Regulatory Multiplicity and Conflict: Towards a Combined Code on Corporate Governance in Nigeria[1]

Abstract

Given the multiplicity of codes designed to regulate different stakeholders in terms of promoting good corporate governance, this paper examines areas of conflicts amongst the various codes and the associated implications for corporate governance practices and regulatory compliances by public listed Nigerian firms. Using the conflict-signalling theory for developing the conceptual framework, this study examines the proliferation of codes in Nigeria, through a mixed method approach to provide an exploratory account of the implications of corporate governance regulatory multiplicity. Evidence suggests the presence of conflict among the various codes which contributes to reduced compliance by firms and ineffective enforceability by regulatory agencies, which both impede good corporate governance in Nigeria. The findings advance conflict-signalling theory as an important framework for understanding the implications of the conflicts arising from the multiplicity of codes.

Paper Type: Research paper.

Keywords: Corporate governance; multiplicity; Code of corporate governance; Developing countries; Nigeria; Conflict-signalling theory.

Introduction

This paper addresses the nature, challenges and implications arising from the multiplicity of codes and its attendant regulatory conflicts on the effectiveness of corporate governance

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practices. We define corporate governance regulatory multiplicity as the presence of different codes of conduct which are there to regulate different and intertwined stakeholders in the corporate sector. By intertwined stakeholders, we mean those companies who are subject to multiple regulatory provisions (Ofo, 2013).

The 2007-2009 global economic crises have reiterated the importance of good corporate governance practices in both developed and developing economies. As a result, there have been increased calls for corporate governance reforms. These reforms are hinged on both the environmental, historical and global economic contexts of different countries' regulations and how corporate governance regulations are designed to suit their purposes and peculiarities (Senaratne and Gunaratne, 2008). For example, corporate governance codes at country levels are important aspect of such regulations aimed at creating a set of best practices for companies, by providing recommendations regarding the behaviour and structure of the board of directors of firms (Aguilera et. al., 2008; Shleifer and Vishny, 1997; La Porta et. al., 1997; Aguilera and Jackson, 2003; Zattoni and Cuomo, 2008).

Several authors have attempted to define corporate governance regulatory codes. Chizema, (2008: 360) defined corporate governance codes as a voluntary set of principles, recommendations, standards, or best practices, issued by a collective body, and relating to the internal governance of corporations within a country. Similarly, Weil et al. (2003) referred to it as 'a non-binding set of principles, standards, or best practices, issued by a collective body relating to the internal governance of corporations'. On the other hand, Ofo (2010) defined regulatory codes as a structure or body responsible for unifying the interests of all the stakeholders of a corporate entity, including shareholders, management, customers and society at large. However, in the literature on corporate governance codes, scholars have focused mainly on national governance codes/standards and the similarities and differences between countries (Aguilera and Cuervo-Cazurra, 2004; 2009; Aguilera et al., 2006).

In particular, the notion of corporate governance reforms in developing countries reflects their historical ties with their colonial past (Ahunwan, 2002; Nam and Nam, 2004; Lu et al. 2009; Senaratne and Gunaratne, 2008). The institutional arrangements of developing economies (that is, culture, social norms, laws, the court, political system and regulatory framework) are essential to the corporate governance regulation and style of corporate governance practices by firms. Accordingly, the need for countries to fashion out their corporate governance codes in line with their values, culture and environments led to different nations formulating their own codes. Therefore, countries select and design the type of corporate governance regulation and system that is suitable for their country and firms (Adegbite and Nakajima, 2011; Okike and Adegbite; 2012). Thus, the extant literature on comparative corporate governance continues to highlight the impacts of regulatory multiplicity in transnational systems of corporate governance (Demaki, 2011; Aguilera et. al., 2008; Ofo, 2010; Alonso-Pauli and Perez-Castrillo; 2012). However, the literature has paid almost no attention to the occurrence and implications of corporate governance regulatory multiplicity at individual country levels. This is particularly vital to understanding the regulatory challenges of corporate governance in developing economies.

In this paper, we examine the conflicts arising from different codes of corporate governance (available to regulate different industries) operating internally within a country. This paper examines the case of Nigeria, given the multiplicity of codes designed to regulate different stakeholders in terms of promoting good corporate governance. In particular, it examines areas of conflicts amongst the various codes and the associated implications for regulatory compliance by public listed Nigerian firms (Adegbite, 2013). Contextualising the study in

Nigeria is useful, not only because of the many different codes of conduct[2], but also to see how these function within the weak institutional climate of corruption to inform corporate governance behaviour.

Theoretically, this focus helps the paper to address the issue of regulatory conflict due to multiplicity, which has been understudied in the literature. In particular, we introduce the conflict-signalling theory into the discourse on corporate governance regulatory multiplicity. This helps to provide an understanding of the differences and similarities in the content of corporate governance codes designed to regulate the different sectors of the Nigerian economy. From a practice perspective, this helps us to underscore the determinants or key factors affecting the levels of compliance with corporate governance codes. Empirically, this study offers perspectives from a less discussed research site and adds to the limited works on corporate governance regulation in developing countries.

In order to explore and understand the implications of the conflict arising from the multiplicity of codes, this paper is guided by the question: what are the nature, challenges and implications arising from regulatory conflicts on the effectiveness of corporate governance practices? The rest of this paper is organised as follows. First, we present the theoretical framework of our study, followed by, a discussion on the literature on corporate governance regulation, with emphasis on the lacuna in studies on the multiplicity of corporate governance codes. This helps to articulate our research focus within the Nigerian context. Third, we

[2]There is multiplicity of corporate governance codes in Nigeria. These are the Securities and Exchange Commission (SEC) Code of Corporate Governance developed in 2003 later revised in 2011 (the SEC Code), the 2006 Code of Corporate Governance for Banks in Nigeria Post Consolidation (CBN Code), the 2007 SEC Code of Conduct for Shareholders' Associations (SEC Code for Shareholders), the 2008 Pension Commission of Nigeria's Code of Corporate Governance for Licensed Pension Operators (PENCOM Code), and the 2009 National Insurance Commission's Code of Good Corporate Governance for the Insurance industry (NAICOM Code). Banks are examples of intertwined stakeholders as they have to comply with the SEC and CBN Codes. The SEC Code which applies to all companies is voluntary, while the 3 industry specific codes (CBN, NAICOM and PENCOM) are mandatory.

outline our research methodology and thereafter present and discuss our findings in the light of their contributions to theory and practice. Lastly, we present our conclusions.

Regulatory Multiplicity in Corporate Governance Codes: Literature Review and Development of Theoretical Framework

The corporate governance regulation debate is centred on two premises. At one end of the debate, the central argument is the preference and need to encourage more soft-law alternatives, in the form of 'codes of conduct', which allows firms to voluntarily adhere to good corporate governance practices whilst at the other end of the debate, there is the perception that there is need to increase regulation and punish corporate offenders more heavily through hard law (Adegbite, 2012). However, the paradigm of corporate governance regulation continues to witness the emergence of new codes of conduct for corporate governance or the revisions to existing ones (La Porta et al., 2002; Berger et al., 2005; Kyereboah-Coleman, 2007). The proliferation of codes across countries is thus evident (Cuervo, 2002; Aguilera et. al., 2008) and the multiplicity of codes within countries is increasing (Ofo, 2010).

Moghalu (2011) argued that multiplicity of codes in a single country helps to satisfy different stakeholders, especially firms in different industries who may have different stakeholders that have peculiar needs/expectations that cannot be accommodated with a single 'one size fits all' code of corporate governance (Engle, 2007). Despite the case for multiple regulatory codes, it is still controversial in many ways. For instance, Kirkbride and Letza (2004) argue that while multiple self-regulatory codes bring confidence to the market, regulators, and investors as well as flexibility to the companies (see Hoffmann, 1998), they create an atmosphere of uncertainty, and lack of precision among companies and practitioners. Also, incoherence and conflict within codes may lead to weakness in enforcement and inability to separate compliant firms from non-compliant ones. For example, Brooks (1989) pointed out the significance of multiplicity of codes in Canada, and the potential attendant conflicts in them. The interpretation of various codes is a challenge to the companies (Brooks, 1989) and there is usually an overlap as well as gaps in coordination among the multiple regulators and codes of corporate governance themselves, particularly in developing countries (e.g. India, Bangladesh, and Nigeria) where multiple codes are apparent (Kaushik and Kamboj, 2010). Multiple codes of corporate governance are therefore capable of causing conflicts, confusion and inter-regulatory problems (Peterson, 2002; Ahunwan, 2002; Rodriguez-Dominguez, et al., 2009; Siddiqui, 2010; Rossouw, et al. 2002; Malherbe and Segal, 2007), hence our focus on the conflicts arising from the multiplicity of codes within a single country and its implication on firms' compliance and governance practices.

Our focus on the implications of corporate governance regulatory multiplicity, however, requires a unique theoretical anchoring. In the extant literature on corporate governance, scholars mainly rely on the theories of agency, stewardship, resource-dependence, legitimacy and stakeholder to explain the effects of corporate governance on managerial and company's decisions with regards to compliance to regulation, including codes of conduct and ethics (Jensen and Meckling, 1976; Freeman, 1984; Carroll, 1991; Donaldson and Preston, 1995; La Porta et a. 1997; Shleifer and Vishny, 1997; Filatotchev et al. 2001; Kirkbride and Letza, 2004). However, a complex phenomenon such as the multiplicity of codes cannot be explained by a single theory (Monks and Minows, 2004) or entirely with any of these mainstream theories of corporate governance, as these theories have to be viewed as complement to each other rather than competitive (Fadare, 2011). Hence, in this study, we have employed an eclectic approach (Kirkbride and Letza, 2004) and a multi-theoretical framework (Kirkbride and Letza, 2004) in order to explain the nature and extent of the conflicts arising from the codes. In particular, we use the conflict-signalling theoretical perspective to explain the effects of conflicts on practitioners and their practices within an organisational context in an emerging economy. The conflict-signalling theory is a combination of two theories - the conflict theory and the signalling theory. We start with the former.

Based on Karl Marx's original thinking in the mid-1800s, the conflict theory assumes that human behaviour in social contexts results from conflicts between competing groups (Letza et al., 2008). In this case, Marx focused on social conflict. Subsequently, the conflict theory has evolved to focus on a common theme that different social groups have unequal and uneven power, even though all groups struggle for the same limited resources (Schmitt et al., 2006). Conflict theory thus concerns itself with the common good of not only the society but that of corporations (Kabbah de Castro, 2009), particularly when there are stakeholder disagreements within a corporate governance system (Ford and Hess, 2011).

Thus, in examining corporate governance regulatory multiplicity, conflict theory helps us to understand why there is conflict and the rationale behind a board's decision on which code to comply with, even when there are inherent disagreements among the codes. Hence, the conflict theory assumes that the behaviour of top managers and their decision making are influenced by the conflicts within competing codes which leaves managers with the opportunistic tendency to comply with a less stringent code or outright non-compliance. This conflict and its attendant compliance implications for listed companies send mixed signals (i.e. signalling theory) to investors and the regulatory authorities, as well as cause tension among stakeholders and encourage bad corporate governance practices.

Signalling theory is centred on communication between individuals, companies and regulatory agencies (Kabbach de Castro, 2009). Sometimes humans with conflicting interests are expected to communicate honestly (i.e. no presumption being made of conscious intention) rather than cheat (Rotchschild and Stiglitz, 1976; Kabbach de Castro, 2009). This assumption has implications for corporate reporting and disclosures, where managers who have access to more information than other stakeholders, may disclose or withhold information for personal benefits such as their job security.

For example, due to information asymmetry, signalling theory suggests that corporations with superior information transparency signal better corporate governance and better performance (Rotchschild and Stiglitz, 1976). Thus, companies that comply with the codes signal good corporate governance, particularly through good reporting. Signalling can therefore act as a screening device which is implemented by the uninformed party (shareholders) using self-selection mechanisms to sort companies for investment (see Rotchschild and Stiglitz, 1976). The literature on voluntary disclosure (Hughes, 1986) recognises that the signalling theory plays a vital role as a motivation[3] for companies to disclose their practices. However, as for the multiplicity of codes, the company that does not comply may justify non-compliance by citing conflicts as the rationale behind their decisions, providing the uninformed stakeholders with no useful information about the true state of governance in the company.

[3]This incentive to provide information acts a boost to the market which leads to economic benefits. Also, signalling can be used by managers as an incentive to distinguish themselves from others using information disclosures as a tool. Therefore, compliance to codes may have economic benefits to the firm, based on the level of disclosure through reporting instruments such as the annual report and financial statements. Seeking to understand companies' attitudes towards compliance with codes, we focus on signalling as a complimentary tool with conflict theory (that is conflict-signal) to explain these behaviours of non-compliance from managers and the lack of enforceability from regulators as problems arising from multiplicity of codes.

Therefore, both conflict and signalling theories complement each other and also help to explain the multiplicity of codes in the corporate governance system. In particular, they help us to examine how this affects the development of good corporate governance in Nigeria. It also enables us to highlight how regulatory cohesiveness moderates the behaviours and decision-making of managers and companies in terms of compliance. Next, we provide a description of the Nigerian corporate governance regulatory terrain.

Corporate Governance Mechanisms in Nigeria: The History of Multiplicity

After Nigeria's independence from Britain in 1960, the first elaborate regulatory framework is the Company and Allied Matters Act (CAMA) of 1990 which provides the legal framework for corporate governance in Nigeria. CAMA 1990 replaced the Company's Act of 1968 as a result of changes in the social, political and economic environments in Nigeria's post-independence (Okike, 2004). Nevertheless, the corporate governance legislation in Nigeria has been historically weak (Ahunwan, 2002; Okike, 2007; Adegbite, 2012; Adegbite, et. al. 2013). For example, the report on the observance on the standards and codes prepared by the World Bank reported that institutional failures regarding regulation, compliance, and enforcement of rules and standards contributed to poor corporate governance in Nigeria (ROSC, 2004). According to Nwuche (2012), despite the presence of multiplicity of codes designed to address corporate fraud and malpractices in Nigeria, corporate governance practices in the country are still poor.

Indeed, the recent history of corporate governance regulation in Nigeria stemmed from the lessons learned from the corporate malpractices and near-collapse of the Nigerian banking industry in the 1990s. Also, the magnitude of the Enron scandal and the global attention on corporate governance led to the formation of the SEC code in 2003. It was the first code of corporate governance in Nigeria and its introduction improved the corporate governance system (Okike, 2007). However, there were numerous issues and challenges surrounding the implementation and enforcement of the SEC code. In particular the SEC as a regulator, was not only slow in the implementation and enforcement of the code but lacked the foresight to offer an updated version of the code in time (Ofo, 2010; 2013). Consequently, this led to the proliferation of codes with different industries developing their codes to regulate their stakeholders (see Table 1).

Table 1: Mandatory and Voluntary codes

Codes	**Year Established**	**Mandatory/ Voluntary**	**Application/ Sector**
SEC Code	2003; 2011 (revised)	Voluntary	All listed companies on NSE
CBN code	2006	Mandatory	Banks
SEC code for Shareholders	2007	Voluntary	Shareholders' practitioners and associations
PENCOM Code	2008	Mandatory	Licensed operators
NAICOM Code	2009	Mandatory	Insurance companies

Another reason for the proliferation of codes is the deficiency of the 2003 SEC code in minimising insider trading and preventing poor disclosure practices (Ofo, 2010; Demaki, 2011). For example, the CBN mandatory code (2006) for banks was formulated by the Central Bank of Nigeria and designed for regulating corporate governance practices in banks, following a banking reform programme in 2006 (Wilson, 2006). The CBN code was issued to address the above-mentioned deficiencies from the SEC code. Also, in 2008, the pension sector witnessed tremendous reforms, attracting the participation of investors into the pension sector and its fund management. As a result, the PENCOM code was issued in 2008 to promote proper disclosure and transparency by all the operators. The aim was to encourage self-regulation and standardised practices among the operators. Also established in 2009 was the NAICOM code for the insurance industry formulated by the Nigeria Insurance Commission. This was made mandatory for all insurance and re-insurance companies (Ofo, 2012). This was done to accelerate the pace of development of the insurance industry through enhancing disclosures, transparency, accountability and subsequently improving the needed growth of Nigeria's financial sector.

Furthermore, the continued failure of companies in general to satisfy shareholders led to increased agitation by shareholders' groups and associations. This intensified shareholders activism in Nigeria. According to Amao and Amaeshi (2008: 120) shareholder activism in Nigeria ought to enable companies 'to gain shareholders' confidence, by demonstrating that their companies are being run and managed efficiently, and that they have a real role to play in the company'. However, following the emergence of several shareholder associations, corrupt collaboration of engagement between activist/bully shareholders and board/ managers soon evolved to undermine the prospects of genuine activism (Adegbite, et. al 2012). Accordingly, the SEC code for shareholders was formulated and issued in 2007 in order to address "observed negative practices of shareholders' associations in the Nigerian capital market" (Adegbite, et. al. 2012: 399).

Given these multiple codes, the regulatory conflict debate in Nigeria has become intensified due to the contradictions within them (Ofo, 2010; Nwokoji, 2011; Demaki, 2011; Ogbuozobe, 2009; Fadare, 2011; Nwokoji, 2012). We proceed to examine the conflicts arising from these codes in an attempt to understand the impacts[4] of corporate governance regulatory multiplicity. This paper presents a Nigerian perspective of an array of codes and the conflicts they present, including the attendant monitoring and enforcement implications and challenges arising from the conflicts. This is particularly important as the SEC code which is supposed to be superior to the mandatory industry-specific codes is considered as lenient and lax. Subsequently, the industry-specific codes take higher priority over the SEC code, creating a situation where the companies may argue they practice better corporate governance even when they are not complying with the SEC code. The foregoing highlights the confusing and complicated state of corporate governance regulation in Nigeria due to the multiplicity of codes. Hence our research inquiry is hinged upon the question: what are the nature, challenges and implications arising from regulatory conflicts on the effectiveness of corporate governance practices?

Research Methodology and Analysis

Research Approach

This research adopts a mixed method approach, including the survey, interview, documentary analysis and focus group methods. This methodology offered an in-depth and detailed perspective on corporate governance practices in Nigeria (Ritchie and Lewis, 2006; Adegbite et. al., 2012). The methodological approach was aimed at reducing sample error (Denzin and Lincoln, 2005), while at the same time allowing the research to benefit from the strengths of all methods, and compensating for their individual methods. In particular, the survey

[4]For example, one of the disadvantages of the multiplicity of corporate governance codes in Nigeria relates to the resolution of conflicts between the SEC code and the three industry-specific codes (Ofo, 2013). These conflicts can be observed in terms of companies' compliance and disclosure. For example, the 2011 SEC code appears unsure and uncertain in term of applicability (Adekoya, 2011). Also, the SEC code does not state categorically if it is superior over the three industry codes or not (Ofo, 2013) but only recommends that in circumstances of clash between the various codes, the code that is most stringent on the issues remains superior. This is however, confusing to companies and managers (Demaki, 2011; Ofo, 2013).

(quantitative) method provided generalisation and breadth, which allowed us to capture the compliance implications of multiple codes on governance practices in Nigerian PLCs. This also helped achieve data coverage and a high number of data respondents (Creswell, 2003). The survey method also allowed us to use findings from a representative sample to make predictions about a whole population,while the interview and focus group (qualitative) methods provided a deeper understanding of the subject of inquiry (Creswell, 2003; Saunders et. al., 2007). Furthermore, ethical issues and concerns were addressed and respondents were assured of utmost confidentiality.

Data Collection

The data collection was done in two phases: 1) the first phase involved the survey method and the use of interviews. Also, documents relating to the various codes were gathered and analysed.[5] 2) The second phase involved the use of the focus group technique. We present these next.

Survey questionnaire

The survey method helped us to achieve a wide spread coverage of data across Nigerian PLCs and improved the generalizability power of our findings on the antecedents and implications of corporate governance regulatory multiplicity in Nigeria.[6] It further helped to avoid potential bias in data collection and interpretation common with interview method

[5]These documents are the SEC Code of Corporate Governance of 2003 and 2011, the CBN Code of Corporate Governance for Banks in Nigeria Post Consolidation 2006, the SEC Code for Shareholders 2007, the Pension Commission of Nigeria's Code of Corporate Governance for Licensed Pension Operators 2009 and the National Insurance Commission's Code of good corporate governance for the Insurance Industry 2008.

[6] The spread in the surveys helped to cover geographically wide samples. This allowed participants (PLCs) who are widely dispersed to be accessed and included in the sample. In particular, Nigeria is made up of 36 states with these companies widely dispersed across the states. This necessitated the use of the survey method which enabled that all the states and companies were covered.

(Denzin and Lincoln, 2005). The questionnaires[7] were sent to all the listed companies (224) on the Nigerian Stock Exchange (NSE)[8] in 2010. In order to minimize social response bias and increase validity and reliability of instruments, the questionnaires were simple and directly worded. The tick box system was employed to increase the response rate (Saunders et. al., 2007). Invalid responses were discarded (See Appendix F for the breakdown of the survey questionnaires).[9] In ensuring that the result from the sample survey was consistent with the population, so as to promote the generalizability power of the data, a large sample size of 224 PLCs was sent questionnaires and a good response rate[10] of 45.5% of completed questionnaires was achieved (see Appendix A).

Interview

The need to minimise self-evaluation, self-selection as well as the need to have a deeper and robust understanding of the multiplicity of codes led to the use of the interview method. Thus, following the review of the survey questionnaires, eighteen (18) in-depth interviews

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[7]Although the questionnaires were addressed to the Chief Executive Officers (CEOs), accompanying telephone calls and email reminders were sent to companies emphasising that any top ranking manager could complete the questionnaires if the CEO was unavailable or unable to complete. As a result, the views represented in this paper are those of top management teams which are very critical and significant to understanding the regulatory multiplicity of codes and their implications. See the introductory letter to the questionnaire in Appendix A.

[8]The NSE transactions are regulated by the NSE and the SEC which administers the Investment and Securities Act of 1999. All PLCs submit their audited annual financial statements to the NSE, which is a mandatory requirement by NSE and SEC. In other words, NSE collates historical information and extracts from balance sheets, profit and loss accounts, and financial ratios of PLCs. Similarly, the NSE's fact book publishes both the management and financial information of PLCs such as directorship shareholdings, board of directors' characteristics and financial statements. The company reports are prepared according to SAS 30 and IAS 34 guidelines. The SAS 30 and IAS 34 are financial reporting standards and part of the SEC rule. This involves the publication of the quarterly annual report in one national daily newspaper as a sign of transparency to investors. The NSE transactions are published and documented in NSE Fact book annually. For more discussion on the Nigerian corporate governance system including the nature of its companies, capital markets and institutions, equity ownership structure, board composition and how they have evolved (see: Ahunwan 2002; Adegbite 2012; Adegbite, et al. 2012; Ahunwan, 2002; Okike, 2007; Yakasai, 2001; Amao and Amaeshi, 2008; Tricker 1996).

[9]The valid responses represent the completed questionnaires while the invalid responses are part of the discarded questionnaires. By this we mean responses that are free from mistakes and errors such as miss-spelling or incomplete statements.

[10]They were 224 PLCs in 2010 and all were sent questionnaires. 102 completed questionnaires were returned and collected. A response rate of 45.5% (that is 102 as a percentage of 224) was thus achieved. These companies constituted the sampling frame which, according to Creswell (2003), explains the objective list of the population size. In order to ensure that the result from the sample survey was consistent with the population, and in an attempt to improve generalization, a large sample size and high response rate of completed questionnaire was aimed at.

were conducted in 2010[11]. Appendix B presents the respondents' details. We ensured the appropriateness of the interview questions and ascertained respondents' understanding and correct interpretation (Adegbite, et. al. 2012). Data respondents included corporate governance stakeholders who are top management officials such as chairmen, Chief Executive Officers (CEOs), directors, academics and managers who provided detailed information on the extent and impact of multiplicity of codes on the corporate governance practices in Nigeria. The average duration of interview sessions was 60 minutes. The interviews were subsequently transcribed and analysed.

Documentary Analysis

The archival documents relating to the various codes were gathered and analysed to identify the differences and point out areas of conflicts. These documents included the codes of corporate governance, newspaper reports and other regulatory documents. This was done to validate the comments of data respondents and to ensure that the statements reflected reality.

Focus Group

The second stage of the data collection exercise involved the use of a focus group session to complement and corroborate some of the information collected through the interviews survey, and documentary analysis, and to further facilitate discussions on the multiplicity of codes in Nigeria in a way that provided further insights into the inherent challenges of governance in the country. This focus group discussion took place in May 2013 (See Appendix H).[12] The researchers conducted two separate focus group sessions; one had 7

[11]The criteria for selecting the interviewees were based on top managers who are accessible and who have and are willing to provide such relevant information. Out of the 52 interviewees selected only 18 interviewees accepted to grant interviews.

[12] Focus group participants were selected following initial conversations to ensure that they had sufficient knowledge on the topic of discussion and that they had enough interest to discuss the topic. This provided us with the opportunity to learn a little about each participant before talking to them in the focus group. It also

members and the other had 10 members totalling 17 respondents. The size of the group was kept small in order to enhance efficiency and to allow members to freely discuss the topics of interest without actual or perceived intimidation, shyness or pressures from other respondents (Creswell, 2003; Adegbite, et. al. 2012).[13] Some respondents declined to participate, due to lack of time, lack of knowledge concerning the codes and inability to provide relevant information. Focus group data offered the opportunity to capture respondents' interactions on the dynamics of corporate governance regulation in Nigeria. For example, during discussions, individuals differed, agreed and sometimes modified their opinion, thus generating data with more depth. The focus group sessions were able to capture the perceptions surrounding the behaviours, decision-making and practices of the managers in response to the multiplicity of codes. The focus group transcripts were subsequently analysed.

Data Analysis

The mixed-method research strategy was to allow for the collection of rich data that captures the dynamics of regulatory conflicts among the various codes (see Adegbite et. al. 2012). These methods complemented one another's strengths and weaknesses. In particular, the survey data and the documentary analysis provided the opportunity to identify as well as understand the nature and impact of multiplicity and conflict within the regulatory codes. Also it helped to illustrate the extent of compliance by companies in various sectors. The interview and focus group methods provided the opportunity to explore the nature and causes of conflicts among codes and the associated implications.

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provides us with an opportunity to ensure that they understood the goals of the study and are knowledgeable about the codes and its implementations. This also provided the researcher and participants the opportunity to be comfortable with one another prior to focus group discussions.

[13]A fair and balanced approach was adopted for the focus group to ensure diversity and fair representation of participants from different backgrounds and roles. This was to guarantee that the perceptions, opinions, beliefs, attitudes and comments of participants were from different perspectives. For details of respondents in focus groups, see Appendix C. A tape recorder was used to record the two sessions and each of them took an average of 80 minutes. The analysis of focus group data presents both challenges and opportunities when compared to interview and survey data, particularly it presented the opportunity to observe interactions and how discussions unfold among the various respondents.

As for the interview and focus group methods, the interpretation of data involved the constant iterative moving back and forth of data to form the theoretical concepts, involving the process of building constructs (Ritchie and Lewis, 2006). The first stage of the analysis thus involved starting with a small portion of the data, and formulating an initial set of categories of the evidence of conflicts in corporate governance regulation in Nigeria. This formed the basis for a comparison and validation with the questionnaire data, leading to the emerging narrative/theme of the current paper (Creswell, 2003).

Findings and Discussions

Although there are some areas of synergy and agreement, the findings of this study in the main reveal significant conflicts among the codes. In this section, we use the conflict-signalling theory to articulate the implications of these conflicts on corporate governance practices and its attendant negative impacts such as non-compliance and laxity in enforcement.

Conflict among Multiple Codes: Implications for Corporate Governance Practices and Compliances

This study finds that issues relating to the multiplicity of codes include the lack of specificity (i.e. presence of ambiguities) in the code's recommendations and the conflicts among them. These ambiguities are related to the recommendations on board size, directors' independence, CEO duality, board membership and audit committees. Most survey respondents reported that there were widespread conflicts among the regulatory codes. The interview and focus group respondents also agree that these conflicts made non-compliance ubiquitous. Respondents express their concerns with regards to the capability of the regulatory agencies to promote good corporate governance with the existing multiple codes. Our results suggest that conflicts in the codes are considered as irritations, time wasting and a sufficient rationale for non-compliance. We proceed to explore these in the previously mentioned specific corporate governance drivers.

Board size

From the documentary analysis, the board size remains an area of conflict among the codes. For instance, the SEC code recommends the board size to be between 5-15 directors, while the CBN code was not specific with the number of NEDs and executive directors in the board. The CBN code stipulates that NEDs should not exceed the executive directors in the board. An interview respondent Z4, who is a chairman in one of Nigeria's banks, explained that:

"section 4.2 of the SEC code states that the directors in the board should not be less than five (5) and not exceed fifteen (15) directors; this is at variance with the 2006 CBN code for Banks in section 5.3.5 that states 'the number of NEDs should be more than that of executive directors subject to a maximum board size of 20 directors"

In this case, the SEC code recommends a minimum of 5 directors and a maximum of 15 directors without specifying if NEDs should be higher in number than the executive directors unlike the CBN code. An interview respondent (W3), who is a bank director, asserts on the same subject as follows:

"This conflict among the codes creates uncertainty for companies during planning and decision making process. Companies need information to come from one source and not conflicting sources. Particularly, information that are not misleading or contradictory, else this affects not only the performance of the company but the independence of external directors because the board might appoint anyone who is their friend and blame the conflicting codes for their action (that is favouritism)."

Thus, there is a growing dissatisfaction with regards to the conflict among the codes. A focus group respondent (B2) states:

“There are significant doubt about the agenda of the SEC, CBN, NAICOM, PENCOM and these so-called regulatory agencies. Most of us believed that these things constitute greed and the quest for power among the regulators. Each of them is seeking power and relevance, by disagreeing with themselves, leaving us to bear the cost. This is a common feature even in the polity where a winner wants to take all and constitute themselves as the overall power and control our life and businesses.”

Rent seeking and self-indulgence was further highlighted by some survey respondents as an important driver for regulatory multiplicity. Furthermore, data respondents suggest that there is a growing perception that the industry specific codes are more effective than the SEC code because of their mandatory provisions (see Ofo, 2010; 2013). Some respondents also argued that developing countries such as Nigeria should have their own code tailored along their values and institutional context if they are to avoid conflicts arising from codes. According to a focus group participant (C4), who attributed conflicts in the codes to the copying of standards from other countries,

“The SEC code follows a western logic. Must we follow the UK combined code or the OECD standards in designing our code? This is where the conflicts come from. For example, the CBN code is copied from the US while the SEC code is UK. Is it possible for Nigeria and Africa to develop their regulatory standard that suits our culture of togetherness and inclusiveness and suit our environment and society? These codes copied from developed countries such as the UK, US and Europe are always not aligned with our values and culture. Our people should not be subjected to copying or else they should expect conflicts and confusion during implementation and practices. This is why we as managers are confused as what to do. Most times we just ignore the codes but for record purposes we just tick the boxes as a signal for compliance to the codes and for auditing purposes. This gives the regulators the impression that we are compliant to the codes and this is what they need and we just do it to avoid pressures from them”

Another interviewee’s respondent (W3) notes as follows:

“Companies comply even when they know that the codes conflict with one another because they want to boost their ego, brand name, image and reputation as if they are practicing good governance. In avoiding pressures from regulators, the companies mislead the regulators since they are just paying lip-service to the code recommendations”

The survey results (see Table 2) further confirms the comments above, indicating conflicts among the various codes. Majority of the respondents across the main business sectors in

Nigeria responded ‘yes’ to the presence of conflicts among the various codes, as also mentioned severally by the interview participants. Overall 67% of respondents agreed that discrepancies exist among the codes and this is a matter of huge concern to stakeholders. Table 2 further suggests that the conflicts are common to all the sectors, particularly the banking sector, despite the fact that it is the sector that is most-regulated (Yakassi, 2001).

Table 2: Conflict of the various codes

Companies	Yes	No	Did not Specify	Total
Commercial Banks	21	5	0	26
Insurance	10	6	0	16
Service	9	1	4	14
Manufacturing	11	7	3	21
Hotel	10	4	1	15
Oil and Gas	8	2	0	10
Overall	69	25	8	102

Board Independence

The SEC code (2011) recommends that the board should have at least one independent NED. Similarly the PENCOM and NAICOM codes stipulate at least one independent director on the board. In contrast, the CBN code recommends at least two independent directors. In terms of interlocking directorships, the SEC code proposes no limit to the number of boards that directors can serve on at any one time. However, the CBN code disapproves of this practice. In particular, section 6.1 of the SEC code (2011) stated that there should be no limit on the number of concurrent directorships that a director of a company may hold, although the SEC code indicates in subsection ‘d’ that directors should not be members of boards of companies in the same industry. All in all, the CBN code disapproves of this because it leads to conflict of interests and is capable of interfering with an individual’s ability to discharge his/her responsibilities.

Moreover, the documentary analysis of the codes revealed that whilst the SEC code (2003) and the CBN code (2006) stipulate that NEDs should be independent directors, the NAICOM code states that the board should ensure the independence of the organisation irrespective of its relationship with other companies or group. This is conflicting given that the presence of NEDs determines how independent the board is (Dalton and Daily, 2004). NEDs ensure that the board delivers its oversight function independently without pressure from management. They are able to do this because they have no stakes in the companies and this enables them to act in the company’s best interest (Ofo, 2010).

Furthermore, in order to guarantee board independence, the NAICOM code recommends that an independent director must be appointed at the company’s Annual General Meeting (AGM). The individual director must not have any share, nor any direct or indirect pecuniary interest in the organisation such that he/she can dispassionately evaluate the performance of the board and management, and mediate where interests of management, the company and its shareholders diverge (Ehikioya, 2007; Egwuatu, 2010; Ofo, 2012; 2013). In addition to the position of the independent director, the code also provides for the position of a minority shareholder on the board in an effort to protect minority shareholder groups (Babington-Ashaye, 2011). In the case of the PENCOM code, it is the board that specifies and documents the procedures and criteria for appointing a new director, while the regulatory commission is responsible for determining, annually, whether or not the independent director is truly independent. This differs from the NAICOM code that has the directors’ appointment done at the AGM.

CEO Duality

The respondents’ views were mixed on CEO duality. Some respondents noted that CEO duality is common, while others disagree. In section 5.1(b) of the SEC code (2011), it provides that ‘the positions of the Chairman of the Board and CEO shall be separate and held by different individuals’. To ensure further clarity in the position, section 5.1(a) provides that the Chairman should not be involved in the day-to-day operations of the company but be responsible for effective operations of the board. The separation of the two positions is to ensure good corporate governance practices (Monks and Minows, 2008; Mallin, 2004). According to an interview respondent (Z3):

“Banks have witnessed great transformation since the CBN code was enacted, especially with regards to making sure that family members and favouritism displayed in the board are reduced. Also the level of CEO duality has decreased tremendously. However, in certain cases where there is overwhelming evidence of good performance of the company, CEO duality does exist in situation where the CEO or chairman in question has performed extremely well and the Bank might want the person to continue to occupy both posts. In this case the bank violates the codes’ recommendations for CEO duality as mentioned above.”

The above comment was supported by the survey results as shown in Table 3. Despite the regulatory conflicts in relation to family member representatives on boards, the findings indicate a high compliance (75%) with the recommendations that separate persons should occupy the posts of the CEO and chairman. However some respondents disagree with the above assertion that CEO duality is not common. According to one of the interview respondents, W4,

“The CEO duality in Nigeria and other developing countries such as Ghana are a hoax. In practice, most companies don’t follow the rules of separation of the two posts particularly when the company is performing very well. The CEO can be allowed to remain as the chairperson”

Also, a focus group respondent C3 agrees by stating that:

"CEO duality and power grabbing by CEOs are caused by not only the weak laws and regulatory multiplicity but also the resulting weak enforcement by government officials".

Table 3: Is chair also CEO

Companies	**Yes**	**No**	**Did not Specify**	**Total**
Commercial Banks	1	22	0	24
Insurance	0	12	4	22
Service	4	8	3	20
Manufacturing	1	4	1	12
Hotel	0			5
Oil and Gas	1	8	0	9
Overall	7	77	8	102

Some respondents noted that the split of the chairman and the CEO's roles is to ensure that a system of checks and balances exists in the running of the affairs of the company. Other respondents argued that a high performing CEO can occupy both positions if necessary.

Board Membership: Participation by Family Members and Tenureship

The CBN code proposes that no two members of the same family shall occupy the post of the chairman and CEO at the same time, but the SEC code (2011) allows two persons of the same family. According to a director in one of the largest banks in Nigeria (Z3):

"Some banks still flout these directives about family members occupying these positions in the board because the rules conflict'. What do you except when one rule say something and another rule say something different regarding a given directive or policy. This is appalling"

The provisions of the SEC and CBN codes are conflicting, thereby sending different signals to the boards and managements of PLCs. In addition, when it comes to the tenure of the

CEOs, the SEC code is silent on the tenure of CEOs, while the CBN code stipulates ten years. On the tenure of CEOs, an interviewee respondent Z3, who is a director in a large Nigerian firm, responded that:

“The CBN’s tenure for CEO was so long initially as these affected and encouraged sit-tight CEOs who do not want to retire. Thanks to the apex bank that put a stop to this madness by making these CEOs to take their leave after 10 year tenure and they have since found their destiny in other fields of human endeavours?”

A focus group respondent, A3, who is the director of a government regulatory agency, also noted that:

“The initial tenureship of a CEO was unlimited and this has been bad for governance. Though the CBN has reduced theirs to 10 years, there is need for SEC to adopt this measure for other industrial sectors, since unlimited tenureship is not only common with banks alone, but occurs in other sectors and also leads to managerial corruption”

In sum, the general consensus in practice is that unlimited tenureship is unhealthy for good governance. Hence most respondents recommended that the SEC code should adopt the 10 year CEO tenureship as a policy for all PLCs and not only for thebanks.

Audit Committee

There is also conflict in the codes regarding the person who oversees the function of the internal and external auditors. The CBN code limits the independence role to that of the audit committee which shall, in addition to overseeing the bank’s internal audit function, be involved in monitoring the activities of the external auditors. Similarly, the NAICOM code provides that the audit committee recommends the appointment of external auditors to the board and they shall be accountable to the board. Making external auditors accountable to the board reduces the degree of accountability required for effective corporate governance. In contrast, the SEC code recommends an independent reviewer team different from the audit committee and external auditor to handle these functions. In this case, the external reviewer team shall monitor the activities and performance of both the internal and external auditors. The SEC and CBN codes also disagree on the reappointments of external auditors. Whilst the SEC code stipulates that reappointment may occur seven years after their contract expires; the CBN code recommends reappointment after a period of ten years. Furthermore, the SEC code (2003) stipulates that the chairman of the audit committee should be a board member, which is in line with PENCOM and NAICOM codes' recommendation, but the SEC code 2011 remains silent on who should be the chairman. In contrast, the CBN code recommends that the chairman should be a shareholders' representative. As the audit committee is a creation of the law (CAMA, 1990) and not the board, the presence of shareholders on the board committees may undermine the confidentiality of board meetings. Also, conflicts may arise from the fact that some companies have a board audit committee different from the CAMA audit committee.

The foregoing suggests that the independence of auditors is crucial to corporate governance regulation because if it is compromised, companies can capitalize on it to give misleading financial reports to the public. The conflict-signalling theory thus helps to conceptualise the conflicts and the mixed signals they communicate to stakeholders particularly managers who might choose which code to comply with or ignore during disclosures.

Towards a Mandatory Combined Code of Corporate Governance

Despite the arguments in support of the multiplicity of codes as a corporate governance regulatory device aimed at meeting the needs of various stakeholders, the supporting empirical evidences are lacking in developing countries (Kyereboah-Coleman, 2007). The findings support conflict-signalling theory as an explanation for non-compliance arising from the multiplicity of codes and its resulting conflicts. With evidences from a developing country - Nigeria, we find that conflict in the multiplicity of codes provides a platform where causal responsibility is avoided, shifted, or masked in the practice of corporate governance.

In this case, the multiplicity of codes hinders the rapid institutionalisation of the values of good corporate governance as demanded by the codes. Although the enforcement of the various codes was designed to be industry specific and stakeholder focused (Selznick, 1957; Monks and Minows, 2004; 2008), their implementation continues to falter as the conflicts among them aided the confusion and conflict generated among the codes. Therefore, given the weak state of corporate governance in sub-Saharan Africa, there is the need for mandatory compliance with a single combined code. This can lead to the resolution of the conflicts arising from the multiplicity of codes. The CEO of a large Nigerian Bank (W3) notes as follows:

"There is need for mandatory compliance with a single code following the sorts of weak and ineffective institutions that we have in the country."

Another respondent (E2), a director of a major oil company, states that:

"The idea of having conflicting directives from the different codes is damaging...Compliance should be mandatory and all the codes should be combined. We need one code not five as we have presently. I say presently because we may even have more, if we do not learn"

The findings of this research suggest that another factor hindering good governance is the lack of enforceability from the regulatory agencies, particularly the SEC. 51% of respondents agree that there is ineffective enforcement (See Appendix G). This is consistent with the SEC findings that 60% of PLCs do not comply with corporate governance regulation (NSE Factbook, 2009). The situation is worsened due to conflict within regulatory provisions which suggests the need for a single code of conduct that requires mandatory compliance. In particular, the SEC code may lack stakeholders' confidence for its inability to enforce compliance which may encourage industry regulators to rely on their own peculiar codes. This criticism is anchored on the limited enforcement by the SEC. Supporting mandatory compliance is also respondent Z2's preference who notes thus:

"The Nigeria regulatory framework and policies guiding governance of firms should be compulsory because we are still a developing nation and as such needs iron hand if our companies are to survive and grow in the long term".

Currently, managers exploit the conflict in the codes for their self-interest, for instance using the conflict to justify some of their decisions of favouring (complying with) certain aspect of the codes over others. For example, a respondent, Z4, the CEO of one of Nigerian banks, when asked if companies take advantage of the conflict among codes during disclosure answered thus:

"Definitely yes, they always do. Banks will say they are complying with the CBN code and ignore the SEC code because the CBN code is compulsory and mandatory while the SEC code is voluntary. So they feel obliged to comply with the CBN code and at the same time use it as a cover to avoid some unfavourable recommendations from the SEC code"

The conflict-signal theory helps to articulate these conflicts and their attendant compliance implications for listed companies through the mixed signals they send to stakeholders. We note that whilst the problem of non-compliance is part of a wider problem of lax regulation, weak institutional framework, and corruption in corporate Nigeria, the regulatory multiplicity and associated conflict further undermines regulatory enforcement, indicating incoherence in notions of how to regulate corporate governance and promote good behaviour. As the Nigerian President has recently signed into law the Financial Reporting Council of Nigeria[14]

[14]The FRCN Act established the FRCN and was formerly known as the Nigerian Accounting Standards Board (NASB) which was established in 1982 as a private sector initiative under the aegis of the Institute of Chartered Accountants of Nigeria (ICAN). The FRCN Act 2011 created the stable regulatory environment in the corporate sector. This FRCN was covered by the statutory regulatory legislation and also vested with power and responsibility of ensuring companies maintains good corporate governance practices (Ofo, 2012; Ofo, 2013). However, it is noteworthy to mention that the FRCN is still at the early stages of formation (Obazee, 2013). According to Okobi (2013) Nigeria is moving in the right direction with the FRCN Act and the IFRS adoption. Currently, the FRC is also expected to harmonise the various codes into a single code of corporate governance in Nigeria.

(FRCN) Act, we expect that the Financial Reporting Council will put together a framework to unify the existing codes into a single applicable code for the corporate sector.

Further Discussions

In this paper, we have presented some evidence regarding the implications of corporate governance regulatory conflict as it concerns practitioners, managers and companies' disclosure and compliance practices, drawing insights from a less reported research site Nigeria. Most research in finance and management focuses on proliferation of multiple codes internationally (Aguilera et. al., 2008; Aguilera and Jackson, 2003; Zattoni and Cuomo, 2008) with only a few studies focused on the proliferation of codes within individual country settings (Demaki, 2011; Ofo, 2010, 2013). This study compliments existing works by showing that in the presence of multiplicity of codes, companies can signal both effective and ineffective corporate governance through selective compliance to the codes of best practices. In particular, our study suggests that errant companies' benefit from conflicts arising from the multiplicity of codes by linking such selective compliance to good communication, transparency and accountability, which helps to enhance their image and reputation.

Furthermore, since codes generally contain many best practice provisions, it is possible to comply with one provision, and not comply with another, especially where identifying a normative practice is cumbersome due to multiplicity of standards. This is even more complex where compliance by companies with one of the codes automatically means a violation of another code. Instances of these have been highlighted in prior discussions. This has impacted negatively on the level of compliances and enforcements of the various codes (Demaki, 2011). The conflicts among codes further create loopholes that can be exploited by self-serving managers at the expense of shareholders, thereby encouraging managerial opportunism and agency conflict (Kaptein, 2011; Kirkbride and Letza, 2004), and raising agency costs that affects performance (Fama and Jensen, 1983; Jensen, 1993).

As a result, given the several challenges surrounding the implementation of corporate governance regulations in the country, in particular, the weakness of institutional agencies, political interferences by government officials, poor institutional investors' activism, and weak legal protection for investors' rights, the usefulness of a single mandatory code cannot be over emphasized.

Implications/Contributions of Study

Theory

Our paper contributes to corporate governance theory by advancing the conflict-signalling theory for understanding the antecedents and impact of multiplicity of regulatory codes. We specifically combined the conflict and signalling theoretical approaches to develop a conceptual framework for assessing the corporate governance practices of companies and attitudes of managers towards multiple regulatory codes. As a result, we have been able to extend the conflict-signalling theory to the literature on multiplicity of codes, in explaining the complexities and implications of the conflict of the code regimes. A conflict-signalling theoretical framing helped to show that signals can be important in helping companies avoid compliance with corporate governance standards but in a way which prevents a consequential reputational damage. This is the situation in our Nigerian case study.

Our findings also support the assumptions of the agency theory[15] concerning self-interest of managers. For instance, the conflict-signalling theory perspectives argue that the presence of conflict exacerbates the agency conflict (Hendrick, 2007; Haskovec, 2012). Therefore, the conflict-signalling theory assumes multiple codes generate conflicts among managers, companies and regulators, where managers use these conflicts as justifications to avoid compliance with one code by complying with another code. In this case they are able to conceal their corporate governance weaknesses. As the conflict-signalling theory assumes, the behaviour of top managers and their decision making processes are influenced by the conflicts within competing codes, thereby creating an environment for opportunism among managers. The theoretical basis of our discussions – conflict-signalling theory – enabled us to highlight blame, selective-compliance, self-exoneration (Ghosh and Srinidhi, 2010), opportunism, weak enforcement, and overall poor corporate governance in the weak institutional context of Nigeria.

Practice

Our analysis unveiled the presence of multiplicity of codes and conflicts therein, both in understanding of the provisions and in shaping governance practices. Whilst different stakeholders' needs may be met by multiple codes, it contributes to significant conflict in compliance, and its attendant opportunistic behaviour by managers, particularly in developing economies. The regulatory system of different countries should thus be developed taking into considerations their peculiar circumstances and challenges. Demaki (2011) maintains that the proliferation of codes in Nigeria has impacted negatively on economic development, as the deficiencies in the codes could be exploited by companies during disclosures. Moghalu

[15]The agency theory argues against this conflict also by stipulating that the interest of managers should be separated from self and aligned to that of owners (Berle and Means, 1932; Jensen and Meckling, 1976; Jensen; 1993).
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(2011) also asserts that the absence of a mandatory compliance in the SEC code has implications for the financial system as a whole not only in Nigeria but also in the developing economies of the world.

Consequently, in improving corporate governance in Nigeria, a unified code is important as well as the strengthening of the institutional enforcement mechanisms. The various government institutions responsible for ensuring good governance practices in Nigeria should be empowered to punish offenders or violators of the unified code's recommendations. This will make enforcement more effective, as compliance or non-compliance becomes more easily detectable, thus discouraging non-compliance. Indeed, since there is an interface between the code and the law and for the code to have the effect of law, it must create penalty for offenders of the provisions.

Conclusion

We conclude that multiple codes of corporate governance are ineffective in regulating the corporate sector, particularly in developing countries. This research study advances our understanding of how multiple codes are conflicting and how the affected companies address the issue of conflicts among codes. We explored this from a conflict-signalling theoretical perspective and noted that conflicts of codes are further influenced by the sociological and institutional environment in which managers and business organisations are embedded. This paper points out the implication of the regulatory conflicts and how to harmonize the codes in order to promote and sustain good governance practices in Nigeria. Hence, the paper argues for a mandatory combined code of corporate governance for Nigeria and the strengthening of the institutional enforcement mechanism. Apart from addressing the conflict arising from the implementations of the various codes, establishing a mandatory and a combined code in the

Nigerian corporate system will enhance the quality of reporting, accountability and transparency by listed companies. The Financial Reporting Council of Nigeria should take note.

Our study contributes to the debate on corporate governance regulation and forges ahead a discourse on regulatory conflict, with empirical insights from a relatively under-researched context. The paper also contributes to the literature on corporate governance regulation in sub–Saharan Africa and how it relates to the conflict in the international corporate governance environment where the recommendations of OECD, World Bank and IMF may further lead to more conflicts, thus over-burdening companies and affecting their compliances (Adegbite, et. al. 2013). Our study further presents implications for understanding corporate governance regulatory challenges in developing markets and provides insights into how to structure the corporate governance regulation of listed and non-listed firms. In exploring and expounding on the conflict-signalling theory, we provide insights into the extent to which companies are prepared to anticipate and match stakeholder expectations in the absence of mandatory guidance on corporate governance matters and raise the issues of transparency, accountability and opportunism in reporting.

The data employed for this paper is however limited to listed companies on the NSE and the study only covers certain industrial sectors within a single country but do not cover country to country differences or factors. Also, there is the possibility of respondents' subjectivity and bias during our data collection. To reduce this possibility, we ensured that top management employees were approached for data collection purposes (See Appendix C, D and E for the lists of respondents). This helped to control for the likelihood of the position bias and respondents were able to adequately engage with the research theme (Payne and Mansfield 1973).

Nevertheless, future research on corporate governance regulatory multiplicity could aim to use other instruments of data collection. For instance the use of observations can act as an alternative. Furthermore, regression analysis could help to determine the cause and effect relationships between multiplicity of codes, conflicts and corporate governance practices. Methods such as balanced panel data and fixed or random effect estimators can be employed as this resolves the problem of unobservable heterogeneity across firms, by removing the time-invariant variable, thereby resolving the problem of omitted variable bias and increasing the validity and reliability of research studies (Gujarati, 2003; Wooldridge, 2003).

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Appendix A: Questionnaire

Appendix A. Cover Letter and Survey Questionnaire

Greenwich Maritime Campus
Park Row, London
SE10 9LS
Tel: +44(0)2083318205
Fax: +44(0)2083319924
Email: ol17@gre.ac.uk
Date: 11/06/2010

Chief Executive Officer,
....
....
Dear Sir/Madam,
Re: Corporate Governance Codes in Nigeria.
I am a PhD student in the Business School of the University of Greenwich. I am carrying out a research study on the conflict arising from the various corporate governance codes in Nigeria. There is multiplicity of corporate governance codes in Nigeria. These are the Securities and Exchange Commission (SEC) Code of Corporate Governance developed in 2003 later revised in 2011 (the SEC Code), the 2006 Code of Corporate Governance for Banks in Nigeria Post Consolidation (CBN Code), the 2007 SEC Code of Conduct for Shareholders' Associations (SEC Code for Shareholders), the 2008 Pension Commission of Nigeria's Code of Corporate Governance for Licensed Pension Operators (PENCOM Code), and the 2009 National Insurance Commission's Code of Good Corporate Governance for the Insurance industry (NAICOM Code).
I would appreciate it if you could make out time to respond and fill out the questionnaire. The information will be used for research purposes only. I would be most grateful to receive any additional comments. Please do not hesitate to contact me on the above contact details if you have any questions. The researcher hereby assures all respondent of my willingness to maintain their privacy and adhere to strict confidentiality throughout the duration of this research.
Please find enclosed a self-addressed envelope that can be used to return the completed questionnaire.
Thanks for your understanding and cooperation.
Yours Sincerely,

Please complete the questions below by ticking the appropriate box.

Section A

A) Dimensions of Corporate Governance structure.

1) What is the name of your company?

2) Categorize your company in terms of size?
a) Large b) Medium c) small
d) Others.. ☐

3) Does your company have internal auditors? YES…☐ NO….. ☐

4) Does your company have external auditors? YES….☐ NO….. ☐

5) How many committees do your company have? YES….☐ NO….. ☐

6) What are the names of the board committees? ☐
7) Who is in charge of your board? YES ☐ NO
a) CEOs ☐ b) Board ☐ c) Managers ☐ d) Government ☐
d) Others.. ☐
8) Which of the following CEOs/chairman position do your company have?
a) Single person occupying CEO and chairman post...☐
b) Different persons occupying the positions of CEO and chairman..☐
c) None……………………………………….....…☐
9) Do you think when managers are given incentives like share option and bonus they perform better?
YES………☐ NO……….☐

SECTION B

B) Board of Directors Variable

10) How many directors does your company have in the board? ....
11) How of many of these directors are inside directors in the board?
12) a) One ☐ b) Two ☐ c) Three ☐
d) Others.................................... ☐
13) How of many of these directors are outside directors in the board? a) One ☐ b) Two ☐ c) Three ☐ d) Others..............................☐

14) What is the level of compliance of your company to the codes?
Extremely High…..☐ High …….☐ Average……. ☐
Low……….☐ Extremely Low...................☐
15) What is the number of women in the board? ☐ a) One…☐ b) Two…☐
c) Three…..☐ d) others...............................☐

16) Does your company comply with more than one codes and why? Name the codes……….. Explain...
17) If yes to question 16 above, Do the codes conflict and how? YES ☐ NO ☐
Explain..
18) What is the level of enforcement?
Extremely High…..☐ High …….☐ Average……. ☐
Low…………☐ Extremely Low..................☐

SECTION C

C) General Information on your company

19) How do you describe the ownership structure and control of your company?

i. The largest shareholders has substantial voting right (for example above 35%) effectively control the company…………………………………
ii. Two or more shareholders control the company………………… ☐ ☐
iii. Ownership is diffuse with no controlling shareholder……………………………………………………..
iv. Headquarter of Family owned business group ☐ of companies……………………………………………………….☐
v. Others…………………….. ☐

20) What is nature of your business company?
a) Parents company without branch…………..………………………………………..☐
b) Parents company with branches nationwide……………………………………. ☐
c) Headquarter of Family owned business group of companies……………………☐
d) Branch of a family owned company……………………………………………..☐
e) Others…………………….. ☐
21) What is the relationship between the founder and the Managing Director?
a) Employee Manager…………………………………………………………☐..
b) He is founder of the company………………………………………………☐
c) Founder's relatives………………………………………………………….. ☐
d) Others……………………...☐
22) The CEOs of your company is of which origin?
a) Nigerian-born CEO…………………………………………………☐
b) Expatriate/Foreign CEO…………………………………………….☐
c) African-born CEO…………………………………………………☐
d) Asian-born CEO……………………………………………………☐
e) Others……………………..☐
23) What is your age category?
a) Less than 35 years……….☐
b) Between 35-45 year……..☐
c) 45-55 years………………☐
d) 55-65 years………………☐
e) Over 65 years……………☐.

24) What is your educational qualification?
a) Diploma level………………………………………………… ☐
b) HND holder………………………………………………… ☐
c) HND holder plus professional certificate……………………… ☐
d) Degree holder………………………………………………… ☐
e) Degree plus professional certificates………………………….. ☐
Others……………………...☐
25) How long have worked for the company?
a) Less than a year……………..☐
b) 1-3 years…………………….☐.
c) 4-10 years…………………☐.
d) More than 10 years…………☐

Appendix B: Coding of Interviewees Response

The coding of interviewees from the four (4) PLCs was done to protect the identity of those interviewed as agreed prior to commencement of the exercise as shown in the covering letter sent to them. The codes assigned to the interviewees are related to the names of the companies, the Industrial and General Insurance (IGI) Company are assigned the prefix ‘IG’, ‘E’ for ExxonMobil, ‘W’ for Wema Bank and ‘Z’ for Zenith Bank.

Summaries of Field Interviews

Interviews	Industrial General Insurance PLC	ExxonMobil	Wema Bank PLC	Zenith Bank PLC
Number of interviews	5	4	4	5
Code of interviewees	IG1, IG2, IG3, IG4 and IG5	E1, E2, E3 and E4	W1, W2, W3 and W4	Z1, Z2, Z3, Z4 and Z5

Appendix C: Focus group

General information of respondent background/function of	**Number of experts**
Scholars	2
Finance	2
Management consultants	2
Government regulators (civil servants)	2
CEOs	1
Deputy CEO	2
Directors	3
Managers	3

Appendix D: Profiles of respondents in survey and their relationship with interviewees

Gender composition	Survey respondents		Interviewees	
	Male (%)	**Female (%)**	**Male**	**Female**
CEOs	80	20	3	0
Deputy CEOs	90	10	2	0
Chairmen	50	50	1	1
Public Relation Manager	60	40	1	0
Operations Manager	80	20	1	0
Finance Managers	70	30	1	0
Consultants	80	20	1	0
Director of Operations	70	30	0	1
Administrative Manager	55	45	1	0
Communication Manager	54	46	1	0
Secretaries	45	55	1	0
Investment Managers/analysts	80	20	3	0
Total			18	100

Appendix E: Profiles of respondents in survey and their relationship with interviewees continues					
	Survey			Interviewees	
	Number of Respondents	**Nigerians (66%)**	**Non-Nigerians (34%)**	**Nigerians**	**Non-Nigerians**
CEOs	16	7	9	2	1
Deputy CEOs	7	5	2	2	0
Chairmen	6	6	0	3	0
Public Relation Manager	21	21	0	1	0
Operations Manager	7	6	1	0	0
Finance Managers	5	3	2	1	0
Consultants	12	12	0	1	0
Director of Operations	3	2	1	1	0
Administrative Manager	4	4	0	1	0
Communication Manager	8	8	0	1	0
Secretaries	7	7	0	1	0
Investment Managers/analysts	6	5	1	2	1
Total	**102**	**86**	**16**	**16**	**2**

Appendix F: The Breakdown of Survey questionnaires	
Number of Plcs	224
Completed questionnaires	102
Incomplete questionnaires	122
Invalid responses (discarded)	64
Total	**224**

Appendix G: Lack of Enforcement

Sectors	Yes	No	Did not Specify	Total
Commercial Banks	5	15	2	22
Insurance	12	4	2	18
Service	9	6	4	19
Manufacturing	7	7	3	17
Hotel	10	4	1	15
Oil and Gas	8	2	1	11
Overall	**51**	**38**	**13**	**102**

There was a very high degree of agreement amongst respondents' comments. The total number of respondents for the interviews and focus group discussions is 35. In terms of the professional/disciplinary backgrounds of the experts, a reasonable spread was reached.

APPENDIX H: Focus Group Guide for Questions	
1	What are the corporate governance codes?
2	How do the codes conflict and in what areas?
3	What are the benefits and shortcomings of multiple codes?
4	Do you think it's fair to say that the codes conflict because of managers' intention to avoid compliance or enforcement? What do you think the regulators should do?
5	What are the ways forward?

APPENDIX I:

Gender composition	Focus Group Participants	
	Male	**Female**
CEOs	1	0
Deputy CEOs	2	0
Chairmen	1	1
Public Relation Manager	0	1
Operations Manager	1	0
Finance Managers	1	0
Consultants	1	0
Director of Operations	0	1
Administrative Manager	1	0
Communication Manager	1	0
Secretaries	1	1
Investment Managers/analysts	2	1
Total	12	5

APPENDIX J: Profiles of Participants in Focus Group

	Nigerians	Non-Nigerians
CEOs	1	0
Deputy CEOs	1	1
Chairmen	2	0
Public Relation Manager	1	0
Operations Manager	1	0
Finance Managers	1	0
Consultants	1	0
Director of Operations	1	0
Administrative Manager	1	0
Communication Manager	1	0
Secretaries	2	0
Investment Managers/analysts	2	1
Total	15	2

APPENDIX K: ABBREVIATIONS

AGM	Annual General Meeting
BOD	Board of Directors
CAC	Corporate Affairs Commission
CEO	Chief Executive Officer
CBN	Central Bank of Nigeria
IFRS	International Financial Reporting Standards
FRCN	Financial Reporting Council of Nigeria
MNC	Multinational Company
NAICOM	National Insurance Commission
NED	Non-Executive Director
NGO	Non-Governmental Organisation
NSE	Nigerian Stock Exchange
PAT	Profit after Tax
P/E	Price Per Earnings
PENCOM	Pension National Commission
E/S	Earnings Per Share
PLC	Public Liability Company
PRO	Public Relation Officer
R&D	Research and Development
ROA	Return on Asset
ROE	Return on Equity
ROS	Return on Sales
SEC	Security and Exchange Commission
SIC	Standard Industrial Classification
SMEs	Small and Medium Enterprises
UK	United Kingdom
US	United States of America