Donovan, (2007) defines corporate governance as 'an 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 and integrity. Sound corporate governance is reliant on 'external marketplace commitment and legislation, plus a healthy board policies and processes'. O'Donovan goes on to say that 'the perceived quality of a company's corporate governance can influence its share price as well as the cost of raising capital. Quality is determined by the financial markets, legislation and other external market forces plus the international organizational environment; how policies and processes are implemented and how people are led. External forces are, to a large extent, outside the circle of control of any board. The internal environment is quite a different matter, and offers companies the opportunity to differentiate from competitors through their board culture. To date, too much of corporate governance debate has centered on legislative policy, to deter fraudulent activities and transparency policy which misleads executives to treat the symptoms and not the cause.

It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, employees, customers and suppliers, and complying with the legal and regulatory requirements, apart from meeting environmental aid local community needs.

Report of SEBI committee (India) on Corporate Governance defines corporate governance as the acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal & corporate funds in the management of a company." The definition is drawn from the Gandhian principle of trusteeship and the Directive Principles of the Indian Constitution. Corporate Governance is viewed as ethics and a moral duty.

The triple bottomline reporting introduced by Elkington (1997) and adopted by the kings report Iodsa, (2002, 2009) requires modern corporations to disclose their economic, social and environmental performances for better decision making. The social responsibility investment index adopted by South Africa to integrate social responsibility and environmental sustainability issues into their corporate strategic plans and to adapt sound business practice (Naidoo, 2002; Wixly and Everinghan, 2005; Tailor, 2000;Roc, 2003).

Corporation are vital parts of the society and as corporate citizens they are expected to contribute actively to the development of the society and protect the natural environment (West, 2006; King, 2006). Dwivedi& Jain, 2005 reviewed the international literature on corporate governance and firm performance and investigated the relationship in the Indian context, taking into account the endogeneity in the relationship. Governance parameters included board size, director's shareholding, institutional and foreitn shareholding, while the fragmentation in shareholding is captured by public shareholding. They showed that higher proportion of foreign shareholding is associated with increase in market value of the firm, while the Indian institutional shareholders' association is not statically significant. A weak positive association was also found between board size and firm value. Directors' shareholding has a non-linear negative relationship with firm value, while the public shareholding has a linear association.

Corporate governance is a necessary ingredient for the firm performance as well as for the overall growth of the economy of the country Brava et al, 2006. In this article they mentioned that "the one point increase in overall corporate governance index would result in around a half percent increase in net revenues and worst to best change in overall corporate governance index predicts about 40% increase in company's net revenue". So it provides us some thought that there is a positive relationship between corporate governance and firm performance. According

to this research the shareholders can monitor and pressurize the managers through directors for optimal usage of the capital to raise the value of the shareholders.

Qadir et al 2010, stress that corporate government is about ensuring that the business is running well and investors receive a fair return. Core corporate governance institutions respond to two distinct problems, one of vertical governance (between distant shareholders and managers) two another of horizontal governance (between a close, controlling shareholders and distinct shareholders). The results drawn by different researchers about the impact of corporate governance on firm performance are positive and direct but some researchers had drawn negative and indirect results, on the other hand there are also some results which vary variable to variable. But according to Mahar et al 2008, there are some complexities and hurdles with system of corporate governance may be distinguished due to difference in ownership structure and controlling authorities of the firms. Further they declared that this system can be divided into two different categories: insiders system and outsiders system. In the other hand in insiders system the strong managers and widely dispersed shareholders, on the other hand in insiders system the conflict is between strong and weak shareholders. The findings of this research are that corporate governance has strong impact over the capital market and also on the allocation of the resources.

On the other hand according to Kanellos et al, in 2007, corporate governance is as extensively important to the value of the firm as the policies are important for the firm to grow. It was also find out that the firms which are shareholder and manager friendly have attained negative abnormal returns. So the writers recommended that the firms must practice corporate governance in order to get the better returns in future. In this paper the research has been done on the returns of democratic and dictatorship firms and it is find out that the average returns of the democracy firm are not adversely affected but on the other hand the returns of dictatorship firm are severely affected. Whereas according to Bocean 2008, corporate governance plays an important role in enhancing the market confidence of the firm and also leads the firm towards prosperity and stability. According to him, most of the countries now are trying to get the benefits by practicing the because shareholder's equity depends on it due to its policies and regulations. Also that outside owner affect the value of the firm but the insides protect and create the value for the firm.

Brown et al, in 2004 argued that the firms which practice the corporate governance more profitable and prosperous. Not only they earned more profit but also these firms pay more to

their shareholders. According to him good governance is concerned with the executives and the directors. On the other hand, he had also mentioned that the firms which followed the charter and laws are more associated with the bad performance. The findings of this research is that there is no significant and positive relationship between firm performance and below mentioned provisions of the corporate governance i.e. option re-pricing did not occur last three years, option burn rate is not excessive, all directors attended at least 75% of the board meetings, board guidelines are in each proxy statement, directors are subject to stock ownership guidelines. It is also find out the some provisions of corporate governance enhance the value of the firm such as fairness and equity and those which are not related to firm value might be beneficial for other factors or purpose.

For comparison between developed and developing nations, Rashid 2008, come to know that corporate governance play equally and balanced role in enhancing the performance of the firms in both developed and developing nations. But there mighty be the little bit difference between the relationship of corporate governance and value of the firms in developed and developing because of different social economic and law and order situations in that particular country. So first of all, we have to find out these differences that affect the performance and value of the firm. I this paper it is find out that corporate governance is favorable for effective use of assets to improve the value of the firm. It has also been find out that out that large board lead the firm towards the developing financial markets. The researcher has also find out that there is positive relationship between corporate governance and the value of the firms of both in developed and developing markets.

According to Zheka 1999, opined that corporate governance has become more important in the last decades in particular because the firms have reached a remarkable output growth and now they are earning more than 90% of the all world output. Now a day's corporate governance is also being used for the security of the forms in the world. In this paper the researcher worked on the transition economics and find out that there is positive, significant and causal relationship between corporate governance and firm performance. It is also find out that there is no positive effect of separation of responsibilities of chairman and CEO on the firm performance. There might be a problem in practicing the corporate governance in transitional economics where the ownership is dominated by the state and where the governance traditional is authoritarian inherited from the past. Now these traditions are in fight with the modern governance

infrastructure. It is also by Shleifer et al 1997, that due to effective corporate governance restrict the controlling rights and then the shareholders and the creditors rely on the managers because due to effective corporate government it is assumed that the managers will invest valuable projects.

Studies haves shown that boards of directors are effective mechanism for effective monitoring of managers Byrd and Hickman, 1992; Fama and Jesen, 1983. Again, Fama and Jensen, 1983 extend the argument that boards will be able to effectively monitor management when there are more non-executive directors (NEDs). According to Tricker, 1984 the reasons for the need for regulation of companies is to prevent the abuse of corporate power and make the board of directors effective. Apart form the duty of loyally to the company's shareholders, the board is also responsibility for exercising due diligence in decision making. Specifically, t selects, evaluates and if necessary, replaces the CEO based on performance. Is there a link between corporate governance and corporate performance?

It is widely acclaimed that good corporate governance a corporate performance Brickely et al, 1994; Brickley and James, 1987; Byrd and Hickman, 1992; Chung et al, 2003; Brickley et al, 2000; Lee at al, 1992; Rosenstein and Wyatt, 1990; Weisbach, 1988. In spite of the generally accepted notion that effective corporate governance enhances firm performance, other studies have reported negative relationship between corporate governance and firm performance Bahtala and Rao, 1995; Hutehinson, 2002 or have not found any relationship park and Shin, 2003; prevost et al. 2002; Singh and Davidson, 2003; Young. 2003. Several explanations have been given to account for these apparent inconsistencies. Some have argued that the problem lies in the use of either publicly available data or survey data s these sources are generally restricted in scope. It has also been pointed out that the nature of performance measures (i.e. restrictive use of accounting based measures such as return on assets (ROA), return on equity (ROE), return on capital employed (ROCE) or restrictive use of market based Mermias, 2006. Furthermore, it has been argued that the "theoretical and empirical literature in corporate governance considers the relationship between corporate performance and ownership or structure of boards of directors mostly using only two of these variables at a time" Krivogorsky, 2006. For instance, Hermalin and Weisbach, 1991 and McAvoy et al. 1983 studied the correlation between board composition and performance, whiles Hermalin and Weisbach, 1991 Mimmelberg et al. 1999, and Demsetz

and Villalonga, 2001 studies the relationship between managerial ownership and firm performance.

However, several other theories have emerged in an attempt to highlight the objective of the firm and how it should respond to its different obligations. Kyereboah-Coleman, 2007.

Corporate governance is an evolving field which have gained popularity in the last decades after the demise of Enron, WorldCom, Arthur Anderson, etc in the United States of America which have forced Academics, legal practitioners, accountants and other related professionals, regulatory agencies government institutions, NGOs and international financial institutions to pay attention to corporate governance reforms, (Key and Siberston 1995, Vinten, 1998; 2002; Chanbers 2006; Marlin 2008; Judge, Douglas and Kutan, 2008; De Cleyn, 2008). Other countries have had similar corporate scandals, for example HIH insurance in Australia; Marconi in UK, Parmalat in Italy; Regal bank, Leisure Net and Kron in South Africa and Cadbury in Nigeria. Consequent upon these publicized corporate a scandals and he preceding financial crises experienced in Asia in the late 1990s, there was a global impetus to promote good corporate governance, accountability and ethical business in many countries (Alo, 2001; samusi, 2003; Wilson, 2006; Inyang, 2008).

Corporate governance is a system by which organizations and companies are directed, managed, and controlled in order to enhance corporate performance and cater for shareholders concerns and stakeholders interest (Sanusi, 2003; Inyang, 2004). Corporate governance has leadership dimension, because it provide dimensional leadership to organizations by creating an enabling environment which integrates and systemize various collaborative efforts for settling objectives and achieving corporate goals (Ugoji and Isele, 2009). Good corporate governance helps to priorities organizational objectives and achieve good corporate performances, enhance ethical decisions making within organization where Shareholders concerns and stakeholders interest are addressed properly (sanda, mikailu, and garba, 2005 wieland, 2005, roe, 2008, de cleyn, 2008).

The triple bottom line reporting introduced by elkington (1997) and adopted by the kings report (IODS A, 2002, 2009) requires modern corporations to disclose their economic, social and environmental performances for better decision making. The social responsible investment index adopted by south africa’s (JSE, 2004) requires quotes corporations in south Africa to integrate social responsibility and environment sustainability issues into their corporate strategies plans and to adopt sound business practices (naidoo, 2002 wixley and everinghan, 2005, taylor, 2000

ree, 2003). Corporations are vial part of the society and as corporate citizens, they are expected to contribute actively to the development of society and protect the natural environment (west, 2006; king, 2006).

Corporate Governance and Internal Control Issues

Internal controls are the nuts and bolts which keep the organization firmly I check. it ensures that structures, policies and procedures are established and complied with. Internal controls also ensure that laws and rules are adhered to by the company. When an effective internal control system is not in place, a company is bound to run into crisis which could threaten its existence. In some cases, decisions and actions revolve solely around the chief executive which does not make for good governance.

Many times, board of directors of companies when invited to all parties meetings have appeared to be quite at "sea" with happening in the companies, their responsibilities and indeed their liabilities. For good internal controls, entities must have structures designed by the boards, implemented by management and understood be the staff. There must be an internal control unit staffed with qualified personal with full mandate to ensure that internal controls are adhered to. The controls should also aim at ensuring that financial statements are reliable through the maintenance of proper and accurate records. Audit committees are also set up to ensure that internal controls are working effectively. Unfortunately some audit committee have not lived up to their responsibilities. To play their role effectively, it is important that those elected as audit committee have knowledge of internal control and accounting.

Corporate Governance Measures in Nigeria

Over the years, Nigeria as a nation has suffered a lot of decadence in various aspect of her national life, especially during the prolonged period of military dictatorship under various heads. The political and business climate had become so fouled that most developed countries and any serious foreign investors will not want to do business with us. The new democratic government of president obasanjo in 1999 inherited a pariah state, majorly because of the high level of corruption in the environment.

Corporate governance institutions must put in place strong internal control mechanisms to provide checks and balance against the oversight responsibility of the boards. Almost all reported cases of corporate failures indicate some level failure on the part of directors to properly discharge their oversight functions and ensure that receive all relevant information and

demonstrate good faith (Ahmed, 2007). The internalization of effective mechanisms in the running of corporate organizations would encourage accountability and transparency and also discourage concealment of financial statements. Such internal mechanisms would help establish the concept of insider whistles in form of honest staff of the companies to speak out on questionable practices without repercussions.

Most public corporations such as NITEL, NSL, NEPA and NRC were either dead or simply drain pipes of public resources, while the few factories that were merely available were working below 50% of their installed capacity. The banks with their super profits were failing in their numbers, leaving a tail of woes for investors, shareholders, suppliers, depositors, employees and other stakeholders, hence the need for the government's far reaching decisions in introducing various corporate governance reforms.

ENHANCING CORPORATE GOVERNANCE IN THE BANKING SECTOR

Given the important financial intermediation role of banks in an economy, their high degree of potential difficulties arising from ineffective corporate governance and the need to safeguard depositors fund; corporate governance for the banking organization is of great importance to the local and international financial system. The Basel Committee on banking supervision published guidance to banking supervision in promoting the adoption of sound corporate governance practices and banking organization in their countries in 1999. This guidance drew from the principles of corporate governance that were published that year by the Organization for Economic Co-operation and Development (OECD) with the purpose of assisting government in their efforts to evaluate and improve their framework market regulator and participants in financial markets.

CHALLENGES FACING CORPORATE GOVERNANCE IN NIGERIA POST BANKING SECTOR REFORMS CHALLENGES.

The challenges of corporate governance in Nigeria are quite enormous especially considering the development in the banking industry. Before the consolidation exercise of 2006, the Nigeria banks were very weak with poor corporate governance, and this affected customers confidence in banking operations. The consolidation exercise helped to reduce the total number of banks from 89 to 25 mega banks through mergers, acquisitions and consolidations. This development posed serious challenges which the CBN has acknowledged in its Code of Corporate Governance (CBN, 2006).

These challenges include:

- Technical incompetence of board and management
- Board room squabbles among directors
- Squabbles among staff and management
- Very few banks have a robust risk management system
- Malpractices and sharp practices
- Rendering false returns and concealment of information from examiners
- Insiders abuse
- Ineffectiveness of board/statutory committees
- Inadequate operational and financial control etc

Others include:

- Weak internal control systems
- Noncompliance with laid down internal controls and operation procedure
- Ignorance of and of noncompliance with rules, laws and regulations guiding banking business
- Ineffective management information system
- Overbearing influence of chairman or managing director/chief executive officer, especially in family controlled banks
- Abuses of lending including lending in excess of the limit set by CBN.

The CBN code, in fact seeks to address these major challenges and develop a sound banking system in the country. Some have argued that the code ''may be unable to accomplish this if the underlying legal, institutional and regulatory frameworks for corporate governance in Nigeria are weak, inefficient and inadequate'' (Wilson 2006). The CBN is apparently overburdened in its role as a bankers' bank, responsible for policy formulation and banking supervision. The additional responsibility of monitory for compliance to code of corporate governance may not be effectively handled. The capacity of the CBN to offer regulatory oversight of the banking and financial sector needs to be strengthened.

The code of best practice (SEC, 2003) has commendable recommendations designed to enhance the development of corporate governance in the country, The code is voluntary and therefore self-compliance by companies is always problematic. According to Nmehiell and Nwaunche (2004) '' the minimum that can be done is to make it mandatory for all these

companies to show compliance with the code either in their annual returns to Corporate Affairs Commission (CAC) or in the Annual General Meeting (AGM) of the companies or make compliance part of the listing requirement of the Nigerian Stock Exchange''. While it is acknowledge that the institution and the legal framework for effective corporate governance appears to be in existence in the country, the compliance and/or enforcement appears to be work or non-existent. Oyejide and Soyibo (2001) suggest that for Nigeria to reap the benefits of effective corporate governance there is need to strengthen the enforcement mechanism of the regulatory institutions. The roles of the courts are important in the regulatory institutions. The judicial system must have the capacity to restore the confidence of the shareholder and help him enforce his rights.

The CAC must improve on its enforcement mechanisms, put in place more effective monitoring strategies and develop mechanisms to eliminate corrupt practices in the commission. The CAC has the power to receive annual return from companies to know the state of affairs of such companies and identify areas the companies have failed in their responsibilities.

The creditable discharge of these functions by CAC will definitely ensure the entrenchment of good corporate governance. There is need for CAC to be restricted to make it independent and able to ensure that the provisions of CAMA 1990 are effectively enforced. At present, the CAC is deeply concerned with the registration of companies, while the monitoring and compliance activities are very weak.

Deliberate accounting fraud is another serious problem of corporate governance in the country. Cases of ''inaccurate reporting and non-compliance with regulatory requirements (Ibru, 2008) and the ''prevailing incidence of force.

CORPORATE GOVERNANCE AND RISK MANAGEMENT ISSUES

An important governance issue which become quite glaring in recent times is risk management of companies. It is obvious that many entities placed little attention on risk identification and management. Regulators are beginning to give attention to these requiring regulated entities in particular to put mechanism in place to identify and mitigate risks and disclose same in periodic fillings to regulators and in annual report. Indeed the disclosure of risk in annual reports as an important corporate governance is becoming a best practice. Indeed in the recently exposed drafts rules of the SEC, all public quoted companies including Banks shall:

- Include risk management as part of its accounting policies, disclose by way of notes any materials effect of unmitigated risk on corporate profitability.
- Disclose by way of notes strategies for preventing risks the company is exposed to.

The justification is that managing risk is part of any organizational strategy and operational activities. It is therefore important to report to the investing public the types of risk companies are exposed to, the effort to minimize it and where it becomes inevitable, the
effect or likely effect should be promptly made known to the investing public.

The board also needs to understand the risk which their companies are exposed to and frankly should periodically request management for briefing on this. Developing expertise in risk management should be a priority for entities and the capital market as a whole.

CORPORTATE GOVERNANCE AND THE ROLE OF BOARDS AND SHARE HOLDERS

THE ROLE OF BOARDS

Boards are a crucial component of governance structure and , as with other governance mechanisms, needs to embrace sustainable development. There is a need to ensure boards have the ability to lead with integrity and posses the right skills to make difficult decision and manage risk.

The oices of wider stakeholders need to be included in the governance process. Employee represnetatizes have participated in boards for a number of years; perhaps the most well known cases are in Germany and japan. There is a need to carefully select non-executive directors with sustainability – related expertise in areas such as the environment, health and safety, consumer relations or human resources, s well as these from non-business backgrounds who can bring valuable perspective into boardroom. The board needs to realistically evaluate the nature and significance of the sustainability issues facing the company, as well as where sustainability needs to be considered in relation to issues where sustainability needs to be considered in relation to issues such as succession planning and performance evaluation.

Companies are increasingly using expect panes to advice on how to respond to emerging social and environmental issues in a way that is strategically aligned to the organisation's business model. Where these panels exist, it is crucial that they are credibly integrated into the traditional governance stricture.

Executive Remuneration and incentives

Remuneration and incentives, while not often though of as a sustainability concern, would benefit from being viewed through a sustainability lens. Remuneration needs to be considered in terms of pay equity and pay differentials as well as in relation to the way it influences unacceptable risk taking. Short term performance related pay is seen by many as central to many of the problems, particularly within he banking system, that caused the global financial crises.

There is a growing pressure to re-design corporate regulation and governance to emphasize the importance of long term sustainability in relation to remuneration practices.

Central to this is the need to dismantle incentives which have led to short-termism and an undermining of corporate ethics. Incentives clearly need to encourage sustainable behavior. They need to be based on longer term performance characteristics and encourage decision making that will advance the sustainability of organizations, incorporating both financial and non-financial metrics. Including sustainability issues in he creation of new remuneration and incentives structure will give a greater focus to these issues at both he strategic and day to day levels.Increasingly executive bonuses will depend on non-financial performance with customers satisfaction, employee engagement and health and safety ranking as the most commonly considered issues.

The role of shareholders

Institutional investors and fund mangers have a responsibility to generate long-term value on behalf of their shareholders, the individuals savers, investors and pensioners for whom they are ultimately working. They should insist that the companies they invest in put sufficient resource into developing governance mechanisms that deliver long term value. Shareholders should take governance into account as part of their investment decision making.

Institutional investors and other shareholders need to understand what questions they should be ask ng boards. Questioning the suitability of non-executive directors in understanding the materiality of non-financial issues is crucial. Ultimately investors need to ask if the board and individual members are delivering.

Other rights and Priviledges of Shareholders

i. the board of the firm should have effective communication with shareholders to enable them to understand the business, risk profile, financial condition and the operating performance of the firm.

ii. Shareholders should be involved in the appointment and removal of directors and auditors.

iii. There should be at least one director on the board representing the minority shareholders.

iv. Shareholders holding at least 20% of the issued capital of a firm should, as far as possible have a representative on the board, except they are disqualified by the virtue of their being in competing business with the firm or they have other conflict of interest.

The role of accountants

The work of accounts is clearly crucial to effective governance, especially n relation to its traditional focus on financial performance and accounting integrity. The fundamental role of the accountant is to provide transparency in reporting, financial or otherwise, to shareholders and the broader stakeholder groups who have an interest in the performance of the business.

Accountants working in a business are involved in several of the governance mechanisms, which may include nominations committee (identifying appropriate candidates/ non-executive directors) for the board, remuneration committee and risk and compliance committee as well as audit committee.

The other area where accountants working in business currently support good corporate governance is in "decoding" regulations for the company and supporting internal integration and adherence. Accountants bring their regulatory knowledge and industry standard experience to their clients to drive through best practice,. Additionally they interpret the listing requirements relevant to their business and legal structure.

Aligning their thorough approach to preparing financial statements with wider governance reviews enables accountants to provide a full comment on a company's annual and long term performance.

Corporate Governance and sustainability

Corporate governance is on the radar screens of corporations, regulators and stakeholders as never before with the business media dominated by corporate activities such as the sub-prime mortgage lending crises, carbon trading schemes and the collapse of many high profile organizations including lenham brothers and enron, the role of companies in society is under ever greater scrutiny. Global companies are under increasing demand from activists, employees and investors to behave in a sustainable manner, taking it to account important social, environmental and ethical issues.

The trajectories of corporate governance and sustainability are meeting head on the new demands are being placed on companies and their leadership. Regulation (such as the king II report) and the materiality of sustainability issues are forcing organizations to integrate such concerns more fully into governance structures. While certain sustainability concerns are core to success, they do not always lend themselves to discussion and debate within governance framework that focus on financial indicators and controls. For example, the financial lens of the audit committee may not fully focus on some of the important non-financial issues associated with sustainability. In recognition of these limitations, new approaches to governance are evolving.

The increasing importance of sustainability issue is now recognized by many companies, but for such issues to truly become integrated into strategy, operations, and performance, they need to be embedded in governance systems. The key to successfully embedding sustainability in governance is getting the right issues into the mix and getting the right voices heard. These need to be given due consideration and not treated as a mere side issue. This requires aligning the strategic direction of the organization with strategic environmental and social goals, and ensuring governance oversight mechanisms understand and play their role in maintaining that focus.

Mainstream governance conversations have traditionally focused on legal and risk issues, finances, management structures, individual competencies, leadership and independence. Yet today's governance issues related to sustainability, all operate beyond mere legal requirement and focus on process innovation that engage key knowledge brokers through softer forms of governance that take accounts of values and principles. Sustainability is gradually reshaping the way organizations approach corporate governance.

4.0 BENEFITS OF CORPORATE GOVERNANCE ON SURVIVAL AND SUSTAINABILITY

1. Brand value and reputation:

Corporate sustainability provides a platform for the business to connect with stakeholders, thereby fostering an improved perception of the company. An improved brand value and reputation creates an avenue for business to operate in host communities with full cooperation of stakeholders.

2. employees and future workforce:

Modern corporate sustainability practice incorporates policies such as work life balance, gender equality and diversity. Putting these ideals into practice enables employees to function optimally and makes the business an attractive choice for future workforce.

3. operational effectiveness:

Improvement and innovation in an organisation's practice and processes as a direct result of being more responsible and sustainable can create more effective operations and higher levels of efficiency. This will have an overall positive impact on the productivity of any business.

4. risk management:

Business derive enormous benefits, resulting from corporate sustainability efforts that improve the organizations ability to identify and reduce exposure to risk as well as to identify and reduce exposure to risk as well as prepare for, and manage risk better.

5. direct financial impact:

Businesses often see CSR as a form of charity or philanthropy, but the reality is the CSR or corporate sustainability can provide direct financial benefits. Impact investments provide a means though which businesses can make financial gains whilst involving in business activities that have a positive impact on society or the environment. Corporate sustainability also provides direct benefit to the financial performance of an organization by improving access to capital, reducing costs and improving shareholders value.

6. organizational growth:

Being a responsible corporate citizen can also enable a business to achieve organizational growth by enhancing visibility and prominence, exposure to new markets, new product development, new customers, lateral expansion and new alliances.

7. legal invulnerability:

Adhering to sound corporate sustainability ideals such s waste management and supply chain management can greatly reduce the vulnerability of businesses to law suits which may tanish reputation, lead to imposition of enormous fines or even the termination of the business.

8. business opportunity:

New opportunities or innovation can be generated for all stakeholders specifically because of their efforts in being a responsible business. This can result in new business development, but critically, it is about win-win opportunities for a variety of stakeholders.

9. macro- level sustainable development:

this is "the impact and responsibilities an organization has to higher level economics, social and environmental issues.

10. improved government relations:

An active corporate sustainability module creates opportunities for collaborations with government to executive public-private initiatives and projects. This improves relations between both parties and open up avenues for future collaborations on profitable ventures.

4.0 SUMMARY AND CONCLUSIONS

The term 'corporate governance' means the system by which companies are directed and managed in the best interest of the owners and investors, it refers to the roles and responsibilities to the board of directors, executives and non-executive members, and shareholders rights, whereas sustainability (CSR) is the conscious and deliberate acts of corporate entities to ensure not only her continued existence as a going concern, but also her continued relevance to her host community in particular and all the stakeholders in general.

In collusion, corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individual's corporations and society. Therefore the existence of a good corporate governance has a significant impact on corporate sustainability.

CONCLUSIVE REMARKS AND RECOMMENDATION

There is no doubt that, although corporate governance and corporate sustainability are relatively new areas in management science, several studies have been conducted in this area (and is still

on-going) most especially on listed companies and multinationals. I suggest that future studies should strive to increase the sample size by including the small and medium sized enterprises, or at least privately owned large enterprises, because of their large population and dominance of the economics of most developing nations.

5.3 RECOMMENDATION

After a detailed study and analysis has been carried out in investigation of the impact of corporate governance on the survival and sustainability of banks in Nigeira, the following recommendations are made:

i. There should be compliance of members of staff with laid down internal controls and operation procedures.
ii. There should be upgraded internal control system in banks.
iii. Shareholders should be more active in the affairs of banks.
iv. Board of directors of banks should be very active.
v. Procedures should be put in place to prevent, detect and correct fraudulent and self serving practices among members of the board and staff.
vi. Non- compliance with rules, laws and regulations guiding banking business should not be ignored.
vii. An effective management information system should be employed.

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