Is the Covid-19 Pandemic Rewriting the Rules of Corporate Governance in Nigeria?

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Abstract

The corona virus (covid-19) pandemic which started as a public health emergency swiftly evolved into a global financial and economic crisis of epic proportions. Thus, it had a far-reaching effect on Nigerian corporations. The advent of covid-19 seems to have changed the guiding principles of corporate governance from the agency theory to stakeholder theory due to the heightened expectations for societal engagement from corporations in Nigeria. For instance, the management of Access Bank which donated 1 Billion and other materials like ambulances to the Federal Government of Nigeria, decided to downsize staff by 75 percent in the same week. The outcry by the public on the challenges caused by the aforesaid huge donation vis-à-vis the redundancy policy led Access Bank's management to reverse its earlier decision and for the regulatory body for the banking industry, the Central Bank of Nigeria, to prohibit all banks in Nigeria from retrenching their employees during the pendency of the pandemic. The article examines the impact of covid-19 on corporate governance in Nigeria through the prism of stakeholder theories of corporate governance. The authors submit that covid-19 has a profound effect on corporate governance in Nigeria and it seems to be inducing a review and amendment of certain provisions of Companies and Allied Matters Act, 2020 to promote good corporate governance in Nigeria.

Keywords: *covid-19, corporate governance, corporate law, management, directors, stakeholder theories.*

JEL Classification: K22, K32

1. Introductory remarks

The importance of corporations, particularly multinational corporations, to the economic development and regeneration in Nigeria before, during and after corona virus (covid-19) pandemic need not be overemphasized. Corporations, much like governments, provide jobs, products and services, pay wages and salaries, which dovetail into payment of taxes and provision of social amenities for both the residents and the citizens of Nigeria.[3] The terms "corporation" and "company" will be used interchangeably in this article. Kells submits that covid-19 pandemic is a unique but not unprecedented since it is comparable with disasters such as floods, bush-fires, terrorism, global financial crises and the great depression.[4] However, unlike the other disasters cited above, the impact of the covid-19 pandemic is more profound as it affected (and still affects) every country and the global economy in diverse ways, such that it is imperative for every business to make far reaching adjustments to tackle new risks and unexpected exigencies in order to survive.[5] Many corporations in Nigeria are "zombie firms", which are businesses that are not viable without access to cheap funds

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[3] R.J. Gilson, 'From Corporate Law to Corporate Governance', (2018) https://ssrn.com/abstract=2819128 accessed 23 May 2022; M.A. Lateef, and O.A. Akinsulore, 'Covid-19: Implications for Corporate Governance and Corporate Social Responsibility (CSR) in Africa' 12 *Beijing Law Report* (2020), p. 139, 141; World Bank (2017) 'Doing Business Measuring Business Regulations' https://www.worldbank.org/en/programs/business-enabling-environment accessed 11 May 2022.

[4] S. Kells, 'Impacts of COVID-19 on Corporate Governance and Assurance, International Finance and Economics, and Non-Fiction Book Publishing: Some Personal Reflections' 16(4) *Journal of Accounting and Organizational Change* (2020), p. 629, 630-631.

[5] S. Kells, 16(4) *Journal of Accounting and Organizational Change* (2020), p. 629, 630-631; I.O, Onuka, 'Microcredit and Poverty Alleviation in Nigeria in COVID-19 Pandemic', 33(1) *Asia Pacific Journ. of Rural Devt.* (2021), p. 7, 7-11; A. Koutoupis, P. Kyriakogkonas, P. Pazarskis and L. Davidopoulos, 'Corporate Governance and COVID-19: A Literature Review', (21)6 *Corporate Governance International Journal of Business in Society,* (2021), p. 969, 969-971; O. Animashaun and H. Chitimira, 'The Reliance on Lifestyle Audits for Public Officials to Curb Corruption and Tax Evasion in Nigeria' 24 *PER/PELJ* (2021), p. 1, 19; J. Okolie-Osemene, 'Nigeria's Security Governance Dilemmas During the Covid-19 Crisis', 48(2) *Politikon- South African Journal of Political Studies* (2021), p. 260, 260; L. Brozus, 'The Difficulty of Anticipating Global Challenges: The Lessons of COVID-19' in Bernes *et al* *Challenges of Global Governance Amid the COVID-19 Pandemic* (New York, Council on Foreign Relations, 2020), p. 6-9.

or covid-19-related government support.[6] This led to the sudden and intensified importance of good corporate governance in Nigeria. Due to the covid-19 pandemic, many of the financially vibrant Nigerian companies were forced to dip into their reserves and deplete their accumulated profits which could render them financially vulnerable and potentially in financial distress.[7]

Similarly, businesses in Nigeria are operating at 43 percent capacity due to various covid-19 pandemic challenges, and some of these businesses are currently insolvent.[8] Top covid-19 related challenges reported by Nigerian businesses to researchers and organisations such as the Nigeria Employers' Consultative Association, the International Labour Organization, Lateef and others, include inflation, reduced demand for goods and services, and decline in workers' productivity which constitute threats to the financial system, economic growth and corporate survival.[9] The advent of the covid-19 pandemic unmasked various corporate governance oversight failure, such as excessive compensation which was only given to executive managers of companies. Thus, the covid-19 pandemic has heightened the importance of good corporate governance and flexible corporate management of companies in Nigeria. This article is divided into seven sections. The first is the introductory section. The second discusses the similarities and differences between corporate law and corporate governance. The third and the fourth sections discusses the corporate governance theories and the corporate governance crises which led to the introduction and tightening of corporate laws, corporate governance regulations and codes in Nigeria. Section five discusses the effect of covid-19 on corporate governance in Nigeria. The sixth and the seventh sections provide recommendations and concluding remarks respectively.

2. Corporate law and corporate Governance in Nigeria

Corporate governance is a system of rules, practices and processes by which a firm is directed and controlled, which involve balancing the interests of the corporation's various stakeholders.[10] Corporate law refers to the body of law regulating businesses or governing the operation of corporations in Nigeria.[11] It is primarily provided in the Companies and Allied Matters Act (CAMA 2020). Corporate law generally addresses the corporation hallmark features of the investiture of legal

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[6] S. Kells, 16(4) *Journal of Accounting and Organizational Change* (2020), p. 629, 630; A. Koutoupis, P. Kyriakogkonas, P. Pazarskis and L. Davidopoulos, (21)6 *Corporate Governance International Journal of Business in Society,* (2021), p. 969, 969-971.

[7] P.C. Ozili, 'Covid-19 Pandemic and Economic Crisis: The Nigerian Experience and Structural Causes' *Munich Personal RePEc Archive* (2020), p. 1, 6-9; S. Kells, 16(4) *Journal of Accounting & Organizational Change* (2020), p. 629, 634-635; G. Castrillón, and M. Alfonso, 'The Concept of Corporate Governance', 25(2) *Revista Científica Visión de Futuro,* (2021), p. 178, 178-179; Y. Turianskyi, S. Gruzd, E. Sidiropoulos, and N. Grobbelaar, 'COVID-19 Responses Expose Gaps in Global Governance'in Bernes *et al* *Challenges of Global Governance amid the COVID-19 Pandemic* (New York, Council on Foreign Relations, 2020), p. 23-24.

[8] M.A. Lateef and A.O. Akinsulore, 12 *Beijing Law Report* (2020), p. 139, 152.

[9] M.A. Lateef and A.O. Akinsulore, 12 *Beijing Law Report* (2020), p. 139, 152; Nigeria Employers' Consultative Association and International Labour Organisation., *Research on Assessing the Needs of Enterprises Resulting from Covid-19: Experience of Nigeria Companies* (Lagos, NECA/ILO, 2020), p. 5.

[10] M.A. Arslan, and A. Alqatan, 'Role of Institutions in Shaping Corporate Governance System: Evidence from Emerging Economy', 6 *Heliyon* (2020), p. 1, 1-14; K. Padachi, V. Ramsurrun, and M. Ramen, 'Corporate Governance and Firms' Performance of Mauritian Listed Companies', 10(1) *International Journal of Humanities and Social Sciences* (2017), p. 55, 55; P.K. Sharma, *Governance Practices in India* (London, Palgrave Macmillan, 2015) 28-32; H. Musaa, Z. Musova, and L. Debnrov, 'Responsibility in the Corporate Governance Framework and Financial Decision Making Process, 23(1) *Procedia Economics and Finance* (2015), p. 1023, 1024-1025; B.M. L'Huillier, 'What does 'Corporate Governance' Actually Mean?' 14(3) *Corporate Governance* (2014), p. 300, 306; World Bank, *Who's Running the Company? A Guide to Reporting on Corporate Governance* (Washington DC, International Finance Corporation, 2012) 9; H. Khan, 'A Literature Review of Corporate Governance', 25 *International Conference on E-business, Management and Economics,* (2011), p. 1, 1-4; N. Hermes, T.J.B.M. Postma, and O. Zivkov, 2(4) *International Journal of Managerial Finance* (2006), p. 280, 280-281; OECD, 'OECD Principles of Corporate Governance', (2005) <http://www.oecd.org/daf/corporate affairs/corporate governanceprinciples/31557724.pdf>/ accessed 11 February 2022; OECD, 'Glossary of Statistical Terms', (2007), https://stats.oecd.org/glossary/detail.asp?ID=6778 accessed 11 January 2022; K. Vagneur, *Corporate Governance Issues, Concepts and Domain* (Edinburgh, Heriot-Watt University Press, 2004), p. 1-2; G. O'Donovan, 'A Board Culture of Corporate Governance', 6(3) *Corporate Governance International Journal,* (2003), p. 28, 29-37; J. Chen, 'Ownership Structure as Corporate Governance Mechanism: Evidence from Chinese Listed Companies', 34 *Economics of Planning* (2001), p. 53, 72; A. Cadbury, The Corporate Governance Agenda', 8(1) *Corporate Governance: An International Review* (2020), p. 7, 18; Cadbury Committee Report., *The Committee on the Financial Aspects of Corporate Governance: Report with Code of Best Practice* (London, Gee Publishing, 1992) 14.

[11] Part B of CAMA 2020 deals with the incorporation and regulation of companies limited by shares.

personality, limited liability, transferable shares and the divorce of ownership from management.[12] In addition, CAMA 2020 regulates the formation and operation of different companies and/or corporate entities in Nigeria through, inter alia, the reservation of business names.[13] These entities include unlimited companies, limited liability companies and companies limited by guarantee;[14] limited partnership,[15] limited liability partnership[16] and incorporated trustee.[17] Another statute that regulates corporations is the Investment and Securities Act 2007 (ISA),[18] although the provisions of this Act affect only public companies listed on the Nigerian Stock Exchange (NSE). Although all corporate entities registered with the Corporate Affairs Commission (CAC) are subject to the provisions of CAMA 2020, there are sector-specific statutes which limit the application of CAMA 2020, such as the Central Bank of Nigeria Act (CBN Act)[19] and the Banks and other Financial Institutions Act 2020 (BOFIA).[20] For instance, section 53 of the BOFIA provides that the provisions of BOFIA shall apply notwithstanding the provisions of CAMA 2020.[21] The implication of section 53 of the BOFIA is that where there is any conflict between the provisions of CAMA 2020 and BOFIA concerning any bank or financial institution in Nigeria, the provisions of BOFIA prevails.

It is important to know whether corporate law is the same thing as corporate governance. Scholars have expressed divergent views on the meaning and relative importance of both subjects.[22] Gilson lamented that corporate law is transforming into corporate governance because legal rules standing alone have been overtaken by legal rules interacting with non-legal processes and institutions. The latter seems more responsive to changes in the increasingly complex and dynamic corporate world than the former.[23] However, other scholars such as Amupitan hold an entirely different view, that corporate law enclosed in the statute books is superior to corporate governance.[24] We agree with this proposition, and that at best, both corporate law and governance are complimentary concepts, with corporate law serving as the foundation for the development of corporate governance. Moreover, corporate law is usually mandatory to comply with than corporate governance which is persuasive in most cases. In addition, corporate governance must be consistent with the Nigerian corporate law. Since one of the underlying objectives of the company law is the achievement of good corporate governance, some of the codes of corporate governance have been incorporated into corporate law statutes. For instance, the CAMA 2020 prescribed that the position of chairman and managing director cannot be held by a single person in a public company, as prescribed in all the corporate codes in Nigeria.[25] Thus, corporate governance cannot be divorced from corporate law, as the former is just a part of the latter. For instance, the quality of financial collateral and the reliability of payments, depend in part on insolvency law.[26] While corporate law

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[12] J. Armour, H. Hansmann and R. Kraakman, 'The Essential Elements of Corporate Law: What is Corporate Law?' (2009) http://www.law.harvard.edu/programs/olin_center/papers/pdf/Kraakman_643.pdf/ accessed 12 May 2022.

[13] Part E of CAMA 2020 provides for registration of business names.

[14] Part B of CAMA 2020 deals with the incorporation and regulation of companies limited by guarantee.

[15] Part D of CAMA 2020 provides for limited partnership.

[16] Part C of CAMA 2020 deals with limited liability partnership.

[17] Part F of CAMA 2020 deals with incorporated trustees.

[18] 29 of 2007.

[19] Sections 1-61 of CBN Act 7 of 2007.

[20] Sections 1-132 of BOFIA 5 of 2020.

[21] Similarly, section 55 of the CBN Act also provides that the provisions of the CAMA or any amendments thereto shall not apply to the banks.

[22] M.A. Lateef, and A.O. Akinsulore, 12 *Beijing Law Report* (2020), p. 139, 143; Urbanek, P., 'Corporate Governance in the Banking Sector: Lessons from the Financial Crisis' in P. Urbanek (ed) *Corporate Governance and the Stability of the Financial Sector*, (Lodz, Faculty of Economics and Sociology, University of Łódź, 2012) p. 5-12.

[23] R.J. Gilson, 'From Corporate Law to Corporate Governance' (2018) https://ssrn.com/abstract=2819128 accessed 23 May 2022; M.T. Okorodudu, 'Legal Theory of Incorporation and the Concept of Industrial Democracy' 5 *Journal of Private and Property Law* (1985), p. 29, 29; M.A. Lateef, N.K. Adegbite, and J. Farinde, 'Defining Corporate Governance and Understanding its Basic Underlying Theories', 4(1) *ABUAD J. of Public and International Law* (2018), p. 16, 17; B. Manning, 'The Shareholders' Appraisal Remedy: An Essay for Frank Coker', 72(2) *Yale L.J.* (1962), p. 223, 245.

[24] J.O. Amupitan, 'Nigerian Corporate Governance: from Concentrated Ownership to Dispersed Ownership - Which Way Forward?' An Inaugural Lecture Delivered at the University of Jos (Jos, University of Jos Press, 2017), p. 1, 3-11.

[25] Section 265(6) CAMA 2020; sections 5.2.1 of the CBN code and 4.1.8 of the Code of Corporate Governance for Licensed Pension Fund Operators 2008 (PENCOM Code).

[26] S. Kells, 16(4) *Journal of Accounting and Organizational Change* (2020), p. 629, 634-635.

comprises of statutes and case law, corporate governance is the corporation's operating system, a combination of legal and non-legal rules.[27] For instance, the Code of Corporate Governance for Licensed Pension Fund Operators 2008 (PENCOM Code) issued by the National Pension Commission is prescriptive and widely accepted by the stakeholders in the Nigeria pension industry. In contradistinction with corporate law, corporate governance is a multi-disciplinary, comprising of fields such as law, economics, accounting, theology, psychology, sociology, and political science. The concept of corporate governance has evolved to encourage the active and equal participation of shareholders and other stakeholders such as creditors, auditors and regulators in corporate decision making processes.[28] Corporate stakeholders include the company's shareholders, directors, employees, customers, suppliers, financiers, the government and the host community.[29] Corporate governance facilitates effective, efficient and prudent management that can deliver long-term success for the company.[30] The ultimate purpose of corporate governance is, inter alia, to provide appropriate governance measures and processes that focus on long term and sustainable development of the corporation rather than on short term or transient gains.[31] The importance of good corporate governance in Nigeria is heightened by the advent of the covid-19 pandemic which has led to the liquidation of many companies and the loss of shareholders' funds.

3. Theories of corporate governance

Many theories have emerged over the years on how to manage corporations efficiently and effectively to achieve optimum corporate goals in such corporations. The proponents of the different theories have different views regarding who should be the major beneficiary of the enterprise. There are overlaps in these theories, while the agency and stakeholder theories are the main theories of corporate governance, other theories explain, complement or supplement the agency and stakeholder theories.[32] The article focuses on the main theories of corporate governance and the adherence or deviation of Nigerian corporations to or from the different theories.

3.1. Agency theory

The major role of corporate governance is to ameliorate the challenges arising from the separation of ownership and control, and the relationship between board of directors, diversity of that

[27] S. Kells, 16(4) *Journal of Accounting and Organizational Change* (2020), p. 629, 634-635; J. Armour, H. Hansmann, and R. Kraakman, 'The Essential Elements of Corporate Law: What is Corporate Law?' (2009) http://www.law.harvard.edu/programs/olin_ center/papers/pdf /Kraakman_643.pdf/ accessed 12 May 2022; R.J. Gilson, 'From Corporate Law to Corporate Governance' https://ssrn.com/abstract=2819128 accessed 23 May 2022.

[27] S. Claessens, and B. Yurtoglu, *Corporate Governance and Development: An Update* (2012) https://www.ifc.org/wps/wcm/connect/ 15fae179-97e0-48ea-a123-abc07deabd36/Focus10_CG%26Development.pdf?MOD=AJPERES&CVID=jtCwukM/ accessed 26 April 2022; N. Hermes, T.J.B.M. Postma, and O. Zivkov,'Corporate Governance Codes in the European Union: Are they Driven by External or Domestic Forces?', 2(4) *International Journal of Managerial Finance* (2006), p. 280, 280-281; OECD, 'Glossary of Statistical Terms', (2007) https://stats.oecd.org/glossary/detail.asp?ID=6778 accessed 11 January 2022; Cadbury Committee Report., *The Committee on the Financial Aspects of Corporate Governance: Report with Code of Best Practice* (London, Gee Publishing, 1992), p. 13.

[29] J. Chen, 34 *Economics of Planning* (2001), p. 53, 72.

[30] Institute of Chartered Accountants in England and Wales 'What is Corporate Governance?' (2007) https://www.icaew. com/technical/corporategovernance/principles/principles-article/does-corporate-governance matter/accessed 26 April 2022; M.A. Arslan, and A. Alqatan, 6 *Heliyon* (2020), p. 1, 1-14; World Bank, *Who's Running the Company? A Guide to Reporting on Corporate Governance* (Washington DC, International Finance Corporation, 2012), p. 9; S. Claessens and B. Yurtoglu (2012), p. 5-50; H. Khan, 25 *International Conference on E-business, Management and Economics,* (2011), p. 1, 1-4; A. Cadbury (2000), p. 8.

[31] M.A. Arslan, and A. Alqatan, 6 *Heliyon* (2020), p. 1, 1-14; World Bank, *Who's Running the Company? A Guide to Reporting on Corporate Governance* (Washington DC, International Finance Corporation, 2012) p. 9-12; O.O. Amao, and K. Amaeshi, 'Galvanising Shareholder Activism: A Prerequisite for Effective Corporate Governance and Accountability in Nigeria', 82(1) *Journal of Business Ethics* (2008), p. 119, 119-120; P.C. Aka, 'Corporate Governance in South Africa: Analyzing the Dynamics of Corporate Governance Reforms in the Rainbow Nation', 33(2) *North Carolina Journal of International Law and Commercial Regulation* (2007), p. 219, 291-292; J.M. Holcomb, 'Corporate Governance: Sarbanes-Oxley Act, Related Legal Issues and Global Comparisons', 32(2) *Denv. J. of Inter. Law & Policy* (2004), p. 175, 175; Cadbury Report (1992), p. 1-12.

[32] M. Eton, F. Mwosi, A. Sunday, and S.G. Poro, 'Corporate Governance and Firm's Financial Performance amongst Private Business Enterprises in Uganda: A Perspective from Lira City', 15(9) *African Journal of Business Management* (2021), p. 219, 221; R. Wearing, *Cases in Corporate Governance* (London, SAGE Publication, 2005), p. 5.

board and its efficacy.[33] Agency theory postulates that directors and managers are agents of the shareholders who are the owners of corporations.[34] Accordingly, the owners (principals) may not have the knowledge, time or expertise for realising the objectives of the company. Consequently, the principal will then contracts directors and other managers to act on its behalf as agents.[35] The agent is expected to act in good faith towards its principal and make decisions in the best interest of the principal.[36] However, the agent may succumb to self-interest and opportunistic behaviour that falls short of the expectations of the principal, especially if the agent does not own any share in the company or if his or her remuneration is not tied to the company's share value or profit.[37] The agency theory provides that employees are held accountable in their tasks and responsibilities through a regime of rewards and punishments.[38] However, some problems crop up in agency relationship. The first problem appears when there is conflict between the interests of the principal and the agent.[39] The second problem occurs as a result of the inability of the principal to validate the activities of the agent, hence the necessity of creating a monitoring mechanism designed to protect the shareholders' interest.[40] This monitoring mechanism creates an agency costs which require proper accounting to reduce them.[41] This is difficult since the chief executive officer (CEO) and/or directors have a fiduciary relationship that is formed on the basis of the agency theory.[42] Thirdly, there are majority-minority shareholders conflicts,[43] which may arise as a result of the overbearing nature of the majority in decision making process and the retention of earnings.[44] There is also the principal-creditor problem or debt holders-equity holders' conflict.[45] This problem is related to the claims of both stakeholders to the company's limited earnings. Both managers and creditors compete for the company's limited earnings for compensation and loan interest purposes respectively.[46] In addition, managers, shareholders, and creditors have different approaches and perceptions to risk. Accordingly, managers may be interested in improving the value of shareholders assets by increasing the

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[33] A.O. Akinpelu, *Corporate Governance Framework in Nigeria: An International Review* (Bloomington, iUniverse, Inc., 2011) 62; K. Udayasankar, 'The Foundations of Governance Theory: Case for the Resource-Dependence Perspective', 5(4) *Corporate Ownership & Control* (2008), p. 164, 165; B. Schwartz and A.L. Goodman, *Corporate Governance: Law and Practice*, 6ed (Johannesburg, Lexis Nexis Matthew Bender, 2014) 2; A. Shleifer and R.W. Vishny, 'A Survey of Corporate Governance', 52(2) The Journal of Finance (1997), p. 737, 738.

[34] A. Abdullah, and B. Valentine, 'Fundamental and Ethics Theories of Corporate Governance', 4 *Middle Eastern Finance and Economics* (2009), p. 88, 89; D.M. Branson, 'Corporate Governance 'Reform' and the New Corporate Social Responsibility' 61 *University of Pittsburgh Law Review* (2001), p. 605, 605-606.

[35] A. Abdullah, and B. Valentine, 4 *Middle Eastern Finance and Economics* (2009), p. 88, 89; D.M. Branson, 61 *University of Pittsburgh Law Review* (2001), p. 605, 605-606; A. Keay, 59(6) *International Journal of Law and Management* (2017), p. 1294, 1298; A.O. Akinpelu (2011), p. 62.

[36] B. Glinkowska, and B. Kaczmarek, 'Classical and Modern Concepts of Corporate Governance (Stewardship Theory and Agency Theory)', 19(2) *Management* (2015), pp. 84, 87-90; W.F.W. Yusoff, and I.A. Alhaji, 'Insight of Corporate Governance Theories', 1(1) *Journal of Business & Management* (2012), p. 52, 53-54; H. Khan, 25 *International Conference on E-business, Management and Economics*, (2011), p. 1, 1- 4.

[37] A.O. Akinpelu, (2011), p. 62.

[38] G. Abid, B. Khan, Z. Rafiq, and A. Ahmad, 'Theoretical Perspective of Corporate Governance', 3(4) *Bulletin of Business and Economics* (2014), p. 166, 170.

[39] E Klepczarek, 'Corporate Governance Theories in the New Institutional Economics Perspective the Classification of Theoretical Concepts', Studia *Prawno- ekonomiczne* (2017), p. 243, 248.

[40] M.S. Madiwalar, 'Theoretical Perspectives of Corporate Governance', 3(1) *International Journal of Creative Research Thoughts* (2015), p. 953, 958-959; W.F.W. Yusoff, and I.A. Alhaji, 1(1) *Journal of Business & Management* (2012), p. 52, 54.

[41] K. Udayasankar, 'The Foundations of Governance Theory: Case for the Resource-Dependence Perspective', 5(4) *Corporate Ownership & Control* (2008), p. 164, 166; A.O. Akinpelu (2012), p. 63.

[42] G. Abid, B. Khan, Z. Rafiq, and A. Ahmad, 3(4) *Bulletin of Business and Economics* (2014), p. 166, 170.

[43] O. Animashaun, and H. Chitimira, 'A Legal Analysis of the Protection of Minority Shareholders under the Nigerian Companies Act' 10 *Interdisciplinary Journal of Economics and Business Law* (2021), p. 178, 178-190.

[44] O. Animashaun, and H. Chitimira, 10 *Interdisciplinary Journal of Economics and Business Law* (2021), p. 178, 178-190; B. Panda, and N.M. Leepsa, 'Agency Theory: Review of Theory and Evidence on Problems and Perspectives', 10(1) Indian *Journal of Corporate Governance* (2017), p. 74, 74-80.

[45] A. Faizabad, M. Refakar, and C. Champagne, 'Corporate Governance: Theories, Mechanisms and the Case of Oil and Gas Exporting Developing Countries', 18(3) Corporate *Ownership & Control* (2021), p. 86, 88; S.C. Myers, 'Capital Structure', 15(2) *Journal of Economic Perspectives* (2001), p. 81, 82-92.

[46] A. Faizabad, M. Refakar, and C. Champagne, 18(3) Corporate *Ownership & Control* (2021), p. 86, 88; S.C. Myers, 15(2) *Journal of Economic Perspectives* (2001), p. 81, 82-92.

company's debt portfolio due to the collapse in debt value during inflation.[47] Agency costs may be reduced by fair and adequate financial disclosures, appointment of independent directors and credible independent auditors, and formation of audit committees.[48] Shareholders primacy, which is the main concern of agency theory, was initially employed in the corporate governance structures of the United States and United Kingdom.[49] However, the stakeholder principle and corporate social responsibility (CSR) are widely accepted, especially from the 1970's to date.[50] Nigerian corporations also endorsed shareholders primacy. Since the late 1980s, Nigerian corporations started making efforts to support host communities through CSR. Corporations operating in Nigeria followed Milton Friedman who believed that the responsibility of corporations did not transcend paying of the requisite taxes, levies and fees.[51] The position of Friedman who maintained that CSR is an unfair taxation was condemned by many scholars such as Mulligan, who opined that CSR is in the best interest of the companies because it is a combination of public relations, crisis management and political lobbying kits.[52] It took the agitation and resistance of the host communities and activists for Nigerian corporations to earnestly embark on and embrace CSR.[53]

Similarly, cases were instituted by the indigenes of Niger Delta area of Nigeria against corporations, especially the oil companies operating in the region for focusing on shareholders' primacy to the detriment of the environment.[54] Such cases involved land, air, water and noise pollution, oil spillage, and environmental degradation.[55] Moreover, in 2020, the management of Access Bank donated ₦1 billion and other materials like ambulances to the Federal Government of

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[47] I.A. Faizabad, M. Refakar, and C. Champagne, 18(3) Corporate *Ownership & Control* (2021), pp. 86, 88; S.C. Myers, 15(2) *Journal of Economic Perspectives* (2001), p. 81, 82-89; B. Panda, and N.M. Leepsa, 10(1) Indian *Journal of Corporate Governance* (2017), p. 74, 74-80.

[48] A.O. Oluwadayisi, A *Synopsis of Corporate Law, Property Practice and Law-in-Practice* (Ikeja, Princeton, 2016), p. 234-236; I.O. Bolodeoku, 'Corporate Governance: The Law's Response to Agency Costs in Nigeria', 32(2) *Brooklyn Journal of International Law* (2007), p. 467, 467-470.

[49] P.M. Vasudev, 'The Stakeholder Principle, Corporate Governance, and Theory: Evidence from the Field and the Path Onward', 41(2) Hofstra *Law Rev.* (2012), p. 399, 399-406.

[50] P.M. Vasudev, 41(2) Hofstra *Law Rev.* (2012), p. 399, 407-440.

[51] T. Mulligan, A Critique of Milton Friedman's Essay 'The Social Responsibility of Business is to Increase its Profits', 5(4) *Journal of Business Ethics* (1986), p. 265, 269; M. Friedman 'A Friedman Doctrine-The Social Responsibility of Business is to Increase its Profit' (1970) https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html accessed 6 May 2021, p. 1-2; M. Friedman, *Capitalism and Freedom* (Chicago, University of Chicago Press, 1962), p. 133.

[52] T. Mulligan, 5(4) *Journal of Business Ethics* (1986), p. 265, 269; M. Friedman (1970) https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html accessed 6 May 2021, p. 1-2; M. Friedman, (1962), p. 133; R. Knuutinen, 'Corporate Social Responsibility, Taxation and Aggressive Tax Planning', 14(1) *Nordic Tax Journal* (2014), p. 36, 36-59; T. Tepper, 'Milton Friedman on the Social Responsibility of Business, 50 Years Later', (2020) https://www.forbes.com/advisor/investing/milton-friedman-social-responsibility-of-business/ accessed 11 May 2022; D. Ng, 'Corporate Social Responsibility and Milton Friedman: Has Business Turned its back on Profit?', (2017) https://media4.manhattan-institute.org/sites/as/files/Milstein. Essay%20 Winner. 2017.pdf accessed 4 February-2022; M.A. Gulzar, J. Cherian, M.S. Sial, A. Badulescu, P.A. Thu, and N.V. Khong, 'Does Corporate Social Responsibility Influence Corporate Tax Avoidance of Chinese Listed Companies?' 10 *Sustainability* (2018), p. 1, 1-10.

[53] E.O. Ekhator, 'Corporate Social Responsibility and Chinese Oil Multinationals in the Oil and Gas Industry of Nigeria: An Appraisal', 28 *Cadernos de Estudos Africanos* (2014), p. 119, 127; H. Ijaiya, 'Challenges of Corporate Social Responsibility in the Niger Delta Region of Nigeria', 3(1) *ABUAD Journ. of Sustainable Development Law and Policy* (2014), p. 60, 60-71; F. Tuodolo, 'Corporate Social Responsibility: Between Civil Society and Oil Industry in the Developing World', 8(3) *International E-Journal for Critical Geographies* (2009), p. 530, 531; O.O. Amao, 'Corporate Social Responsibility, Multi-National Corporations and the Law in Nigeria: Controlling Multinationals in Host States', 52(1) *Journal of African Law* (2008), p. 89, 89-113; U. Idemudia, and U.E. Ite, 'Corporate-Community Relations in Nigeria's Oil Industry: Challenges and Imperatives', 13(4) *Corp Soc. Resp. Environ Mgmt.* (2006), p. 194, 194-195; J. Meehan, K. Mehan, and A. Richards, 'Corporate Social Responsibility: the 3C-SR Model', 33(5/6) *International Journal of Social Economics* (2006), p. 386, 386-398; M. Blowfield, and J.G. Frynas, 'Setting New Agendas: Critical Perspective on Corporate Social Responsibility in the Developing World', 81(3) *International Affairs,* (2005), p. 499, 499-500; A.O. Akinpelu (2011), p. 66.

[54] A. Morocco-Clarke, (2021) *NAUJILJ*, p. 28, 44; J.G. Frynas 43(2) Journal *of African Law* (1999), p. 121, 121-143.

[55] *Shell Petroleum Development Co Nigeria Ltd v Ambah* 1999 3 NWLR (Part 593) 1; *Shell Petroleum Development Co. Nig. Ltd v Amaro* 2000 10 NWLR (Part 675) 248; G*bemre v Shell Petroleum Development Company of Nigeria Limited* Suit No. FHC/CS/B/153/2005 (Unreported); *Ikechukwu Okpara v Shell Petroleum Development Company of Nigeria Limited* Suit No. FHC/PH/CS /518/2005 (Unreported) ;*ELF Nigeria v Sillo* 1994 6 NWLR (Part 350) 258; *Wadiaro v Shell Petroleum Development Company Nigeria Ltd* 1990 5 NWLR Part (150) 322; *Shell Petroleum Development Company Nigeria Ltd v Farah* 1995 NWLR (Part 382) 148; *Shell Petroleum Development Company, Nigeria Ltd v Ambah* 1991 3 NWLR (Part 593); *Shell Petroleum Development Company, Nigeria Ltd v Isaiah* 2001 11 NWLR (Part 723) 168; *Elf Nigeria Ltd v Opere Sillo* 1994 6 NWLR (Part 350) 258; *Shell Petroleum Development Company Nigeria Ltd v Tiebo Vii* 2005 (3-4 SC); A*nthony Atubie v Shell BP Development Co. of Nigeria Ltd.* UCH/48/73 of12th November 1974 (Unreported) & C*hinda v Shell B.P. Development Co. of Nigeria Ltd* UCH/38/73 of15th September 1974 (Unreported).

Nigeria, as its covid-19-related CSR. However, Access Bank's management retrenched its staff by 75 percent shortly thereafter. As stated earlier, this prompted the Central Bank of Nigeria prohibited all banks in Nigeria from retrenching their employees during the covid-19 pandemic. Similarly, the United Bank for Africa (UBA) laid off over 2000 employees while the compensation of the directors was paid in January 2020.[56] The donations to the Federal Government of Nigeria and state governments of covid-19 relief by Nigerian corporations may not be altruistic after all because the donations are tax deductible.[57]

3.2. Stakeholder theory

Stakeholder theory imposes accountability duties to various stakeholders, which include the shareholders, the suppliers, host community, employees and business partners.[58] It provides that the governance structure of corporations should be diverse to include different stakeholders.[59] The stakeholder theory criticized the agency theory for focusing exclusively on shareholders.[60] Stakeholder theory focuses on managerial decision making in the interests of all stakeholders. Thus, corporate governance is concerned with achieving corporate goals in tandem with individual and societal goals.[61] Theory and empirical work often do not ensure which corporate governance structure would be most efficient between agency and stakeholder's approach.[62] There is an argument that the stakeholder theory is narrow[63] because it identifies the shareholders as the main interest group of a corporate entity. However, the stakeholder theory is better in explaining the role of corporate governance than the agency theory by highlighting different constituents of a firm.[64] Stakeholders are sub-divided into different categories. Con-substantial stakeholders are the stakeholders who are essential for the business' existence (shareholders, investors, strategic partners and employees).[65] Contractual stakeholders, are persons who have some form of formal contractual relationship with the business (financial institutions, suppliers, subcontractors and customers). Lastly, contextual stakeholders are representatives of the social and political systems where the business operates (state institutions, host communities, professional bodies, societies, knowledge and opinion makers).[66] Stakeholder theory emphasizes the importance of CSR.[67] However, it may be inefficient due to conflicts among stakeholders.[68] Although the CAMA 2020 or other corporate statutes may not have adequately protected the interests of the stakeholders as identified above, other aspects of law such as employment law, environmental law, commercial law, safety, factories and health laws and regulations protect these stakeholders. Thus, it is pointless for company law or policy to repeat what was adequately covered under other areas of law.

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[56] F. Bako, 'Retrenchment Tsunami Hits UBA PLC as Over 3,000 Employees Lose Jobs' https://viewpointnigeria.org/retrenchment-tsunami-hits-uba-plc-as-over-3000-employees-lose-jobs/ accessed 13 June 2022.

[57] Sections 25 and 27 of Companies Income Tax Act Chapter C21 LFN 2004.

[58] M.S. Madiwalar, 3(1) *International Journal of Creative Research Thoughts* (2015), p. 953, 953-960.

[59] W.F.W. Yusoff, and I.A. Alhaji, 1(1) *Journal of Business & Management* (2012), p.52, 53-54.

[60] A.O. Akinpelu (2011), p. 63; M.M. Blair, 'Ownership and Control: Rethinking Corporate Governance for the Twenty First Century' in T. Clarke (ed) *Theories of Corporate Governance: The Philosophical Foundations of Corporate Governance* (New York, Routledge, 1988), p. 174-185; T. Clarke, 'The Stakeholder Corporation: A Business Philosophy for the Information Age" in T. Clarke (ed) *Theories of Corporate Governance The Philosophical Foundations of Corporate Governance,* (New York, Routledge, 2004), p. 190-196.

[61] A.O. Akinpelu (2011), p. 63; M.M. Blair (1988), p. 174-185; T. Clarke (2004), p. 190-196; T. Donaldson, and L. Preston, 'The Stakeholder Theory of the Corporation: Concepts, Evidences and Implications', 20(1) *Acad. of Mgt. Review* (1995), p. 65, 71.

[62] G. Abid, B. Khan, Z. Rafiq, and A. Ahmad, 3(4) *Bulletin of Business and Economics* (2014), p. 166, 170; A.O. Akinpelu (2011), p. 62.

[63] P.T. Coleman, A. Hacking, M. Stover, B. Fisher-Yoshida, and A. Nowak, 'Reconstructing Ripeness: A Study of Constructive Engagement in Protracted Social Conflicts', 26(1) *Conflict Resolution Quarterly* (2008), p. 1, 4; S. Subramanian, 11(1) Indian *Journal of Corporate Governance* (2018), p. 88, 88-90.

[64] P.T. Coleman, A. Hacking, M. Stover, B. Fisher-Yoshida, and A. Nowak, 26(1) *Conflict Resolution Quarterly* (2008), pp. 1, 4; S. Subramanian, 11(1) Indian *Journal of Corporate Governance* (2018), p. 88, 88-90.

[65] W.F.W. Yusoff, and I.A. Alhaji, 1(1) *Journal of Business & Management* (2012), p. 52, 56.

[66] W.F.W. Yusoff, and I.A. Alhaji, 1(1) *Journal of Business & Management* (2012), p. 52, 55-56.

[67] M.A. Lateef and A.O. Akinsulore, 12 *Beijing Law Report* (2020), p. 139,152-153.

[68] M.S. Madiwalar, 3(1) International *Journal of Creative Research Thoughts* (2015), p. 953, 959-960.

3.3. Stewardship theory

Steward theory is a variant and supplement of agency theory.[69] It reflects a sense of obligation or duty whereby the steward willingly subjugates his or her personal interests to act in protection of his principals' long-term welfare.[70] The steward theory states that stewards who are company executives and managers are predisposed to protect and maximise shareholders wealth.[71] The stewards are satisfied and motivated when organizational success is attained. Steward theory emphasises the position of employees or executives to act more autonomously so that shareholders' returns are maximized.[72] The employees take ownership of their jobs and work at it diligently.[73] Steward theory regards managers as assets of the company and proposes the fusion of the position of the CEO and chairman in order to reduce the agency costs and power struggle between the chairman and the CEO.[74] Recently, in Nigeria, it was permitted for a single person to hold the position of the chairman and the CEO. However, it is forbidden under the new CAMA 2020 and the different corporate governance codes.[75] The focus of stewardship theory is on structures that facilitate and empower rather than monitor and control.[76] Steward theory is best at explaining the corporate governance structure in small companies and family owned businesses in recent time.[77]

3.4. Resource dependency theory

The resource dependency theory focuses on the role of board of directors in providing access to resources needed by the firm.[78] It further states that organizations are interdependent but will compete for and exchange information and scarce resources. In addition, directors play an important role in providing or securing essential resources to an organization through their linkages to the external environment.[79] The provision of resources accessed through the assistance of directors enhances organizational functioning, performance and its survival. Resource dependency theory emphasises that the role of a firm's board is wider and it goes beyond the traditional control responsibility stipulated by the agency theory.[80] The resource dependence theory thus complements the agency theory by arguing that the board of directors may be used as a mechanism to curb managerial selfish behaviour.[81] Directors are selected based on a range of technical, interpersonal and conceptual skills, their motivation to manage, and their strong connections with the market, in particular, with the resources external to the organisation such as customers, suppliers and

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[69] S.N.N. Htay, S.A. Salman and A.K.M. Meera, 'Let's Move to 'Universal Corporate Governance Theory' 15(7) Middle *East J. Sci. Res.* (2013), p. 1047, 1048.

[70] S.N.N. Htay, S.A. Salman and A.K.M. Meera, 15(7) Middle-*East J. Sci. Res.* (2013), p. 1047, 1297; M. Hernandez, 'Toward an Understanding of the Psychology of Stewardship', 37(2) *Academy of Management Review* (2012), p. 172, 174.

[71] B. Glinkowska, and B. Kaczmarek, 19(2) *Management* (2015), p. 84, 87-90; W.F.W. Yosuff and I.A. Alhaji, 1(1) *Journal of Business & Management* (2012), p. 56, 57; J.H. Davis, F.D. Shoorman and L. Donaldson, 'Toward a Stewardship Theory of Management' in T. Clarke (ed) *Theories of Corporate Governance the Philosophical Foundations of Corporate Governance* (New York, Routledge, 2004), p. 118-130.

[72] G. Castrillón and M. Alfonso, 25(2) *Revista Científica Visión de Futuro,* (2021), p. 178, 187; S. Subramanian, 11(1) Indian *Journal of Corporate Governance* (2018), p. 88, *90*-100.

[73] M.S. Madiwalar, 3(1) International *Journal of Creative Research Thoughts* (2015), p. 953, 960-961.

[74] A. Abdullah and B. Valentine, 4 *Middle Eastern Finance and Economics* (2009), p. 88, 90.

[75] Sections 265(6) CAMA 2020, 5.2.1 of the CBN Code & 4.1.8 of the PENCOM Code.

[76] Sections 265(6) CAMA 2020, 5.2.1 of the CBN Code and 4.1.8 of the PENCOM Code.

[77] S. Subramanian, 11(1) Indian *Journal of Corporate Governance* (2018), p. 88, *90*-100.

[78] E.N. M'ithiria, D. Musyoki and K. Shawa, 'Corporate Governance, Board Structure and Firm Value: A Review of Literature', 14(4) Journal *of Business & Economic Policy* (2017), p. 72, 74-75; A. Abdullah and B. Valentine, 4 *Middle Eastern Finance and Economics* (2009), p. 88, 92; K. Udayasankar, 'The Foundations of Governance Theory: Case for the Resource-Dependence Perspective', 5(4) *Corporate Ownership & Control* (2008), p. 164, 167.

[79] M.S. Madiwalar, 3(1) International *Journal of Creative Research Thoughts* (2015), p. 953, 962.

[80] E.N. M'ithiria, D. Musyoki, and K. Shawa, 14(4) Journal *of Business & Economic Policy* (2017), p. 72, *74*-75.

[81] Y. Li, A. Armstrong, and A. Clarke, 'The Relationship Between Corporate Governance and Financial Performance of Small Corporations in Australia', 9(2) *Journal of Law and Governance,* (2014), p. 25, 29-30; J. Du Plessis, A. Hargovan, and J. Harris, Principles *of Contemporary Corporate Governance,* 4ed (Cambridge, Cambridge University Press, 2018)10-15.

financiers.[82] The directors bring resources to the firm, such as information, skills, access to key constituents such as suppliers, buyers, public policy makers, social groups as well as legitimacy. Directors can be classified into four categories of insiders, business experts, support specialists and members of community.[83] Hence, the board of directors may serve as a nexus between the internal environment and external environment, which may further synergize internal and external resources. Resource dependence theory advocates the presence of non-executive directors for their independent voice and ability to understand the customer's needs.[84]

3.5. Transaction cost theory

Transaction cost theory is a variant of agency theory; it states that a company has number of contracts within the company itself or with market through which it creates value for the company.[85] There is a cost associated with each contract with external party, such cost is called transaction cost. Unlike the agency theory, the transaction cost theory does not discuss the issues such as protection of shareholders' right, rather it emphasizes the effective and efficient completion of transaction by managers. Thus, transaction cost theory calls for corporate governance mechanisms whereby the manager for instance will look at the transaction costs of owing or renting a needed asset and will decide on the option with lesser cost.[86]

3.6. Political theory

The major concern of the political theory is the decision-making process of the shareholders, that is, how the quantum of shareholdings in a company may influence the decision making in the company and its corporate governance structure.[87] The political theory posited that the distribution of corporate powers, profits and privileges may be determined in part through governments' favour or interference in corporate decision making through its agencies. The government also make laws for the protection of the public and the marginalised groups like the minority shareholders. Political theory infers that companies are influential in moulding the political, legal and regulatory system while the government also legislates and influences companies' decision making and corporate governance system.[88] The influence of the governments in Nigeria in setting the tone of corporate governance is indisputable, because it provides the legal, political and legislative framework. Similarly, corporation are influential in lobbying Nigerian governments. Furthermore, there are corporations that are wholly or partly owned by state or the federal government in Nigeria. Such corporations include the Nigerian Railway Corporation, Nigeria Television Authority, Federal Radio Corporation of Nigeria and others.

3.7. Sociological theory

The sociological theory focuses on the composition and structure of corporate boards and the implications for power and wealth distribution in the society.[89] The theory enunciates the problems of multiple directorships in various organizations thereby concentrating corporate power in the hands of few privileged members of the society, casting aside social equity and economic progress of society.

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[82] Y. Li, A. Armstrong, and A. Clarke, 9(2) *Journal of Law and Governance*, (2014), p. 25, 29-30; M.E. Archibald, 'Resource Dependency Theory' (n.d) https://www.britannica.com/topic/resource-dependency-theory accessed 12 May 2022.
[83] W.F.W. Yusoff, and I.A. Alhaji, 1(1) *Journal of Business & Management* (2012), p. 52, 56-57.
[84] W.F.W. Yusoff, and I.A. Alhaji, 1(1) *Journal of Business & Management* (2012), p. 52, 56-57.
[85] T. Afza and M.S. Nazir, 'Theoretical Perspective of Corporate Governance: A Review', 119(2) *European Journal of Scientific Research* (2014), p. 255, 255-261.
[86] T. Afza and M.S. Nazir, 119(2) *European Journal of Scientific Research* (2014), p. 255, 255-261.
[87] T. Afza, and M.S. Nazir, 119(2) *European Journal of Scientific Research* (2014), p. 255, 255-261.
[88] S. Turnbull, 'Corporate Governance: Theories, Challenges and Paradigms', (2017) https://www.academia.edu/3078 2600/Corporate _Governance_Theories_Challenges_and_Paradigm accessed 2 June 2022, p. 1, 2-35; S.N. Borlea, and M.V. Achim, 'Theories of Corporate Governance', 23(1) *Studia Universitatis Arad* (2013), p. 117, 117- 122.
[89] T. Afza, and M.S. Nazir, 119(2) *European Journal of Scientific Research* (2014), p. 255, 262.

The sociological theory assumes that boards dominated by non-executive directors, transparent accounting disclosures and corporate accountability are effective and essential tools to promote impartiality and fairness in the society which are considered as the socio-economic objectives of a corporate firm.[90] Nigerian corporate codes and the CAMA 2020 is tilting towards this theory with regards to the restriction on the number of board that a person could sit on and emphasis on corporate disclosure.[91]

3.8. Other theories

There are other theories such as class hegemony theory which utilises the elite theory to explain that directors are an elite or at the top of the company. The company recruit and appoints new directors, hence revolving the elites. Similarly, managerial hegemony theory suggests that the management of a company may effectively dominate the directors, as the latter is involved in the day-to-day running of the business.[92]

4. Corporate governance crisis in Nigeria

Nigeria is not strange to poor corporate governance which was responsible for grounding most of the public and private companies.[93] State-owned enterprises (SOEs) had the monopoly of the Nigerian market from 1960 till the 1980s.[94] SOEs were the machinery for the provision of goods, services and employment for Nigerians in different sectors of the Nigerian economy, such as agriculture, broadcasting, banking, manufacturing, refinery, real estate, housing and others. By late 1980s, these SOEs have grown too large and suffer from excessive bureaucratic controls, inappropriate technologies, gross incompetence and blatant corruption; and most of the SOEs were technically insolvent.[95] Thus, the decision of the Federal Government of Nigeria to privatise and commercialise hundreds of SOEs was a reaction to the failure of corporate governance in these SOEs.[96] Unfortunately, bad corporate governance and unethical behaviour was not limited to SOEs or local corporations, multinational corporations such as Unilever (Lever Brothers Plc) and Cadbury were involved. Both Unilever and Cadbury were involved in accounting manipulations resulting in the loss of over a hundred million dollars for each of the company.[97] The CEO, chief financial officer (CFO) and other senior officials, including the respective auditors were relieved of their appointment.[98]

There were also series of failure of banks in Nigeria. Bank failures was essentially disastrous as it did not only adversely affect the economy of the country, but the depositors assets which were spent on maintaining the luxurious lifestyle of bank executives, were lost.[99] In the 1950s, 21 out of the 25 indigenous banks folded up, while 60 out of the 115 banks in operation in Nigeria were distressed as at 1995.[100] Corporate governance infractions such as cases of excessive executive remuneration, fraud, insider trading, reckless spending by the management and non-performing loans

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[90] T. Afza, and M.S. Nazir, 119(2) *European Journal of Scientific Research* (2014), p. 255, 262.

[91] Sections 60 and 61-62 of ISA.

[92] E. Klepczarek, Studia *Prawno-ekonomiczne* (2017), p. 243 254.

[93] O.B. Akande, Corporate *Governance Issues in the Nigerian Banking Industry* (DBA- Thesis Walden University 2016), p. 1-14; O.A. Akinpelu, (2011), p. 337-355.

[94] O.B. Akande, (2016), p. 1-14; O.A. Akinpelu, (2011), p. 337-355.

[95] O.A. Akinpelu, (2011), p. 337; D.O. Adeyemo, 'Public Enterprises Reform in Nigeria: A Review', 10(3) *Journ. of Soc. Sci.* (2005), p. 223, 223-231.

[96] Schedules 1, 2 & 3 of Public Enterprises (Privatisation and Commercialisation) Act Chapter P38 LFN 2004; D.O. Adeyemo, 10(3) *Journ. of Soc. Sci.* (2005), p. 223, 223-231; World Bank., *Governance- The World Bank's Experience* (Washington DC., The International Bank for Reconstruction and Development/ The World Bank, 1994), p. 1-29.

[97] O.A. Akinpelu, (2011), p. 339-341.

[98] O.A. Akinpelu, (2011), p 339-340; *Cadbury Nig. Plc v Olubunmi Oni* 2012 LCN/5720 (CA).

[99] O.A. Akinpelu, (2011), p. 341.

[100] O.O. Balogun, A *Review of the Central Bank's Role as Prudential Regulator in Nigeria: An Analysis of the Case for a Separate Supervisory Agency?* (LLM- Thesis, University of London, 2011), p. 40; S.O. Alashi, 12 *NDIC Quarterly* (2002), p. 49, 61.

were reported as the causative agents of the distress in the system.[101] Similarly, between 1989 and 1992 as much as £4137.63 million was lost to fraud and bad debt due to lending to directors and their associates without security.[102] There was also a massive bank failure in 2009 when depositors' funds and shareholders' capital were dissipated through the unethical and unwholesome practices of the directors and management of the banks.[103] In order to arrest the poor corporate governance pervading the Nigerian economy, legal measures and corporate governance codes were adopted. For instance, the Failed Banks (Recovery of Debts) and Financial Malpractices in Bank Act (Failed Bank Act)[104] was enacted and it provides, among other provisions, that any officer or director of a bank who willfully or negligently or intends to fritter the assets of a bank is liable to punishment. Many bank directors and officials were convicted under the Failed Bank Act.[105] In addition, licences of many banks were revoked by the Central Bank of Nigeria, while mergers and consolidation of the existing banks were embarked on, in order to rescue ailing banks whose financial position were not irredeemable.[106] The CEOs of many of the distressed banks such as Cecilia Ibru of Oceanic Bank were removed, prosecuted and convicted for mismanagement, fraud, insider abuse and other corporate governance infractions[107] in the 2009 bank failure debacle.[108] Similarly, codes of corporate governance were developed in Nigeria due to the failure of global brands ostensibly due to corporate governance infractions.[109] Other reasons for the development of corporate governance codes are the need to curb the excesses of the companies' directors and managers;[110] and the pervasive recklessness of the Nigerian directors. Some of these codes include the Financial Reporting Council of Nigeria Code of Corporate Governance, 2018 (FRCN code), the Securities and Exchange Commission Code of Corporate Governance for Listed Companies, 2011 (SEC Code), Code of Corporate Governance for the Telecommunication Industry, 2016 issued by the Nigerian Communications Commission, Code of Best Practice for Banks and Discount Houses in Nigeria 2014, issued by the Central Bank of Nigeria (CBN code). Other codes of corporate governance are Code of Good Corporate Governance for Insurance Industry in Nigeria, 2009 issued by the National Insurance Commission (NAICOM code); and Code of Corporate Governance for Licensed Pension Fund Operators, 2008 issued by the National Pension Commission (PENCOM code). It is important to state that the Securities and Exchange Commission (SEC) also have the 2007 SEC Code of Conduct for Shareholders' Associations (SEC Code for Shareholders).

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[101] L. LaBorde, 'Money-Then and Now Part XII: The 1933 Banking Crisis' (2005) www.silvertrading.net, accessed 24 May 2022; U.A. Ubom and U.B. Ubom, 'Financial Instability in Nigeria: A Review of Banking Crisis', (2007) https://www.globalacademic group.com/journals/the%20nigerian%20academic%20forum/Uduak80.pdf accessed 2 February 2022, p. 1-8; K. Adeyemi, 'Banking Sector Consolidation in Nigeria: Issues and Challenges' 9(3) *Union Digest* (2006), p. 32, 32; B.B. Ebong, 'The Banking Industry and the Nigerian Economy Post Consolidation', 9(3) *Union Digest* (2006), p. 22, 22-23; U.M. Ogubunka, 9(2) *Union Digest* (2005), p. 96, 96-97; O.J. Nnanna, 'Today's Banking Risks and Current Regulatory and Supervisory Framework', 27(3) *Bullion* (2003), p. 30, 32-33; S.O. Alashi, 12 *NDICQ* (2002), p. 49, 50.

[102] O.O. Animashaun, *Loan Disbursement and Recovery, Policies and Procedures: A Case Study of First Bank of Nigeria Plc.* (MBA Thesis, Obafemi Awolowo University,1992), p. 29.

[103] O.A. Akinpelu, (2011), p. 341.

[104] Sections 15 and 17 of the Failed Banks (Recovery of Debts) and Financial Malpractices in Bank Act Chapter F2 LFN 2004.

[105] *Federal Republic of Nigeria v Ajayi* 1998 3 FBTLR 32; *Federal Republic of Nigeria v Abule* 1998 1FBTLR 62; *Federal Republic of Nigeria v Mohammed Sherrif* 1998 2 FBTLR 109; *Federal Republic of Nigeria v Murnai* 1998 2 FBTLR 196; *Federal Republic of Nigeria v Stephen Baba-Bangoji* 1999 1 FBTLR 178; *Federal Republic of Nigeria v Abiodun* 1999 2 FBTLR 116; *Federal Republic of Nigeria v Nwabia* 1998 4 FBTLR 196&*Federal Republic of Nigeria v Eze* 1998 4 FBTLR 178.

[106] Section 34(a) of the Nigerian Deposit Insurance Corporation Act Chapter N102 LFN 2004; section 42(1) of the Central Bank of Nigeria Act 2007; O.A. Akinpelu, (2011), p. 342-345.

[107] O.A. Akinpelu, (2011), p. 341-344; O.O. Balogun, (2011), p. 38.

[108] *Nigeria v Santolina Investment Company* 2007 EWHC 437 (Ch); *Access Bank v Akingbola* 2012 EWHC 2148 (Comm); *Okey Nwosu, Dayo Famoroti, Agnes Ebubedike and Danjuma Ocholi v Federal Republic of Nigeria* 2013 11 LLIR 1 (CA); *Ibru v State* 2011 17 NWLR Pt. 1275 6; *Ibru v Federal Republic of Nigeria* FHC/L/297C/2009; *Federal Republic of Nigeria v Yusuf* FHC/ABJCR/2009 (Unreported).

[109] The liquidation of Multi-national Corporations and international consulting giants such as Enron, Arthur Andersen, Global Crossing, Aldephia Inc. and WorldCom (USA); Bank of Credit and Commerce Int., Polly Peck, Mirror Group (UK) etc. due to corporate governance infractions sent shockwaves around the world. The observed corporate governance challenges led to the creation of corporate governance regulations such as Sarbanes-Oxley Act in the US (sections 1-1102); Cadbury Committee Report, *The Committee on the Financial Aspects of Corporate Governance: Report with Code of Best Practice* (London, Gee Publishing, 1992), p. 1-90.

[110] P. Coetzee and L.J. Erasmus, 'Driving Audit Committee Disclosure: Legislation Versus Best Practice', 8(1) *Business Perspectives and Research* (2020), p. 36, 36; M.S. Madiwalar, 3(1) *International Journal of Creative Research Thoughts* (2015), p. 953, 954-955.

The Codes of Corporate Governance mentioned above, set out the responsibilities, proceedings and structure of the board of directors of companies with the purpose of promoting transparency, accountability and independence of directors for the benefit of the company. The CBN code for instance advocates the link of the executive director's remuneration to their performance, in a bid to stem executive recklessness and excessive remuneration.[111] Similarly, principle 11.3 of FRCN code precludes executive directors from sitting on the remuneration and audit committees. However, some of the recommendations of the different codes of corporate governance highlighted above are similar but the proliferation may make it difficult for total compliance by the participants who have multiple regulators in instances of conflicts between the codes. For instance, the publicly listed banks are expected to comply with the CBN, SEC, and the FRCN codes which sometimes have different provisions on a single issue. The different corporate codes issued by different Nigerian agencies have diverse provisions on the same issue. For instance, the FRCN Code did not provide for a specific number of board members, it only specifies that board members should possess appropriate balance of knowledge, skills, experience, diversity and independence to foster the effective management of the company.[112] However, what constitute "appropriate balance of knowledge, skills, experience, diversity and independence" may be subject to various interpretations. Similarly, the PENCOM code made no prescription as to the number of directors.[113] The SEC, CBN and NAICOM Codes however, provides that the membership of the board of directors- should not be less than five (5),[114] not be more twenty (20) members,[115] and be between seven (7) and fifteen (15) members respectively.[116] The CAMA 2020 however provides that a company not being a small company[117] must have at least two members,[118] although it made further provision that a public company must have at least three Independent Non-Executive Directors (INEDs).[119] Section 271 of the CAMA 2020 further provides for a single directors[120] for small companies[121] as against the provisions of the SEC, CBN and NAICOM Codes cited above. Apart from contradicting the provisions of the CAMA 2020 it did not consider the financial burden of having many directors. Similarly, section 7.3 of the SEC code provides that all the other directors require 75 percent vote to override the dissension of the INEDs. This is contrary to section 289(2) of the CAMA 2020 which provides that questions at board meetings shall be decided by a majority of votes of directors and in case of an equality of votes, the chairman has a second or casting vote. The FRCN, SEC and CBN codes also provide that the external audit firm shall be retained for no longer than ten years,[122] the PENCOM code is silent on the tenure of external auditors while the NAICOM code prescribes a maximum of five (5) years of engagement.[123] Thus, these codes contain different, sometimes conflicting provisions on the same issue. It is apt to state here that the applicability of corporate codes to private companies was contended in *Eko Hotels Limited v. Financial Reporting Council of Nigeria*[124] where it was held that the FRCN's power, as stated in its enabling Act, covers only public entities and that this does not extend to regulation of private companies.

[111] Section 6.2 of the CBN Code 2006.
[112] Principle 2.2 of the Financial Reporting Council of Nigeria Code of Corporate Governance 2018 (FRCN Code).
[113] Section 4.0 of the Code of Corporate Governance for Licensed Pension Operators (PENCOM Code).
[114] Section 4.2 of the SEC Code of Corporate Governance in Nigeria 2011(Applicable to Publicly Listed Companies).
[115] Section 5.3.5 of the Code of Corporate Governance for Banks in Nigeria Post-Consolidation 2006 (CBN Code).
[116] Section 5.04 of the NAICOM Code of Corporate Governance for the Insurance Industry in Nigeria 2009 (NAICOM Code).
[117] A small company was defined in 394 of CAMA 2020, as a private company with a net asset and turnover of not more than N 60 million and N120 million respectively or the amount that the Corporate Affairs Commission may fix from time to time; furthermore, none of the members of a small company must be an alien; a government, government corporation or agency or its nominee.
[118] Section 271(1) CAMA 2020.
[119] Section 275 CAMA 2020.
[120] Sections 18 and 271 CAMA 2020.
[121] Section 394 CAMA 2020.
[122] Principle 20.2 of the FRCN Code, sections 33.4 of the SEC Code, 8.2.2 and 8.2.3 of the CBN Code.
[123] Section 8.0 of the NAICOM Code.
[124] Suit No. FHC/L/CS/1430/2012 delivered on 21-03-2014 (Unreported).

5. Covid-19 and Corporate Governance in Nigeria

The import of good corporate governance came to the fore with the advent of covid-19 pandemic, as companies that were treading on the borderline became either candidates of hostile corporate takeover or bankruptcy.[125] Since one of the objectives of corporate law is good corporate governance, many of the corporate governance codes are part of the CAMA 2020 and other corporate laws such as ISA. For instance, section 60 of the ISA ensures sound corporate governance by providing that, it is the corporate responsibility of public companies to ensure that the financial statements presented to the public represent the true position of the company verified by the CFO and CEO. Similarly, sections 62 and 63 of the ISA provides that all auditors of public companies must be registered with SEC and must confirm the presence and adequacy of internal control mechanism in their financial report on the company. The CBN and PENCOM Codes provides that the responsibilities of the Chairman of the board of directors should be separated from that of the managing director or CEO and that no single individual shall be occupying the two positions at the same time.[126] Departing from the position of CAMA 1990, CAMA 2020 has also provided that the position of managing director and CEO should be held by different persons[127] in line with the stakeholder theory.

Recently, the CBN used its powers to tackle corporate governance infractions in a financial conglomerate.[128] Insider dealings and abuse of office were levied by the CBN against a former Chairman of First Bank of Nigeria Holdings (FBN Holdings), Oba Otudeko who had also served a term of ten years as the Chairman of the subsidiary First Bank of Nigeria (FBN) until 2010.[129] The board of FBN Holdings removed the CEO of the subsidiary,- FBN and appointed a replacement on the 28th of April 2021. This removal is contrary to section 47 of the BOFIA, which provides that the appointment of any person as a director in any bank in Nigeria must be with the prior written approval of the CBN.[130] The CEO of FBN who was removed by the FBN Holdings board of directors claimed that his removal was not unconnected with his insistence that the companies related to the chairman service its outstanding loans.[131] The CBN replaced the entire boards of FBN and FBN Holdings, reinstated the CEO and requested FBN to recover outstanding loans owed by companies related to the former directors and divest from its participation in non-permissible companies, which include stakes in the recently removed directors' companies. Further, the erstwhile chairman of FBN Holdings was forced to sell his shares in a private company to repay the age long loan to FBN.[132] CBN also identifies potential corporate governance lapses at the FBN.[133] To foster good corporate governance, FBN Holdings, a holding company and a financial supermarket consisting of banks, registrar, insurance, pension fund custodian, trustee, discount house and others changed its registrar from First Registrar (its subsidiary) to Meristem.[134] This gesture is likely to reduce inbreeding and

[125] A. Idigbe and O. Kalu, 'Nigeria: COVID 19 the Global Game Changer: Impact on Restructuring of Insolvent Businesses in Nigeria' (2020) https://www.mondaq.com/nigeria/insolvencybankruptcy/910778/covid-19-the-global-game-changer-impact-on-restructuring-of-insolvent-businesses-in-nigeria-/ accessed 28 May 2022; O.J. Olujobi, 'Combating Insolvency and Business Recovery Problems in the Oil Industry: Proposal for Improvement in Nigeria's Insolvency and Bankruptcy Legal Framework', 7(2) *Heliyon* (2021), p. 1, 1-10.

[126] Sections 5.2.1 of the CBN code and 4.1.8 of the PENCOM code.

[127] Section 265(6) CAMA 2020.

[128] Sections 33 and 34 of BOFIA; Danson *Izedonmwen & Anor v Union Bank PLC*2011 LCN/4919 (CA).

[129] A. Adu, A. Ayeku, and H. Aigbe, 'Nigeria: Removal of Directors of First Bank of Nigeria Limited: An Analysis of the Action Taken by the Central Bank of Nigeria', (2021) https://www.mondaq.com/nigeria/shareholders /1070686/removal-of-directors-of-first-bank-of-nigeria-limited-an-analysis-of-the-action-taken-by-the-central-bank-of-nigeria/ accessed 4 February 2022.

[130] It is also contrary to section 288 of CAMA 2020; See also *Longe v First Bank of Nigeria* 2010 6 NWLR Pt.1189 1 para 5.

[131] Proshare, 'FBN Holdings Plc Drops First Registrars, Appoints Meristem Registrars as Replacement' (2021), https://www.proshareng.com/news/Stock---Analyst-Updates/FBN-Holdings-Plc-Drops-First-Registrars/59651# accessed 1 June 2022.

[132] Wall Street Journal, 'Oba Otudeko sells Honeywell for N 22bto repay age long loan to FBN Holding', (2022) https://thestreetjournal.org/oba-otudeko-sells-honeywell-for-n22bn-to-repay-age-long-loan-to-first-bank-of-nigeria-holding/ accessed 12 June 2022.

[133]Proshare, 'FBN Holdings Plc Drops First Registrars, Appoints Meristem Registrars as Replacement' (2021) https://www.proshareng.com/news/Stock---Analyst-Updates/FBN-Holdings-Plc-Drops-First-Registrars/59651# accessed 1 June 2022.

[134]Proshare., 'FBN Holdings Plc Drops First Registrars, Appoints Meristem Registrars as Replacement' (2021) https://www.proshareng.com/news/Stock---Analyst-Updates/FBN-Holdings-Plc-Drops-First-Registrars/59651# accessed 1 June 2022.

foster further disclosure because FBN Holdings hold no share in Meristem. The article further proposes that all public companies in Nigeria should disclose the percentage of shares held by the significant shareholders with at least 5% shares through direct or indirect shareholding and the time of acquisition of such significant shareholding. It is apparent that covid-19 brought the corporate governance infraction to the fore, as the bank had to call in the outstanding loans due to the precarious risks that companies are exposed to due to the pandemic.

Similarly, in line with the lockdown and covid-19 compliance rules, the Nigerian Stock Exchange (NSE) issued guidelines on how companies could hold valid virtual committee or board meetings, a condition that was unacceptable before the advent of covid-19.[135] Similarly, NSE granted a 60-day moratorium for companies to submit their audited account due to covid-19 epidemic in 2020. In addition, it seems that CAMA 2020 is more technologically savvy and covid-19 compliant than the preceding CAMA 1990. For instance, section 240(2) of the CAMA 2020 allows private companies to conduct their AGM electronically. The article however suggests that CAMA 2020 should be amended to allow for the conduct of public company's AGM in a hybrid form, that is, by physical and electronic means. CAMA 2020 in contradistinction to CAMA 1990, make copious provisions for electronic correspondence, certificates and transfers. For instance, CAMA 2020 provides for electronic communication,[136] electronic signature by directors and secretaries to authenticate documents,[137] electronic transfer of shares,[138] and storage of corporation records by electronic means.[139] It is suggested that these provisions are useful in curtailing the spread of covid-19, although it was primarily enacted to increase the ease of doing business and transactions in Nigeria, since virtual transactions are real time transactions and less costly. However, since virtual transactions are more prone to fraud than face to face transactions, adequate measures must be put in place by the corporations, Nigerian governments and security agencies to curb fraud. In addition, the authors observed that the pandemic seems to make the job of the directors in Nigerian corporations more demanding especially with regards to risk management, safety, strategy, technology, safeguarding the supply chains, succession planning and prevention of fraud. Thus, the directors must frequently initiate ideas, coordinate and supervise management to ensure that the corporations have adequate and updated technology, foolproof processes capable of exposing fraud and a well-entrenched safety procedure. The directors must also be involved in formulating strategies to manage risks and safeguard their supply chains. In essence, the covid-19 pandemic has mandated companies in Nigeria to take special interest in the stakeholders, especially the employees, customers and suppliers because the pandemic must be arrested. Nigerian companies that have failed in the past to provide personal protective equipment (PPE) to their staff, especially casual employees were forced by the pandemic to do so.[140] Thus, the corporate governance system is forced to shift from the agency to the stakeholders' model in this instance.

Section 275 of the CAMA 2020 mandates all public companies to have at least three INEDs as advocated by most corporate governance codes.[141] Section 278 of the CAMA 2020, provides that suitable person for appointment as a director of a public company must disclose his directorships of other companies, while section 307(3) of the CAMA 2020 provides that a person shall not be a director in more than five public companies. The import of this is that it seems that the Nigerian corporate governance rules and corporate law is swinging away from observance of agency and steward theories to adherence with stakeholders' and sociological theories, as there are heightened expectations by the public for societal engagement from corporations in Nigeria.

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[135] Aluko and Oyebode & Co., 'COVID-19: Corporate Governance and Regulatory Registry in Nigeria', (2020) AO-Bulletin-Corporate-Governance-and-Regulatory-Registries.pdf/ accessed 12 June 2022.

[136] Sections 31(1), 244(3) and 549 CAMA 2020.

[137] Section 101 CAMA 2020.

[138] Sections 175(1) and 176(1) CAMA 2020.

[139] Sections 375(3) and 422(3) CAMA 2020.

[140] O.O. Adepoju and D.L. Opeyemi, 'Analyzing Nigeria's PPE Manufacturing Capacity and the Resultant Entrepreneurial Opportunities Due to COVID-19', in A.A. Eniola (ed) *Entrepreneurship and Post-Pandemic Future* (Bingley, Emerald Publishing Limited, 2022) pp. 117-142; O.O Animashaun 'Casualisation and Casual Employment in Nigeria: Beyond Contract', 1(4) *Nigerian Journal of Labour Law and Industrial Relations* (2007), pp. 14-34.

[141] For instance, section 7.3 of the SEC Code.

6. Recommendations

The corporate governance issues related to the composition, independence, and remuneration of the board of directors in Nigerian companies have received some attention under the CAMA 2020 and the different corporate governance codes, but there is still room for corporate law reforms. To address the corporate governance challenges in Nigeria, there must be adequate legislative provisions and enforcement mechanism on issues related to disclosures, accountability and supervision.[142] For example, a weak enforcement mechanism, a corrupt or lax regulatory system may lead to the exploitation of the system by expedient corporations to advance unethical objectives.[143] Thus, the codes of corporate governance by should be harmonized by the FRCN in concert with the regulatory agencies such as the SEC, the PENCOM, the NAICOM and the CBN. The harmonised code should have a general section applicable to all sectors of the economy in Nigeria while appropriate sections will address the peculiarities of the different sectors. The harmonised codes of corporate governance will take the provisions of the CAMA 2020 into consideration, while also addressing the dissent in the different codes. This approach could curb the possible duplication of effort by the different regulators in Nigeria.

In light of the advent of the covid-19 pandemic, it is further recommended that the Nigerian companies' existing reporting and information systems should be revamped to enable the board of directors to monitor and manage covid-19 issues and their potential risks in a proactive manner. The board directors should mitigate the business risks, the workplace health and safety issues posed by covid-19.[144] There should be a disaster plan to address matters such as employee availability, functionality of IT systems, cyber-security, communication protocols and legal/regulatory compliance in case of resuscitation of covid-19 or similar catastrophe.[145] The aforementioned issues have assumed more prominence with the advent of covid-19 pandemic since most of the employees of corporations were (in some cases still are) working from home and reliance for communication and meetings are based on IT. Detailed board and management succession plans for Nigerian companies should be adopted due to the susceptibility of anyone, including key officers of companies to covid-19. Long-term corporate strategy should be reassessed, as the covid-19 pandemic has brought new and unique challenges and opportunities to most businesses. These challenges and opportunities include cultivating new alliances, innovative methods and technology, new ventures, acquisitions (or disposing of non-core assets or businesses), exploring lower cost financing structures, and developing new employee benefit plans.[146] The covid-19 pandemic magnifies the importance of liquidity and capitalization considerations in Nigerian corporations. Given that covid-19 was unexpected, its extremely rapid onset met many asset rich companies in a highly geared position.[147] Accordingly, such companies either goes into liquidation or acquired at a fraction of its value by companies or individuals who are liquid. Hence, in this regard directors and management should review periodically updates with respect to the company's liquidity and capital issues. Issues such as the impact of the crisis on the company's cash flow and the upcoming maturities of outstanding debts

[142] M.A. Lateef and A.O. Akinsulore, 12 *Beijing Law Report* (2020), p. 139, 154.
[143] M.A. Lateef and A.O. Akinsulore, 12 *Beijing Law Report* (2020), p. 139, 154.
[144] W. Kucera, J. Simala and A. Noreuil, 'COVID-19 and Corporate Governance: Key Issues for Public Company Directors', (2020) https://corpgov.law.harvard.edu/2020/04/29/covid-19-and-corporate-governance-key-issues-for-public- company-directors/ accessed 20 May2022, p. 2-5.
[145] W. Kucera, J. Simala and A. Noreuil, 'COVID-19 and Corporate Governance: Key Issues for Public Company Directors', (2020) https://corpgov.law.harvard.edu/2020/04/29/covid-19-and-corporate-governance-key-issues-for-public- company-directors/ accessed 20 May2022, p. 2-5.
[146] W. Kucera, J Simala and A. Noreuil, 'COVID-19 and Corporate Governance: Key Issues for Public Company Directors', (2020) https://corpgov.law.harvard.edu/2020/04/29/covid-19-and-corporate-governance-key-issues-for-public-company-directors/ accessed 20 May2022, p. 2-5; A. Koutoupis, P. Kyriakogkonas, P. Pazarskis and L. Davidopoulos, (21)6 *Corporate Governance International Journal of Business in Society,* (2021), p. 969, 974.
[147] O.E.L. Amnim, P.C. Okeke and F.C. Obiorah, 'Impact of Covid-19 Pandemic on Liquidity and Profitability of Firms in Nigeria', 11(3) *International Journal of Academic Research in Business and Social Sciences* (2021), p. 1331, 1344.

should be addressed.[148] In addition, due the covid-19 pandemic, some companies may need to consider a reduction in the perquisite and executive compensation, which may lead to renegotiation of the existing contracts to keep the certain companies afloat.

7. Concluding remarks

The unexpected emergence of the covid-19 pandemic exposes deep-seated corporate governance infractions and financial fissures in Nigerian companies. Prior to the outbreak of the covid-19 pandemic in Nigeria, the laxity in the observance of good corporate governance and inculcation of good corporate culture was responsible for mass corporate failure and insolvency such as the massive bank failure of 2009. This mass corporate failure threatened the Nigerian economy. Various regulations such as the BOFIA, the CAMA 2020 and multiple codes of corporate governance were introduced by the regulators in each industry to combat poor corporate governance practices in Nigeria. The provisions of these corporate governance codes differ from one another and some of these codes are at variance with the CAMA 2020. The importance of good corporate governance made the CAMA 2020 to incorporate some of the provisions in the corporate governance codes in its provisions. Thus, it seems that covid-19 is re-writing the rules of corporate governance since it has changed and is still changing the guiding principles of corporate governance from shareholders' primacy (agency theory) to stakeholder involvement (shareholder theory) partly due to the heightened expectations for societal engagement from corporations in Nigeria. In addition, Nigerian companies should adopt a responsible position towards the relevant stakeholders and the environment. This approach will reduce global warming and pollution in Nigeria.[149]

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[148] O.E.L. Amnim, P.C. Okeke and F.C. Obiorah, 11(3) *International Journal of Academic Research in Business and Social Sciences* (2021), p. 1331, 1344; A. Koutoupis, P. Kyriakogkonas, P. Pazarskis and L. Davidopoulos, (21)6 *Corporate Governance International Journal of Business in Society*, (2021), p. 969, 974.

[149] A.O. Akinsulore, 'Effects of Legislation on Corporate Social Responsibility in the Minerals and Mines Sector of Nigeria', 7(1) *ABUAD Journal of Sustainable Development Law and Policy* (2016), p. 97, 97-115; B. Ihugba, 'Compulsory Regulation of CSR: A Case Study of Nigeria', 5(2) Journal *of Politics and Law* (2012), p. 68, 68-81; E.A. Ekhator, 28 *Cadernos de Estudos Africanos* (2014), p. 119, 119-158; E. Emeseh, R. Ako, P.O. Obokoh, and L. Ogechukwu, 'Corporations, CSR and Self-Regulation: What Lessons from the Global Financial Crisis?', 11(2) *German Law Journal* (2010), p. 230, 231-259; B. Nwete,'Corporate Social Responsibility and Transparency in the Development of Energy and Mining Projects in Emerging Markets; Is Soft Law the Answer?' 8(4) *German Law Journal* (2007), p. 311, 312-329; O.O. Amao, 52(1) *Journal of African Law* (2008), p. 89, 89-113; U. Idemudia, and U.E. Ite, 13(4) *Corp Soc. Resp. Environ Mgmt.* (2006), p. 194, 195; H. Ijaiya, 3(1) *ABUAD Journal of Sustainable Development Law and Policy* (2014), p 60, 60-71.

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