

Corporate Governance, Organizational Politics and Leadership Effectiveness/ Ineffectiveness, in the Nigerian Banking Sector

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Abstract

The banking system remains a critical variable in the National development of countries. The ability of Nigerian banks to attain this objective remain elusive owing to the impact of organizational politics and corporate governance on leadership performance. As a result of crime of obedience, those who occupy sensitive positions who are products of distributed advantages/disadvantages only serve the interest of their principals. Thus, the objective of monitoring, independence and control instituted for the enhancement of corporate governance are subverted. Although the crime of obedience is within the rubrics of organizational politics, it is found in this study as a catalyst which triggers/acts on the elements in corporate governance. The existing dictatorship in the Nigerian banking sector where the voting rights of employees at the Annual General Meetings is arrested and exercised on their behalf by the leadership of some banks, is exacerbating the sordid state of corporate governance. The capture of the regulatory Authority by some banks and the failure of employers to allow employees and their representative to exist and maintain their institutional identity and hold alternative views is not helping the growth of corporate governance. To arrest the present dictatorship and mitigate the harsh effect of organizational politics and enhance the elements of monitoring, independence and control in corporate governance, employees and their representatives must be allowed to exist to constrain the ability of the leadership to act arbitrarily. The role of employees and their representatives in the enhancement of good corporate governance should be given meaning through concentrated share ownership by employees. The attainment of this goal and a synergy between employees and their representatives and strong private sector empowerment regulation will enhance effective corporate governance in banks. This research will create the needed understanding of the extent to which organizational politics is a determinant of corporate governance configuration and hence leadership effectiveness/ ineffectiveness in the Nigerian banking sector.

Keywords: Leadership, leadership Effectiveness/ Ineffectiveness, Corporate Governance, Organizational Politics, Power, Crime of Obedience.

1.0 INTRODUCTION

Banking is an industry in the service sector (Jones 1993). Hendrickson (2001), in his study undertaken in the United States of America banking industry demonstrates the correlation between a well-functioning banking system and a well-functioning economy. Banks have an impact on all sectors, through their lending policies, on large numbers of individuals through their deposit taking function; and on the general financial and monetary conditions of economies. Thus the banking activity remains a critical variable in the national development of countries. The way banks function in providing its traditional services has also changed drastically over the years due to the implementation of new technology in the sector. One of the most significant is electronic banking. These developments have made the management of these institutions more complex. There are various studies on leadership effectiveness/ineffectiveness. However, the impact of Corporate governance and organizational politics on leadership effectiveness/ ineffectiveness are yet to be explored. To address the obvious gap, this research will examine the impact of organizational politics and Corporate governance on leadership effectiveness/ineffectiveness.

2.0 Problem Analysis

The Nigerian Banking Sector is on its road to perdition as unscientific management practices abound. The worst hands are located and given jobs they are not suited for. Excessive risk taking, excessive operating expenses, inadequate supervision of loan portfolio, overtly aggressive growth policy, interest rate speculation, and poor judgment as a result of poor bank management which were identified as some of the factors that contributed to the failure of banks in the past are still present (Ebhodaghe, 1994). The banks are yet to realize that their value chain is embedded in the customer's value chain (Omoijiade 2004). In their study relating to manpower position in failed banks in Nigeria, Mamman and Oluyemi (1994) found that in appointing or selecting people in failed

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banks in Nigeria, due attention was not given to personal qualities, including appropriate qualification, managerial/ professional experience, track records and integrity. The position of Mamman and Oluyemi is congruent with the study of Costa (2006) who noted that those in authority in a bank could bring misfortune to a bank through underestimation of competition, running a bank like a non-banking business, promotion of the wrong people, assignment of wrong position to people and hiring external talents without tapping the potentials which exist within the organization.

In Nigeria, the crucial role/importance associated with management/human resources in banks has become more pronounced than hitherto. The success of banks as a service industry depends greatly on the quality of its personnel. Management quality underlies all other factors in a bank. As Mamman and Oluyemi (1994) indicated, an otherwise adequate capital may turn inadequate with bad management. As stated by Kubr and Wallace (1993), for improperly managed business organizations (including banks), even massive injections of finance and material resources, as well as super human efforts, produce only fleeting improvement. Collins (2009:21) supports Kubr and Wallace (1993) and Mamman and Oluyemi (1994) when he stated that “when an organization grows beyond its ability to fill its key positions with the right people, it has set itself up for a fall”.

The problem of leadership failure has worsened significantly in business, as vital resources are lost (Williams, 2006). The search for effective organizational leadership has been the goal of almost all companies in order to maximize their resources, not only in terms of financial capital, but also human and customer valuation capital. As noted by Collins (2009:62), “While no leader can single-handedly build an enduring great company, the wrong leader, vested with power can almost single handedly bring a company down”. A critical review indicates that lack of good corporate governance and organizational politics are responsible for bad management and leadership ineffectiveness in the Nigerian banking sector. As an employee, you may have strength of character and dazzling in speed of thought and creativity, your career will degenerate to futile existence if you are inept in navigating through the political terrain of your organization. Thus, the effectiveness of organizational leadership and hence the corporate growth of a company is highly dependent on the existence of good corporate governance and the ability to control and moderate the harsh effects of organizational politics.

3.0 Theoretical Background

In this study, leadership is central. The definition of the concept is therefore prudent. Leadership is a complex and subjective matter involving individuals in a complex web of relationships within complex organizations. It raises complex issues that have long been the subject of vigorous debate in the academic literature (Sonsino, 2002). The Anglo-Saxon etymological origin of the words lead, leader and leadership is ‘læd’, which means “path” or “road”. The verb ‘læden’ means “to travel” (Gill, 2009:8-9). While Kets de Vries, Vrignaud and Florent- Treacy (2004) defined leader as one who shows fellow travellers the way by walking ahead (Kets de Vries, Vrignaud and Florent-Treacy 2004), Pratch and Jacobowitz (1997) stated that leadership is the process of influencing small group activities towards setting goals and attaining them. Within this context, Pratch and Jacobowitz argue that the leader function to direct the activities of the subordinates and motivate them to carry out their duties effectively. The position of Pratch and Jacobowitz is congruent with similar views expressed by Kotter (1998) who suggest that leadership is the process of moving a group or groups in some direction through mostly non-coercive means. The position of Kotter with regard to the element of coercion in leadership definition is not absolute as contingency theories suggest that there is no one best style of leadership. According to Gill (2009), successful and enduring leaders use different styles according to the nature of the situation and followers. While individuals may look to a leader to frame and concretize their reality, they may also react against, reject or change the reality thus defined (Smircich and Morgan, 1982). While leadership often emerges as a result of expectations projected on the emergent leader by the led, the surrender of power involved provides the basis for negation of the situation or context created. Much of the tension in leadership stems from this source. Although leaders draw their power from their ability to define the reality of others, their inability to control completely; since its power is not absolute, provides seeds of disorganization in the organization of meaning they provide. Thus, if the leaders want to retain their role, they must respond to the needs of the followers as it is difficult to clap with one hand. As stated by Keith and Blomstrom (1971), in the long run, leaders who do not use power in a manner considered responsible by its constituency will lose it. That is the iron law of responsibility. Since leadership is exercised within the context of power/organizational politics, the concepts will be examined in the next section.

3.1 A Perspective on Organizational Politics and Power

According to Greenberg and Baron, organizational politics are those actions not officially approved by an organization taken to influence others with a view to furthering personal goals.

Organizational politics and power are sometimes used interchangeably. The difference between the two concepts has never been fully settled. As stated by Pfeffer (1981:5), organizational politics is “study of power in action”. Pettigrew (1973), described organizational politics as the use of power to influence decision making.

Pfeffer (1981:5), defines political behaviour as “activities taken within the organization to acquire, develop and use power and other resources to obtain one’s preferred outcomes in a situation where there is uncertainty or dissensus about choices”. Eisenhardt and Bourgeois (1988) define organizational politics as observable, but often covert actions by which executives enhance their power to influence a decision.

Parsons (1960) noted correctly a second collective aspect of power, whereby persons in co-operation can enhance their joint power over third parties or over nature. As stated by Clegg (1989), in an attempt to fulfil or maintain their situated interests, agents constantly struggle to enroll others into facilitating their projects. They achieve this by manipulating the available network of power and social relations, drawing on existing repertoires, validation processes and disciplinary mechanisms. As argued by Long (1992), agents and agencies reified by others as holding power and possessing knowledge are able to enrol others into their projects more effectively than those imagined to be powerless and ignorant. According to Hayward and Boeker, (1998) and Maitlis, (2004), the position of a stakeholder within a power base is not static in the power dynamics of an organization. Mitchell, Agle and Wood (1997) characterized stakeholders who lack power but who have urgent and legitimate claims as “dependent”, because they depend upon other stakeholders or the firm’s managers for the power necessary to carry out their will. By definition, a stakeholder exhibiting both power and legitimacy will be a member of a firm’s dominant coalition. When such a stakeholder’s claim is urgent, management have a clear and immediate mandate to attend to that stakeholder’s claim. For example, in 2010, the Principal Managers and senior Managers in Union Bank, who were dependent stakeholders became active members of the Association of Senior Staff of Banks, Insurance and Financial Institutions in order to acquire power with a view to becoming definitive stakeholders. As stated by Mitchell, Agle and Wood (1997), a definitive stakeholder salience will be high where the entire stakeholder attributes of power, legitimacy and urgency are perceived by managers to be present. The act of collective organizational alliance alone is inadequate to overcome an organization of power. In order to produce an effective resistance, people have to acquire the ability to activate a collective organization through outflanking. As stated by Gaventa (1980:87-113), those who possess the organizational advantage will always succeed in overcoming those who lack organizational resources, by means of organizational outflanking. Organizational outflanking finds expression in the ability to eliminate resistances with relative ease, to prevent them in advance by means of organizational priority, as well as to impose the order desirable to those doing the outflanking.

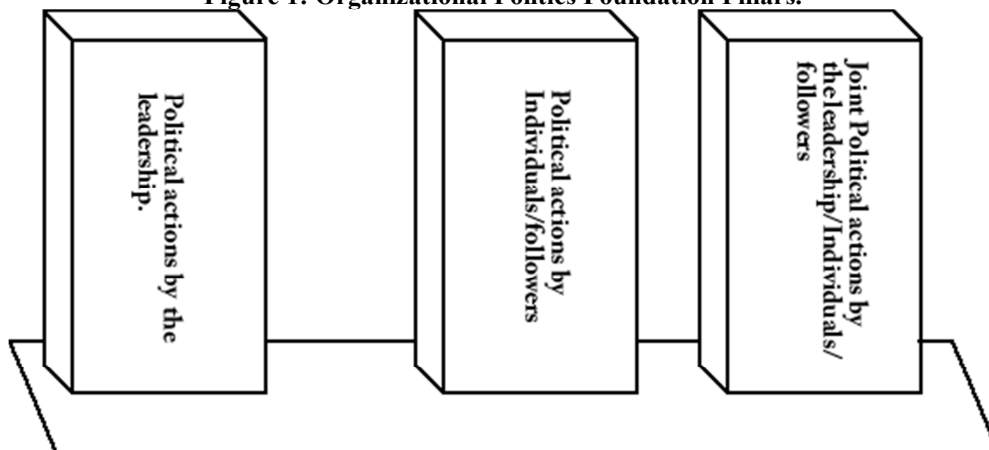
Organizational outflanking creates an advantage in the power relations for the out flankers as opposed to the outflanked. Powerlessness in situation of organizational outflanking may be attributed to a lack of knowledge among the outflanked; however, there exist situations in which the knowledge exists and is available to the outflanked. In other words, not in every situation is knowledge useful to extricate oneself from a situation of organizational outflanking. It is important to understand that there are situations in which the outflanked know and are conscious of their situation, but nevertheless cannot, or are not ready to, extricate themselves from it. Some actors within the power relations may surrender to organizational outflanking as a result of lack of knowledge. **Ignorance, isolation and division** falls within the rubric of lack of knowledge.

As argued by Clegg (1989), there are situations in which surrendering to organizational outflanking is based on knowledge. In those cases, the outflanked are conscious not only of their situation, but also of the price of resistance to the outflanking. Sometimes, people estimate that the price they will pay for their resistance may be higher than their chance of obtaining a positive outcome. When that is the evaluation of the situation, the knowledge ceases to have practical value in the existing conditions. Another kind of knowledge that is available to the outflanked is the knowledge about the oppression which the organizational outflanking creates in their lives, and about the fact that the time which passes in the situation of organizational outflanking operates against them.

The three dimensions of power focus on the repressive side of power, and conceptualize power as a resource that individuals gain, hold and wield (Gaventa, and Cornwall, 2001). Flowing from Gaventa and Cornwall argument, although power is de-centred and ubiquitous in organizations, its distribution which is tied to resource is not even. As stated by Handy and Clegg (1996), every organizational actor has the ability and discretion to make use of power, although given that power is not equally distributed, some members have more influence than others. For example, while the Managing Director/ Chief Executive Officer can transfer a radical union leader/employee who fail to conform to a remote outpost, the union leader/ employee cannot effect the transfer of the Managing Director/ Chief Executive Officer. Organizational political dynamics are therefore characterized by a constant battle between actors in privileged/subordinated roles within power relationships (Clegg, 1975). As a result of access to resources, the leadership within the context of study, occupy a vantage position to determine “who gets what, when and how and who gets left out and how, through the instrumentality of outflanking via certain political actions/ elements (Bachrach and Baratz, 1970:105, Foucault, 1977:194). In the next section these prevailing political actions will be examined.

There are three segments of organizational politics. These includes, political actions by individuals, leadership and leadership/individuals

Figure 1: Organizational Politics Foundation Pillars.



3.1.1 Political Actions by Individuals

Lack of action or going along to get ahead (Kacmar and Carlson, 1997), Making friends with power brokers, self-promotion, deliberately withholding useful information, highlighting other people's errors and flaws, delaying tactics to block others, misinformation to confuse others, spreading false rumours to undermine others and keeping dirty files to blackmail others (Buchanan, 2007), Joining a coalition, whistle blowing, spreading rumours, leaking confidential information about the organization to the media, obstructing organizational policies or decisions through inaction or excessive adherence to rules, lobbying on behalf of or against a particular individual or decision alternative (Robbins and Judge, 2009, Pettigrew, 1973), Private attempts to co-opt or lobby key executives, formation of insurgency groups (Bourgeois, 1987, 1988), By passing the chain of command to gain approval (Ferris, Frink, Galang, Zhou, Kacmar and Howard, 1996), Taking of underserved credit, scape goating and blaming others, unfairly tarnishing the reputation of others, giving insincere flattery, telling people what they want to hear (Seldman and Betof, 2004), are political actions by individuals.

3.1.2 Political Actions by the Leadership

Building network of useful contacts, using key players to support initiatives, making friends with power brokers, bending the rules to fit the situation, breaking the rules to achieve objectives, conceding minor issues to win major goals, compromising now to win future favours, using social setting to discover opinion, using others to deliver bad news (Buchanan, 2007), Developing contacts outside the organization through political, social and professional activities (Robbins and Judge, 2009), Agenda control (Pettigrew, 1973), Deliberately undermining the effectiveness of a unit in order to displace a less favoured incumbent through appointing the wrong managers, starving businesses of resources for worthwhile projects, encouragement of wasteful investment and pressing for inappropriate targets (Campbell, 2003), Development of high level interaction, reward for members of in groups, in formal management of ingroups and formal management of outgroups, involvement of ingroups in decision making (Graen, 1976, Liden and Graen, 1980, Andrews and Kacmar, 2009, Wayne, Liden and Sparrowe, 1994), Blocking of Union Leaders Access to emails (Union Bank Association of Senior Staff Letters dated 12/1/11), Proscription of the Trade Unions (Union Bank Letter 1/12/11), Transfer of Union leaders and employees who hold critical views about the leadership to unfavourable locations (Ferris, Frink, Galang, Zhou, Kacmar and Howard, 1996), Punishing people who criticize or challenge ideas (Selfman and Betof, 2004, Buchanan, 2007), Favouritism, transfer of favoured employees to favourable locations, creating favourable image, reward, (Buchanan, 2007), Use of Tribalism to weaken workers solidarity (Lukes, 2005), Accepting insincere flattery (Observation by the researcher), Internal and external alliances (like legitimization of a view point through alliance with external consultants (Bourgeois, 1998), are political actions exploited by the leadership.

3.1.3 Political Actions Exploited Jointly by Individuals and the Leadership

Making friends with power brokers (Buchanan, 2007), Lobbying on behalf of or against a particular individual or decision alternative (Robbins and Judge, 2009), Developing contacts outside the organization through political, social and professional activities (Robbins and Judge, 2009), Gaining and developing support, association with influential individuals, forming powerful coalitions, covert manipulations and formation of ingroups (Buchanan, 2007, Pettigrew, 1973), are political actions jointly exploited by individuals and the leadership.

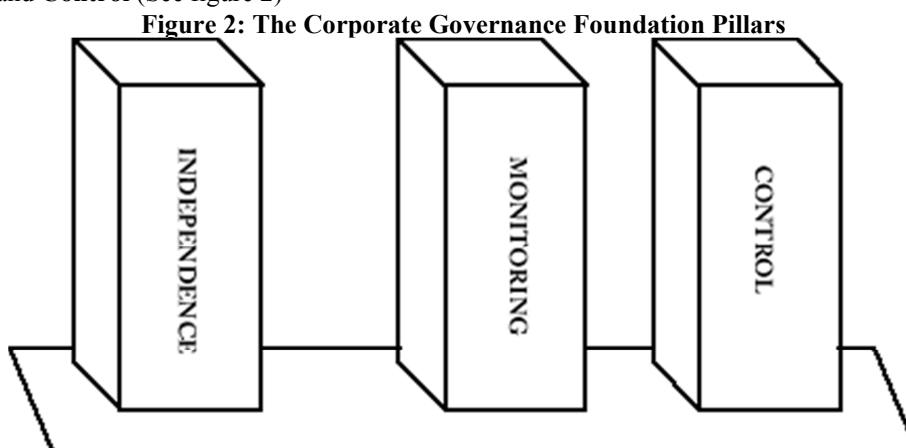
There is a link between crime of obedience and organizational politics. The concepts will be examined in the next section.

4.0 Crime of Obedience

Crimes of obedience are acts considered illegal or immoral by the larger community, which are performed in response to orders from an authority (Kelman and Hanilton, 1989). As a result of the distribution of advantages, cronies are appointed into important positions in the organization by the leadership. The appointed cronies only serve the interest of their principals. Thus, the crime of obedience is institutionalized and the objective of **monitoring, control and independence** that are vital in the promotion of good corporate governance are subverted and reduced to position of inessentiality. Although the crime of obedience is an element in organizational politics, it is a catalyst which triggers/acts on the elements of **monitoring, independence and control** in corporate governance.

4.1 The Elements in Corporate Governance

There are three elements in corporate governance in the Nigerian banking sector. These includes, **Independence, Monitoring and Control** (See figure 2)



A firm cannot function unless its various structural components are appropriately assembled (Chandler, 1962). Flowing from the position of Chandler, corporate governance will not achieve its purpose unless the elements of **independence monitoring and control** in corporate governance are properly assembled. Independence is defined in the Oxford Advanced learner's Dictionary (2005: 758), as "..... freedom to Make your own decision Without needing help from other people"; "....Somebody who is not involved in a situation and so is able to judge ... fairly"; and "...Somebody not connected with or influenced by something. While control is defined as "... the act of restricting, limiting or managing "(Oxford Advanced learner's Dictionary, 2005:319), Monitoring is defined as "... to check that something is done fairly and honestly (Oxford Advanced learner's Dictionary, 2005: 949). As argued by Griffin and Pustay (1996), Independence and monitoring are achieved through organizational design. According to Griffin and Pustay, organizational design is the overall pattern of structural components and configurations used to manage the total organization. As stated by Jones (1995), through organizational design, organizational resources are allocated, tasks are assigned and employees are instructed about rules, procedures and expectations about job performances. Control is the process of monitoring and regulating activities in a firm so that targeted measure of performance is achieved (Anthony, 1988).

According to Anthony, the control process begins with the establishment of a goal or other performance target. Managers then monitor progress towards meeting that goal or target and take appropriate actions to keep the firm on track. There is a nexus between **monitoring, independence and control** in corporate governance. Jacoby (2005: 69 – 87), define corporate governance "as structures and systems of control by which managers are held accountable to those with legitimate stakes in an organization". The extent of monitoring by the board is a function of the board's independence (Hermalin and Weisbach, 1998, Becht, Bolton and Röell, 2005). As argued by Becht, Bolton and Röell (2005), the logic of independence is flawed as independent directors are dependent on the CEO for appointment and re appointment. According to Becht, Bolton and Röell, in spirit, most charters are meant to operate like a "Shareholder democracy", where the shareholders constitutes themselves into the electorate responsible for the election of the directors, with the CEO as the executive branch of government and the Board as the legislative branch. Becht, Bolton and Röell, posits that in firms with dispersed share ownership, the board is more of a "rubber stamp assembly", than a truly independent legislature responsible for checking and balancing the power of the CEO. This perspective is supported by Steiner and Steiner (2006), who found that while in theory, the flow of authority in an organization is from the powers granted in the Charter to Stockholders, then to directors, and then to the CEO, in reality in many corporations, the flow of authority is from the Charter to the CEO, who exercise power over directors, Shareholders and the

public have limited ability to influence the activities of the directors or the CEO. Principal 6 of Basel Committee on banking supervisions, principles for enhancing Corporate governance (2010), provide that internal controls are instituted with a view to ensuring that banks are in compliance with applicable laws and regulations, reasonable checks on the discretions of management and employees to prevent them from exceeding their authority and perpetuation of fraud. Levine (2004) examined further the external/government dimensions of control. According to Levine, while government policies that ameliorate the adverse effects of information and transaction costs can improve the governance of banks and enhance social welfare, bankers can exert a powerful influence over governments and regulators, so that regulations serve to promote the interest of incumbent bankers rather than promote social welfare and corporate governance.

Rather than exerting a “helping hand” to ease market failures, governments may instead use a “grabbing hand” to satisfy political objectives (Shleifer and Vishny, 1998). Politicians and regulations may induce banks to divert the flow of resources to politically connected ends or powerful banks may “capture” politicians and induce official regulators to act in the best interests of banks rather than in the best interests of society (Becker and Stigler, 1974; Rajan and Zingales, 2003). For example, the intervention of Central Bank of Nigeria (CBN) in some banks in Nigeria in 2009 was motivated by the Regulatory Authority desire to protect the interest of champions of hostile take overs at the expense of existing shareholders. The intervention of CBN attracted the attention of the Public and the House of Representatives. As stated in House Resolution No. HR 70/2012 (2014:24-25), “The CBN refused to produce the special examination preceeding its intervention in 10 banks”, including Union Bank. “Although the requirement for special examination is a provision in Section 33 of Banks and other Financial Institutions Act, 2004; an Act of the National Assembly, the CBN argues that the reports, among many others which the House requested is purely confidential to it alone. ... it is strongly felt that the CBN appears to have too many things to hide. This is a great danger to the economy”.

Levine (2004) suggests that direct official supervision of banks may actually reduce the efficiency of corporate governance of banks (Levine, 2004), Barth, Caprio and Levine (2003) found that regulatory power is positively associated with national levels of corruption and negatively associated with overall levels of bank development. To constrain the negative impact of regulation on corporate governance, the mechanism to negate the “grabbing hand” of politicians and regulators must be created. There must also be incentives for official agencies to improve social welfare (Shleifer and Vishny, 1998; Haber, Razo and Maurer, 2003). One approach to improving corporate governance is the alignment of the interest of the regulators with the society through the creation of an independent agency with a well-defined objective. This is predicated on the argument that the regulation that empower private monitoring increase the effectiveness of the corporate governance of banks. Where the supervisory agency is independent from banks and supervisors have proper incentives, the probability that the banks will capture supervisors will diminish (Levine, 2004). Barth, Caprio and Levine (2003), posits that the independence of the supervisory agency reduces the pernicious effects of a powerful regulatory agency. In a related arguments, Levine (2004:14), suggest that “broad national institutions, such as the openness and competitiveness of the political system or effectiveness of the media, influence the effectiveness of corporate governance in banks”. As stated by Levine, closed and uncompetitive political systems provide greater scope for political and regulatory capture. According to Levine, where the media is corrupted/influenced by banks, the media is unlikely going to be helpful in exposing insidious management actions which impair corporate governance.

Evidence tends to support the view that regulations that empower the private sector work best to improve the governance of banks (Levine, 2004). Barth, Caprio and Levine (2003:15) “Construct a measure of the degree to which regulations empower the private sector. This measure includes information on regulations that force banks to disclose information to the public and impose severe penalties on a bank’s directors or officers for providing inaccurate or misleading information”. Barth, Caprio and Levine suggest that strong private empowerment relations boost overall bank development and efficiency and reduces the reliance on corrupt ties with bank officials.

The role of employees or their representatives in the enhancement of good corporate governance is recognized under the OECD Principle of corporate governance. As stated in OECD Principles of Corporate governance (2008:139), “Unethical and illegal practices by corporate officers may not only violate the rights of stakeholders but also be to the detriment of the company and its shareholders in terms of reputation effects and an increasing risk of future financial liabilities. It is therefore to the advantage of the company and its shareholders to establish procedures and safe harbours for complaints by employees, either personally or through their representative bodies, and others outside the company, concerning illegal and unethical behaviours”. To enable employees or their representatives maintain their institutional identity, their right to hold alternative views is imperative. Whistle blowing, which is within the rubrics of political behaviour, is one of the medium for achieving this (Robbins and Judge 2009). To enable employees and their representatives act as enablers of corporate governance, their ability to constrain the ability of management to act arbitrarily must be acknowledged.

In the Nigerian banking sector, the role of employees or their representatives as enablers of corporate governance receive very scanty attention as the leadership is unwilling to respect alternative views and submit itself to monitoring. Besides, the belief that employees are only to accept orders and not heard is still fashionable. Kashyap, Rajan and Stein (2008) and Cohen, Jeffrey, Krishnamoorthy, Ganesh, Wright and Arnie (2009), document that unless management allows itself to be monitored; the substance of governance activities will be subverted. The role of employees and their representatives in the enhancement of good corporate governance should be given further meaning through concentrated share ownership by employees. This will assist in mitigating the negative impact of large informational asymmetries and enormous discretion over the flow of information by managers. The attainment of this goal and a synergy between employees and their representatives and strong private empowerment regulation will enhance good corporate governance in banks.

5.0 Organization Politics /Corporate Governance and Leadership Effectiveness/Ineffectiveness

Feidler (1967) asserts that it is simply not meaningful to speak of an effective leader or an ineffective leader. As argued by Feidler, we can only speak of a leader who tends to be effective in one situation and ineffective in another. The effectiveness, of a particular style of leadership depends on the relationship between the characteristics of the leader, the followers and the situation. To Fiedler (1967), the effectiveness of a leadership style, either task oriented or people oriented, depends on the situation in terms of how defined and structured the work is; how much position power (authority) the leader has and the relationship between the leaders and the followers. Barrow (1977), found that the propensity to express leadership findings in binary terms of effective/ineffective hamper the understanding of leadership effectiveness. This perspective is supported by other researchers who expressed concern about the practical relevance and utility for the determination and distinguishing between “good” or “bad” managers. According to them, there is little agreement about what constitutes managerial effectiveness (Luthans, Rosencrantz and Hennessey, 1985; Martinko and Gardner, 1990, Cammock, Nilakant and Dakin, 1995; Willcocks, 1992;). The argument against the expression of leadership in effective/ineffective binary is weak as leadership is only a means to an end. Besides, the practical essence of leadership will be reduced to inessentiality if its outcome cannot be measured in binary terms of effective/ineffective. Leader behaviour as dependant variable seeks to discover how certain situation influences behaviour and the degree of variability in leadership behaviour. The optimal behaviour pattern for a leader in a given situation is yet to be discovered (Yukl, 1989). Stogdill (1974) in an earlier study found that while certain traits such as “being creative” or “persuasive” may help one become an effective manager, it cannot explain the factor behind success in every situation. According to those who have studied managers, the effective ones engage in a variety of management – oriented behaviours (Quinn, 1999; Yukl, 1990). Previous research has attempted to identify what those behaviours responsible for success are (Bernardin and Beatty, 1984:50). Since organizational politics is within the rubrics of behaviour there is therefore a link between organizational politics and leadership effectiveness/ineffectiveness (Boleman and Deal, 1997; 1992; 1991).

6.0 Aim and Objective of the Research

My research objectives therefore are as follows:

- i. To determine if organizational politics is a determinant of corporate governance configuration in the Nigerian banking sector.
- ii. To determine if leadership effectiveness/ineffectiveness in the Nigerian banking sector is affected by organizational politics.

7.0 Research Methodology

This study reflects the stance of interpretivism/constructionism. As a result of my dual role as a researcher and a stakeholder in the institution under study, I will play a part in the research process. It will be impossible for me to carry out this investigation without being involved. In order for me to understand the subjective meaning of the impact of organizational politics and corporate governance on leadership effectiveness/ineffectiveness, I will be immersed in the research context.

The growth of interpretive approaches stems largely from dissatisfaction with the methods and procedures for producing scientific knowledge within positivistic research (Sandberg, 2005:41). Holstein and Gubrium (1994: 262-272) found a divergence of the analytic paths of qualitative approaches within the interpretive research tradition towards constructionist strain. The ontological and epistemological assumptions underlying the interpretive research tradition is often traced back to ideas from Weber (1947/1964). However, the roots of the interpretive research tradition are many, and it is not single unified approach. The more influential approaches are various forms of social constructionism (Berger & Luckmann, 1966; Bourdieu, 1990; Giddens, 1984, 1993). Despite the great variety of approaches, what unifies them is their phenomenological base, which stipulates that person and world are inextricably related through lived experience of the world (Berger & Luckman, 1996; Gadamer, 1960/1994). Hence, within interpretive approaches, the human world is never a world

in itself; it is always an experienced world; that is, a world that is always related to a conscious subject. Thus, the ontological and epistemological assumptions underlying the interpretive research tradition reject the existence of an objective knowable reality beyond the human mind. Instead, they stipulate that knowledge is constituted through lived experience of reality (Sandberg, 2005). Sandberg (2005) found that instead of assuming a dualist ontology that implies a division of subject and object, advocates of interpretive approaches regard subject and object as constituting an inseparable relation. As Giorgi (1992) noted, there are not two independent entities, object and subjects existing in themselves which later get to relate to each other, but the very meaning of subject implies a relationship to an object and to be an object intrinsically implies being related to subjectivity. Sandberg (2005:45) added, “advocates of interpretive approaches claim that it is not possible to produce an objective description of reality. Instead, their basic argument is that our descriptions are always coloured by our specific historical, cultural, ideological gender-based, and linguistic understanding of reality. Thus, instead of assuming an objectivist epistemology for the existence of objective reality, advocates of interpretive approaches typically claim that reality is socially constructed by continuous negotiation between people about the very nature of that reality.

8.0 Research Strategy

The research strategy adopted in this study is action research. There is a linkage between the chosen methodology of interpretivism and research strategy. As stated by Christoe, Valenichis and Anastasiadou (2005), interpretivists are more likely to use action research. According to Kemmis and McTaggart (1988:10) “...to do action research is to plan, act, observe and reflect more carefully, more systematically, and more rigorously than one usually does in everyday life; and to use the relationships between these moments in the improvement of knowledge”.

9.0 Research Methods

Within case study, different methods can be used, which are traditionally interviews, observations, and documentary analysis. On the choice of methods, Robson (2000:304) stated: “*There is ‘no best method’ but the choice should be according to the feasibility of time and resources. The reason behind choosing multi-methods, in collecting data, is that every method has strengths as well as weaknesses, and matching the strengths of one with the weaknesses of another could help in later stages of the study*”.

My choice of ‘multi-methods’ in this study relates to the issue of validity. According to Morse Barret and Mayan, (2002:14): “...to validate is to investigate, to check, to question, and to theorize. All of these activities are integral components of qualitative inquiry that ensure rigor. Whether quantitative or qualitative methods are used, rigor is a desired goal that is met through specific verification strategies. While different strategies are used for each paradigm, the term validity is the most pertinent term for these processes”

Hitchcock and Hughes (1995:105-106) argued that: “...validity has to do with instruments/techniques, data, findings and explanation... Is the choice of data collection techniques or instruments suited to the type of data required and research questions formulated? – the notion of ‘fitness for purpose’... The notion of validity checks suggests that, there are things which the researcher can do to increase validity. The most common way in which validity can be strengthened is by some form of triangulation or diversity of methods”. Another initial consideration in validity is to engage in piloting before the formal research period. According to Robson (2000: 164-165) “It may be that there is only one case to be considered, or there are particular features of the case selected (such as geographical or temporal accessibility, or your own knowledge of the case), such that there is no sensible equivalent which could act as the pilot”.

In this study my own knowledge of the Nigerian banking sector was felt sufficient not to necessitate pilot studies.

9.1 INTERVIEWS

My interviews were non-standardized. (Hitchcock and Hughes (1995)). I used only informal interviews and conversations, with individuals and groups.

There were many opportunities for informal interviews or conversations with different participants. Hitchcock and Hughes (1995:163) clarified that: “...*Conversations are, of course, a major element in any kind of field research. Conversations not only constitute an important source of data but might also be regarded as a method of research in their own right*”. The informal meetings with some key Stakeholders constituted such ‘conversations’. As a result of the prevailing dictatorship in the Nigerian banking sector, obtaining direct response to my questions from one of the former MD/CEOs of Union Bank was futile. To enable me obtain the relevant response from the key informant, a heavier jolt was required. To accomplish the objective, I sent a petition to the House of Representatives, Banking and Currency Committee, through the International Centre for Corporate governance and Conflict studies (ICCGCS); a non-governmental organization, with the *raison d’être* of holding corporate leaders accountable. On the 21st of Nov. 2013, a public hearing took place in furtherance of

my petition. I made written and oral presentation at the public hearing. The responses of one of the former MD/CEOs of Union Bank to my petition are relied upon in this enquiry.

9.2 Observations

The importance of observation and its link to validity was summarized by (Gillham 2000:46) when he stated that *“The overpowering validity of observation is that it is the most direct way of obtaining data. It is not what people have written on the topic. It is not what they say they do. It is what they actually do”*

This provided the insight into what people ‘actually do’, or for my case, ‘actually talk about’ in certain settings (Griffins, 1985).

9.3 Documentary Analysis

Documents that were scrutinized included: letters from the Management and Trade Unions, Emails, Circulars, Internal Memos, minutes of meetings. With regard to informal conversations, I made notes about them from memory as soon as possible. I compared the documents obtain vertically. By comparing them vertically I mean; the theoretical content with the practice on ground.

10.0 STUDY POPULATION

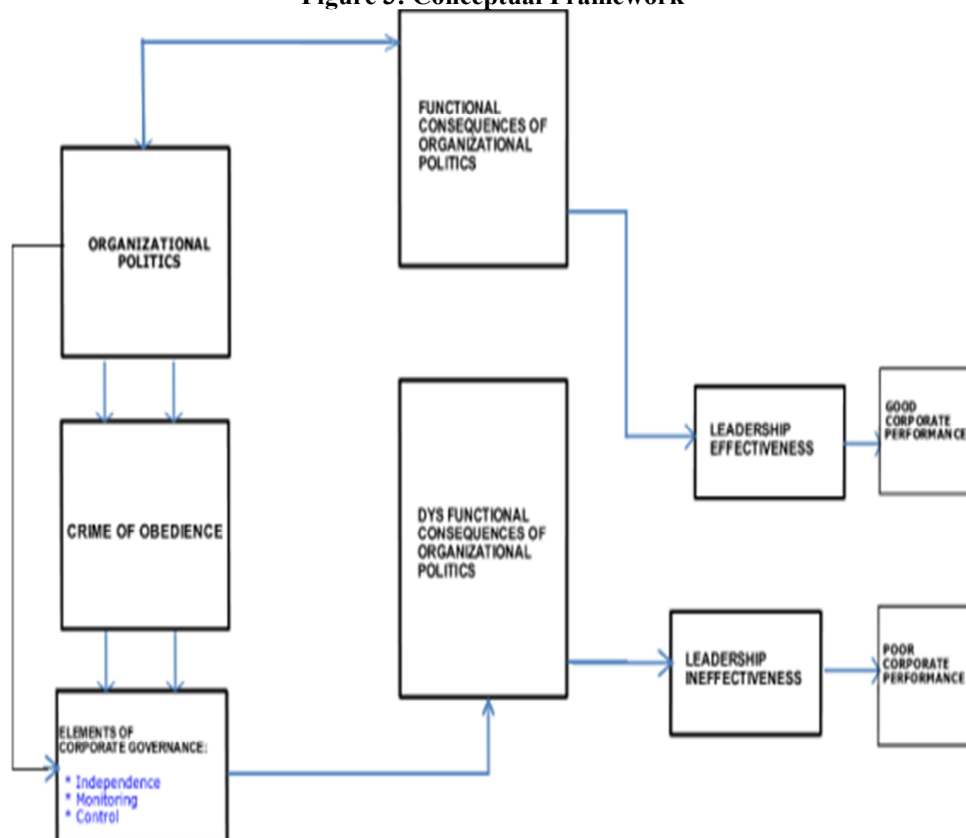
Purposive Sampling is adopted in this study as Union Bank of Nigeria Plc is the research context. As stated by Saunders, Lewis and Thornhil (2003:175) “Purposive or judgmental sampling enables you to use judgment to select cases that will best enable you to answer your research question(s) and to meet your objectives”. According to Neuman (2000), purposive sampling is often used when working with small samples such as a case study and when you wish to select cases that are particularly informative. The interactions relating to this study took place with stakeholders, namely: Directors, Ex-Directors, trade union leaders, shareholders activists, managers employees, ex employees in Union Bank.

The narrative method shall be employed in analyzing the qualitative data relating to research. As stated by Riessman (2002:218) narrative analysis seeks to put together the “big picture” about experiences or events as the participants understand them. Narrative analysis focuses on “the story itself” and seeks to preserve the integrity of series of events.

11.0 The Conceptual Framework

As depicted on the conceptual framework there is a nexus between organizational politics, crime of obedience, corporate governance and leadership effectiveness/ineffective and corporate performance.

Figure 3: Conceptual Framework



Although the crime of obedience is an element in organizational politics, it is viewed as a catalyst which triggers/acts on the elements in corporate governance. As shown in Figure 3, as a result of crime of obedience, the elements of control, monitoring and independence in corporate governance are subverted, culminating in ineffective leadership and poor corporate performance. The conceptual framework also demonstrates the existence of functional and dysfunctional consequences of organizational politics. While the functional consequences of organizational politics will enhance leadership effectiveness and hence good corporate performance, the dysfunctional consequences will impair leadership ineffectiveness and hence poor corporate performance.

11.1 Main Questions

- Is organizational politics a determinant of corporate governance configuration in the Nigerian Banking Sector?
- How is leadership effectiveness/ineffectiveness in the Nigerian Banking sector affected by organizational politics?

11.2 Subsidiary Questions

- How is organizational politics expressed in the Nigerian banking sector
- Is crime of obedience, which is an element in organizational politics, a catalyst which acts on/triggers the elements in corporate governance?
- To what extent are the functional consequences of organizational politics responsible for leadership effectiveness and hence good corporate performance?
- To what extent are the dysfunctional consequences of organizational politics responsible for leadership ineffectiveness and hence poor corporate performance?

12.0 Data Analysis

The key points for interpretivism is that reality is socially constructed. The task before us is to identify what meanings people place on events or “occurrences” in order to explain their reactions to such occurrences. This shows people as actively constructing their context. Gage (1989:5) wrote “interpretive researchers regard individuals as able to construct their own social reality, rather than having reality always be the determiner of the individuals’ perception”. Interpretivist research is able to extract such meanings and through the researchers’ own interpretations attempt to establish the different versions of “reality” through the participants’ eyes. This is

particularly important in a study which looks at political actions in the Nigerian Banking Sector.

Subsidiary Research Question (a): How is organizational politics expressed in the Nigerian banking sector?

There is a link between observation and validity. According to Gillham (2000: 46) “the overpowering validity of observation is that it is the most direct way of obtaining data. It is not what people have written on the topic. It is not what they say they do. It is what they actually do”. Political actions by individuals, acted as enabler of institutionalized political actions by the leadership. The outcome of the outlined conversation between the researcher and a secret agent of the management will validate this:

Management Secret Agent: The management of the Bank are not doing well. A lot of terrible things are happening. The planned strike by the Union will not help the situation. Will the planned strike by the Union hold?

Researcher: I know you are close to the management. Tell them to do the right thing, to avert the impending strike.

Management Secret Agent: I am close to the Management because of the nature of my job as a Protocol officer. You are also close to the Union. Prevail on the leadership to shelve the planned strike.

Researcher: No individual is competent to vary the decision of the National Executive Council of the Union.

Management Secret Agent: The impact of the strike will be devastating.

Researcher: I know you were sent by the management to assist in compromising the interest of employees. When you get back to them, report correctly what I said. Don’t add and don’t subtract.

The secret agent of the management was compensated with a transfer to a **favourable location** in South Africa and the researcher and other comrades were transferred to **unfavourable locations** to contend with extreme prohibitions.

An observed comment following a conversation between employees as stated below support that political actions by the individuals motivate political actions by the leadership:

We are the ones killing ourselves. We sold ourselves to the management. When the Managing Director came, she did not know anybody. Some employees went and told her lies about other employees in exchange for favour. Those who are telling the management lies are riding on Tiger’s back. When the tiger arrives at its destination, those liars will make a good meal.

Interpretation of Conversation and Interview

Within the context of study, political actions by individuals activates the political actions of the leadership.

12.1 Subsidiary Question (b): Is crime of obedience, which is an element in organizational politics a catalyst which acts on/triggers the elements in corporate governance?

To validate/or otherwise/ the subsidiary question (b), the comments of the then MD/CEO of Union Bank, Former Director: Union Bank, General Secretary: Union Bank Association of Senior Staff and an Employees of Union Bank Finance Services Department will be examined:

Question: In furthering the distribution of advantages by the leadership, cronies including Risk Officer, Internal Control Officer, e.t.c. were recruited to occupy sensitive positions in the Bank and its subsidiaries with a view to serving the personal interest of their principal and achieve the manipulation of books. There is no evidence that the recruited employees were cleared before engagement in line with CBN Circular No. BSD/3/2004 dated July 16, 2004 to all banks. For example, an AGM was retained despite CBN decline letter. Can you justify these recruitments?

Answer: *All engaged employees are qualified. Strong professionals were recruited from various local, international and multinational organizations to enhance the capacity of the institution.*

A former Director: UNION BANK

Question: *The management said they are retiring the “tired hands” to enable them “inject new blood” into the bank. What is your observation?*

Answer: *The management are aware of what they are doing. The new hands are helping individuals and not the bank. The hired hands are expected to replace those they don’t trust. The brief of the new hires is to cover the management tracks.*

General Secretary: Union Bank Association of Senior Staff

Question: Trade unionists and their sympathisers were harshly persecuted through punitive transfers, termination and dismissal from service. Can you advance any reason for management action?

Answer: *The management want to silence any opposition and dismantle existing systems of control that is capable of challenging any of their wrong doing.*

An Employee: Union Bank Finance Services Department

Question: Some irregularities were revealed by the leadership of the Union against the management. In the course of our discussion you stated that you come across irregular actions relating to finance by a section of top management every day. As a management staff why were the irregularities not reported to the appropriate authorities?

Answer: *The employment of courageous employees who challenged the leadership were terminated. If you allow*

your head to be used in breaking the coconut, you may not be alive to take part in the eating of the coconut. My family will suffer if my means of livelihood is extinguished through termination of employment. It is safer to play along.

Interpretation of Responses:

*From the responses of research participants, it is clear that, the recruitment of management staff was done with a view to getting the new employees serve the personal interest of their principal. Thus, the crime of obedience is institutionalized. As a result of crime of obedience, the elements of **independence, monitoring and control** instituted for the enhancement of corporate governance were subverted. **It is therefore established in this inquiry that the crime of obedience, which is an element in organizational politics is a catalyst which acts on/triggers the elements of control, independence and monitoring in corporate governance.***

12.2 (Subsidiary Question C): To what extent are the functional consequences of organizational politics responsible for leadership effectiveness and hence good corporate performance?

To enable me answer the above question, the following functional consequences of organizational politics will be examined:

(i) Coalition Building and Negotiation of Strategy

Coalition building, negotiation of a strategy that will enhance organizational effectiveness are functional consequences of organizational politics (Parker, Dipboye and Jackson, 1995). In my interaction with participants, I found that the management only built coalition and negotiate strategies with in groups and external allies with a view to diverting the bank towards improper ends. For example, the management of Union Bank in a desperate attempt to intimidate and frustrate legitimate demands of labour, entered into an alliance with a section of the Nigerian Armed forces. In reviewing the belligerent action of the management, the President of the Nigerian labour Congress stated:

The deployment of armed soldiers to the premises of Union Bank head office in Lagos is an aberration to the concept of labour discipline. This is with a view to intimidating and harassing the bank staff and congress officials who will be picketing the bank. The picketing is to protest the denying staff the right to unionize, the punitive transfer of labour leaders etc. we are worried that the soldiers have been directed to shoot our members on the scheduled peaceful protest. These members are innocent Nigerians who deserve to be protected and their rights guaranteed. We suspect the deployment of troops was done without the knowledge of the President and Commander-in-chief of the Armed Forces. We therefore implore our President to order the return of those soldiers to their barracks while calling the Union Bank management to order.

(ii) Creativity

I find a paradox in frustration as a consequence of organizational politics. As stated by Collins and Porras (2002), creativity often sprouts from frustration. The following conversation I had with the General Secretary of Union Bank Association of Senior Staff will assist in illustrating this further:

Question/Statement: *I have been doing some thinking on the planned strike.*

General Secretary: *What was the thinking about?*

Researcher : *We are yet to put an alternative in place with regard to the intranet.*

General Secretary: *That is true.*

Researcher : *The none existence of an alternative to the intranet is dangerous. The management may block the Intranet with a view to frustrating our ability to communicate with union members during the planned strike.*

General Secretary: *Can we do anything to mitigate such action?*

Researcher : *Yes, let us explore the sending of SMS and Emails through Yahoo.com etc during the planned strike*

General Secretary: *That will be great. But there are challenges?*

Researcher: *What are the challenges?*

General Secretary: *We don't have the phone numbers and Email address of all the Union members.*

Researcher: *Let us work with what we have. You don't need to have all the phone numbers and email address of all members. Get the phone numbers and email addresses of the leaders in all the zones and major cities. When the leaders receive your SMS and email, they will forward same to other members. To ensure the circulation of message, any member who receive any message should forward it to at least 10 other members. Each of the 10 members should forward the message to 10 other members. The cycle should continue until the transmitted message is received by the last member of the Union.*

General Secretary: *Excellent. I will take step to implement what you suggested.*

(iii) Cynics as Enabler of Organizational Development

The breeding of cynics who may be more likely to speak out against unprincipled behaviors of organizational decision makers is a functional consequence of organizational politics (Dean, Brandes and Dhwardkar, 1998; Andersson and Bateman, 1997).

The political actions in Union Bank and subsequent collapse of good corporate governance, motivated me to

establish the International Centre for Corporate Governance and Conflict Studies (ICCGCS) in 2012. The ICCGCS is a non-profit, non-partisan public interest organization working to curb corporate abuses and make corporations publicly accountable. In furtherance of its objective the Centre, in 2013, drew the attention of the House of Representatives to some unwholesome practices by the leadership of Union Bank of Nigeria PLC.

13.0 The assessment of the other functional consequences of organizational politics was done in the following dialectic form:

i. *Building of consensus, coalition building, compromise, trade-offs and negotiation of a strategy that will enhance organizational effectiveness (Parker, Dipboye and Jackson, 1995; Carlson and Anthony, 1999)*

In my interaction with key stakeholders I found that the leadership never attempted building consensus, coalition and negotiate any strategy that will enhance organizational effectiveness.

ii. *Building of bases of social and organizational capital for extension of benefits to subordinates (Treadway, Hochwarter, Ferris, Kacmar, Douglas, Ammeter and Buckley, 2004).*

In my interaction with key stakeholders, I found that the building of bases for social and organizational capital by the leadership were done for the extension of advantages to cronies who perpetuate the crime of obedience and subvert **monitoring, control and independence** that are vital in corporate governance.

iii. *Dealing with resistance to change, creation of dynamics for change, success as a change agent, enhancement of personal reputation, improvement in career prospect and career advancement (Handy, 1996; Chanlat, 1997; Bacharach and Lawler, 1998).*

In my interaction and observation, I found that the utilization of organizational politics as a change agent was only towards improper ends. The leadership used politics as a means for enhancing the personal reputation, improvement in career prospect and career advancement of employees within the ingroup who were willing to play along.

14.0 Subsidiary Question 1: To what extent are the dysfunctional consequences of organizational politics responsible for leadership ineffectiveness and hence poor corporate performance?

To enable me answer the above question, the outlined dysfunctional consequences of organizational politics were examined.

(i) The Pushing Aside/Out of Competent Employees from the Organization

An interview with an employee of Union Bank, a former MD/CEO: UNION Bank, President: Progressive Shareholders Association of Nigeria, General Secretary: Union Bank of Nigeria Senior Staff Association will assist in answering subsidiary Question 1. As a result of organizational politics, competent employees who challenged the leadership were pushed aside (Buchanan, 2007), humiliated and moved out of the organization (Beerel, 2009), culminating in inability to develop a high – performing organization where trouble makers are required (YuKI, 1989). Punitive transfers were deployed to push aside/out, and humiliate competent employees who challenge the leadership. In an interview, an employee in Union Bank said:

Things are going from bad to worse. The good hands are being pushed out of the organization, while the bad and inexperienced hands who are willing to conform are retained. No organization can be more efficient than the quality of its workforce.

The perspective of the above participant is supported by Collins (2009:21) when he wrote: “when an organization grows beyond its ability to fill its key seats with the right people, it has set itself up for a fall”.

(ii) The Making of Critical Statements about the Organization

Disparaging and making of critical statements about the organization are dysfunctional consequences of organizational politics. I found disparaging and the making of critical statement against Union Bank in my interactions with stakeholders. For example, the Union Bank Association of Senior Staff and National Union of Banks, Insurance and Financial Institution Employees, Domestic Committee stated:

The purging of inherited staff has left the bank in worse situation than expected. To compound the problems of the bank, Management has continued to recruit staff from other banks and other sources at levels far beyond their competence. Some of these staff were mere officers in other banks but were hired as Management staff. This has not been of any benefit to the bank as they are not competent to direct the core professional staff of the bank.

In my presentation on Union Bank and its leadership to the Federal Republic of Nigeria, House of Representatives, Banking and Currency Committee on the 27th of November, (2013:29), I made a critical statement relating to Union Bank when I stated:

The intervention of the Nigerian State and her auxiliaries in Union Bank merely served the narrow interest of the Managing Director, and other rescue managers (Omoijiade, 2014). In line with the iron law of responsibility, in the longrun, those who do not use power in a manner which society considers responsible will lose it (Davis, 1973).

(iii) Withdrawal from the organization by employees as a result of low job satisfaction.

Withdrawal from the organization by employees, low job involvement, low job satisfaction (Ferris and Kacmar, 1992), Frustration, damaged credibility and creation of inflexibilities are dysfunctional consequences of organizational politics (Ferris and Kacmar, 1992).

As reported by Ogbuile and Madueke (2014), the leadership of Union Bank prefers the hub of its staff to be made up of workers from Citi Bank, while those of GT Bank and UBA followed as preferred successors. A former employee of the bank who was interviewed said he left the service because of frustration, anxiety, job dissatisfaction and the rigid posture of the management. According to him:

The management lack credibility. When they are telling you one thing, they are doing something else. They surely has a hidden agenda. They cannot be trusted. I left the Bank to prevent them from pouring hot water on me.

(iv) Wasting of Time in Decision Making

As as result of wasting of time in decision making (Buchanan, 2007), there was difficulty by the management in articulating accurately the position of competitors on issues of strategic direction and redirection (Eisenhardt and Bourgeois, 1988). Thus, the status-quo was maintained in the Bank when change was desirable (Parker, Dipboye and Jackson, 1995), and the bank lost its strategic position and power in the Nigerian Banking Sector (Buchanan, 2007). In an interaction with two former Managing Directors/ Chief Executive Officers and two former Directors of Union Bank, they said:

Our problem in Union Bank was delay in decision making. When other banks were going to the capital market, we were massaging papers. By the time we were prepared to go to the capital market to enhance our shareholders fund, we were constrained by the melt down in the capital market. From Number 2 position in the Nigerian Banking Sector we are now struggling among the last.

(v) Lower Intention by Employees to Engage in Organizational Citizenship Behaviours

In my interaction with stakeholders, I observed that employees supported their low perceptions of justice which is embedded in psychological contract (Andersson, 1996), with the the compromising of the quality of promotion decisions (Valle and Wilt, 2001). As a result of this, there was low intention by employees to engage in organizational citizenship behaviors (Andersson and Bateman, 1997; Abraham, 2000).

An employees of the bank who was interviewed said he is frustrated and not willing to go beyond the minimum requirement of his job. According to him:

The Management lack sense of direction. They are deceiving us with power point presentations. Power point will not do this work. Our deposit base is plummeting. Our competitors are feasting and harvesting our customers. Let those whom they promoted to position of incompetence step forward and arrest the decline. They don't appreciate the contribution of the old and experienced employees. I am not prepared to kill myself to satisfy an employer who will no appreciate my contribution.

15.0 An interview with a former MD/CEO: Union Bank of Nigeria Plc.

Question: The pattern of book keeping was skewed towards giving the impression of a totally run down bank and ensure its liquidation and /or sale. To erode the capital of the bank, landed properties in choice areas were sold. There is no proof of proper valuation and CBN approval before sale. The reduction in the value of the fixed Assets to N62.11Billion in the accounts as at 30th June 2010 as against N79.522Billion reported as at 31st Dec, 2009 is a clear indication of erosion of the assets of the bank. Was prosper valuation done and CBN approval obtained before sale?

Answer: *No Comment.*

15.1 An interview with a former MD/CEO Union Bank of Nigeria Plc

Question: The element of control which is considered imperative in Corporate Governance suffered a major setback under your leadership. For example, a credit of N4.153 Billion was extended to a customer; a company where a serving Executive Director, had a substantial interest without regard to standing guidelines. The facts prove insider abuse and the willingness of the management of the bank to compromise set standards. Where the credit risk of a borrower is high, the taking of valuable and extendable security is imperative. It is clear that the security for the loan under reference is inadequate having regard to all relevant considerations. According to Section 20(1) of the Banks and other Financial Instruments Act, a bank shall not grant:

“.....any unsecured advances, loans or credit facilities unless authorised in accordance with the banks rules and regulations and where any such rules and regulations require adequate security, such security shall be provided for, or as the case may require, deposited with the bank”.

Since the extension of facilities within the Oil and Gas sector contributed to non-performing loans that culminated in CBN intervention, care should have been exercised before further exposure of the bank to the Oil and Gas sector. Can the directors produce evidence of the import in the form of Form M, Bill of lading, Final invoice, other financial documents? Can we have your comment on the issues raised?

Answer: *The credit extended followed due process. The director's brother is a Shareholder in the company*

Question: A look at the published Annual Report of Union Bank reveals outrageous increase in remuneration of Chairman and directors of the Bank in the last four years. For instance the total paid to the Chairman of the board of Directors for five years between March 2005 and 2009 was only N14.82 million. Compare this with N27 million paid for the same job in 2011 alone.

Similarly, the total emoluments for the Chairman and the Directors for the same period between 2005 and 2009, was N358.64 million. Compare this figure with N1.19 Billion paid in 2012 to the same category of Directors. The remuneration of the Highest paid Director jumped from N105 million to N353 million. An increase of 236.19 percent in one year.

Another point worthy of note is the gross earning. The Bank achieved a gross earnings of N146.3 Billion in March 2009. In that year, the total remuneration of all Directors and Chairman was N137 million. However, in 2012 when the gross earning was only N92.956 Billion the board helped themselves to a total of N1.191 Billion.

The total increase in gross earning between 2011 and 2012 was 32.91 percent. This was almost completely wiped out by the increase in the emolument of Directorate alone at 25.90 percent. The general increase in the total remuneration of all workers was a meager 4.37 percent for that year. This is a company that caters for its Directors to the utter neglect of its other workforce.

How do they motivate workers for higher productivity? If the status quo is allowed to remain, the Bank will be lucky to remain in business for the next five years. Something has to be done fast to save not only the workers, but also the Bank itself.

Answer: MD/CEO: *The income was within the industry average and passed due process.*

15.1.1 An interview with the President: Progressive Shareholders Association of Nigeria

Question: What is your comment on the failure of the former MD/CEO to comment on her excessive remuneration, Asset stripping and insider's related lending.

Answer: *The MD/CEO did not controvert the collection of N12 million income from Union Registrar. The MD/CEO and other Directors were expected to be on the same salary of the former MD/CEO and Directors. The MD/CEO did not explain the reasons why she violated CBN directive that they should not earn above what the exited management earned. Her claim that the income was within the industry average is false. The income of CEO's in the Nigerian banking sector is between N38 million and N77 million P.A. Her failure to comment on the question raised on Asset stripping and insiders related lending is an acceptance that the transactions were not done in line with standing guidelines.*

15.1.2 An interview with former MD/CEO: Union Bank of Nigeria Plc.

(i) Staff Pension Fund Provision

Question: A provision of N 81.00 Billion was made by you as staff Pension Fund Provision. As at March 2008, the actuarial valuation of legacy asset of Union Bank pension scheme was N46.711 Billion. PENCOS through their letter dated 28th Jan, 2010, confirmed the transfer of N30.51 Billion legacy fund to Premium Pension Ltd and AIICO pension Managers. The bank was only required by PENCOS to provide evidence of the legacy asset of N16.2Billion and the accrued right of N26.57Billion to employees retirement savings accounts. From my analysis, there is an excess provision of N56.00 Billion. Can you justify the excess provision?

Was the provision supported by any actuarial valuation?

Answer: *The provision was based on actuarial valuation. The excess provisioning made was written back to Profit and loss.*

15.1.3 An interview with the General Secretary: Union Bank Senior Staff Association.

Question: The former MD/CEO stated that the N81 billion provisions made under staff pension was supported with an actuarial valuation. What is your comment?

Answer: General Secretary: Union Bank Pensioners Association.

There was no actuarial valuation to support provisioning. The huge provision of N81 billion is therefore superfluous and a conscious attempt to erode shareholders' fund. Section 39 (1) (g) pension Reform Act 2004 provides:

“Notwithstanding any other provisions in this Act, any pension scheme in the private sector existing before the commencement of this Act may continue to exist: provided that the employer shall undertake to the commission that the pension fund shall be fully funded at all times and shortfall to be made up within 90 days.”

The Bank did not evince any intention or undertaking to continue with the in-house Pension Scheme. They were thus not under any pressure to regularize any perceived deficit in the pension fund. The provision of N81 billion had been written down to N37.4 billion as at 29/11/2013. The write-back was done after the sale of the Bank to core investors. The provision was made to erode Shareholders funds and allow the core investors to reap from where they did not sow.

15.1.4 Interview with GMD/CEO Union Bank, the Former GMD/CEO: Union Bank and General Secretary: Union Bank Pensioners Association

Question: For the financial year ended March 2009, the shareholders fund was favourable to the tune of N53,145.00 Billion. That was the position of the bank before the August 14th 2009 intervention of the CBN-appointed managers. For the year ended December 2009, the shareholders fund plummeted to N253.900 Billion negative as a result of questionable provisions/manipulations of books by the management. To further erode the value of the bank and give some favoured investors an unfair advantage, the shareholders fund maintained a negative position to the tune of N135.894 Billion for the year ended December 2010. If the various funds received from Asset Management Corporation of Nigeria (AMCON) were applied as and when due, and the necessary safeguard made against questionable provisions, the shareholders fund would have been positive before the entry of the core investors into the bank. What is your comment?

Answer: Former MD/CEO: Union Bank of Nigeria Plc: No Comment

Answer: MD/CEO: Union Bank of Nigeria Plc. No Comment

Answer: General Secretary: Union Bank Pensioners Association. The failure of the former MD/CEO and the incumbent MD/CEO to comment on the questions raised on the manipulation of capital and reserves is a confirmation that the questionable provisions were made to erode the Shareholders funds. The questionable provisions should be reversed to enable us determine the correct stakes of all the shareholders.

15.1.5 An Interview with the former GMD/CEO Union Bank, General Secretary: Union Bank Association of Senior Staff.

(i) Provisions

Question: High provisions were made by the management between 2009 and 2012. AMCON purchased non-performing loans with gross value of N400 billion from Union Bank on December 31, 2010 and April 6, 2011 in exchange for which the bank received FGN guaranteed zero coupon bonds with a discount value of approximately N322 billion as consideration. A total provision of N220 billion was made in 2010 against the sold loans. The sum under reference was securitized and given a balance sheet treatment. There is no evidence that the corresponding sum held in interest in suspense Account was reversed and Profit & Loss credited in line with standard banking practice.

As stated by the Management in 2012, accounts balances valued over N3tn were being reconciled, leaving just about N100m to be reconciled. In view of that revelation, the N171b provision for other losses for the year 2012 cannot be justified. On point of detail, the sum of N177 Billion, N178 Billion, N218 Billion and N232 Billion are visible in Management Account No. 12600000 as provisions for the year ended December, 2009, 2010, 2011 and 2012 respectively. The said cost centre is however not seen in the December 31, 2012 published accounts of the bank. We strongly suspect that the figures hitherto harboured in Account No. 12600000 are now buried/held in other obscured accounts. Don't you think, the sum of N170.9 Billion should be written back to the profit and loss account since you confirmed that only N100 Million was not reconciled as at October 2012.

Answer: Former GMD/CEO: The unreconciled items were reduced. The Bank Auditor can clarify that all provisions were legitimately applied and cleared by CBN.

Comment: General Secretary: Union Bank Association of Senior Staff: It is not the duty of the Auditors to provide evidence of write back. In the absence of evidence of write back, it is assumed there was no write back of recoveries.

15.1.6 An interview with MD/CEO Union Bank, former MD/CEO: Union Bank, General Secretary: Union Bank Association of Senior Staff

(ii) Manipulation of Financial Records

Question: N171 Billion provision for other losses for the year ended December 2012 which was visible in management Account number 12600000 as provision disappeared from the published Accounts as at December 31, 2012. The figures were appropriated to other accounts to cover up the reconciled figures of over N170 Billion which were not written back into the profit & loss accounts. Furthermore, only N100 million remained outstanding out of the unreconciled items for which provision of N171 billion was made.

What is your comment on the issues raised?

Answer: Former MD/CEO: *The unreconciled items were reduced*

MD/CEO: Union Bank of Nig. Plc: *No Comment*

General Secretary: UNION BANK ASSOCIATION OF SENIOR

The silence of the past and present leadership lends credence to the alleged manipulation of books. As shown in the consolidated GL as at 28/11/13, after the sale of debt to AMCON, the following provisions are still outstanding in the bank's books.

Table 1: Provisions for other Losses

S/N	A/C NO.	AMOUNT (N Billion)
1	LI2376700 SPECIFIC PROVISIONS	10.0
2	LI2410000 Int on-Non performing a/c	4.0
3	LI2440010 Unearned interest- AMCON bond	7.5
4	LI2660000 Provision for interbank placement	8.1
5	LI2682000 Provision for other Assets	160.2
6	LI2315200 Staff Retirement benefits	37.4
	SUB-TOTAL	243.9
7.	A1614029 AMCON Zero Coupon bond	77.9
	TOTAL	321.8

The total sum above belong to the shareholders who were in existence before the sale of the bank to core investors. The bank should provide the statement of accounts. The accounts should be streamlined so that the correct ownership structure of the Bank will be established.

15.1.7 An Interview with the MD/CEO, Union Bank, Former MD/CEO: Union Bank, President: Progressive Shareholders Association of Nigeria.

16.0 Intentional Delay of Actions on Financial Records and suppressing of Reports on Recoveries of Non-Performing

There was a long period of time (9 months – substantially long for a deposit money bank) between the dates of the scheme of arrangement (September 1, 2011) and the audited financial information for the year ended December 31, 2010; which were used in preparing the financial report relating to the scheme of arrangement. That action enabled the management to suppress critical entries which would have been reversed to improve the shareholders fund. The accounts of the bank for the quarters ended December 31, 2011 and March 31, 2012 were submitted late to the Nigerian Stock Exchange necessitating a late penalty for 2 consecutive quarters totaling N900, 000.00. There is no proof that provisions for loans losses and other assets which were earlier written off and thereafter recovered during the 9 months period were written back to the accounts before the sale of the banks shares. How did he bank treat the issues raised in the domestic reports of its external auditors and the reporting accountants for both the public issue and the share consolidation? Can we have a copy of the responses?

Answer: Former MD/CEO: Union Bank of Nig. Plc: No Comment

Answer: MD/CEO: Union Bank of Nigeria Plc: No Comment

Answer: President: Progressive Shareholders Association of Nigeria. The silence of the former and present leadership is an admission of the stated misdeed.

Interpretation of the Interview:

The prevailing dysfunctional consequences of organizational politics, culminating in leadership ineffectiveness were captured in my interview with the former MD/CEO, Union Bank, General Secretary: Union Bank Association of Senior Staff, General Secretary: Union Bank Pensioners Association, President: Progressive Shareholders Association of Nigeria, former Directors: Union Bank of Nigeria Plc and other employees. I found that the functional consequences of organizational politics were eclipsed by the growth in employees' dissatisfaction, irregularities and growth in operating expenses. With the stated convergence, leadership ineffectiveness is constrained by the dysfunctional consequences of organizational politics.

17.0 Main Question b: How is leadership effectiveness/ ineffectiveness in the Nigerian Banking Sector affected by Organizational Politics?

Borrow (1977) found that the propensity to express leadership findings in binary terms of effective/ ineffective hamper the understanding of leadership effectiveness. I find the argument against the expression of leadership ineffective/ineffective binary weak as leadership is only a means to an end. The practical essence of leadership will be reduced to inessentiality if leadership outcome cannot be measured in binary terms of effective or ineffective. In an Interview with a former employee of Arthur Anderson and former President of the Chartered Institute of Bankers of Nigeria, he stated:

There is nothing like effective and ineffective leader. You are either effective or ineffective. That Admin manager who is effective in payroll administration but sent an Email to the fire service to assist in putting out the fire when his office is on fire is ineffective. I was a staff of Arthur Anderson. The organization had previous records of good deeds. The link between ENRON and ANDERSON proved fatal. ENRON and Arthur Anderson were brought down by a single scandal. The impact of a single misdeed obliterated their records of good deeds.

To determine the impact of organizational politics on leadership effectiveness/ineffectiveness, a convergence

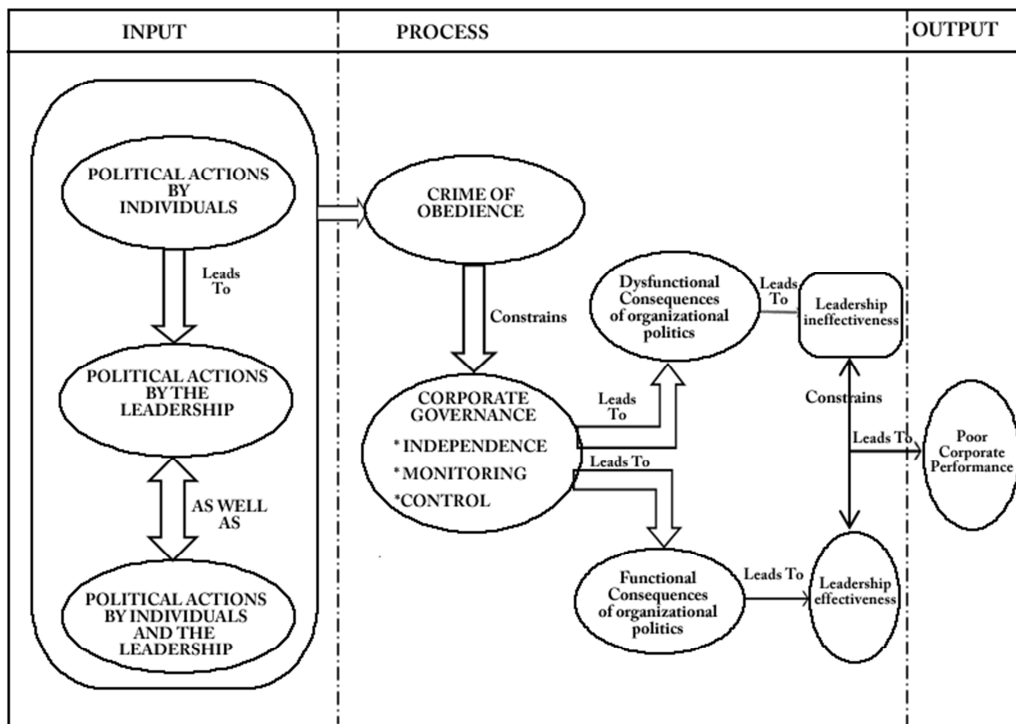
must therefore be found between the functional and dysfunctional consequences of organizational politics. Since the final financial performance of a bank is not predicated on profit and loss but profit or loss, there should be a dichotomy between leadership effectiveness and leadership ineffectiveness in the Nigerian Banking Sector. A convergence between leadership effectiveness and leadership ineffectiveness must be found with a view to establishing effectiveness or ineffectiveness. Within the context of this study, the functional consequences of organizational politics are eclipsed by the dysfunctional consequences of organizational politics, culminating in leadership ineffectiveness. There is a relationship between the dysfunctional consequences of organizational politics and leadership ineffectiveness as leadership ineffectiveness like employees dissatisfaction, frauds, decline in profitability, growth in operating expenses (Muldrow, Buckley and Schay, 2002), are captured in the dysfunctional consequences of organizational politics.

It is therefore established in this study that there is a negative relationship between organizational politics and leadership effectiveness and corporate performance.

18.0 Discussions and Model Building

This section looks at discussions leading to the building of organizational politics, corporate governance, and leadership effectiveness/ineffectiveness and good corporate performance/poor corporate performance model. The model will establish a connection between organizational politics, corporate governance, leadership and corporate performance. There are three stages in the model building – The input stage, process stage, and the output stage as presented in figure 4

Figure 4: Organizational politics, Corporate governance, leadership effectiveness/ineffectiveness and Corporate performance model



Adapted from: Huxham, C. and Vangen, S. “Researching Organizational Practice through Action research: Case Studies and design choices,” *Organizational Research Methods*, 6(3), July 2003, 389.

18.1 Input Stage

The input segment includes, political actions by individuals, the leadership as well as political actions jointly explored by individuals and the leadership. In the conceptual framework, the political actions by individuals, leadership and political actions explored by individuals and the leadership were not separated. In the model however, they are segmented in line with the argument of research participants. There is an agreement between the framework and the model that political actions generally, motivates the crime of obedience which is within the rubrics of organizational politics. According to Gillhan (2000:46), “The overpowering validity of observation is that it is the most direct way of obtaining data. It is not what people have written on the topic. It is not what they say they do. It is what they actually do”. I observed that political actions by individuals, acted as enabler of institutionalized political actions by the leadership. An observed comment following a conversation between employees as stated below will confirm this:

We are the ones killing ourselves. We sold ourselves to the management. When the managing director came, she did not know anybody. Some employees went and told her lies about other employees in exchange for favour.

Gage (1989: 5) wrote: “interpretive researchers regard individuals as able to construct their own social reality, rather than having reality always be the determiner of the individual’s perception”.

18.2 The Process Stage

In the input stage, political actions by individuals leads to political actions by the leadership. Political actions by individuals and the leadership as well as political actions jointly explored by individuals and the leadership leads to crime of obedience which constrains the elements of independence, monitoring and control in corporate governance. This perspective corresponds with the framework in 11.0 where the crime of obedience was identified as the catalyst which triggers/acts on corporate governance configuration. The crime of obedience are acts considered illegal or immoral by the larger community, which are performed in response to orders from an authority (Kelman and Hamilton, 1989). Although the crime of obedience is an element within organizational politics, it is a direct consequence of the manifestation of organizational politics. For example, in furthering the political action of distribution of advantages, the objective of monitoring, independence and control instituted for the enhancement of corporate governance are subverted. Kashyap, Rajan and Stein (2008) and Cohen, Jeffery, Krishnamoorthy, Ganesh, Wright and Arnie (2009), document that unless management allows itself to be monitored and controlled, the substance of corporate governance activities will be subverted. To achieve good corporate governance, the nexus between organizational political, crime of obedience and the elements of independence, monitoring and control in corporate governance must be acknowledged.

18.2.1 The functional consequences of organizational politics

In this study, the breeding of cynics who may be more likely to speak out against unprincipled behaviours of organizational decision makers (Dean, Brandes and Dhwardkar, 1988; Andersson and Bateman, 1997) and creativity which sprouts from frustration (Collins and Perras, 2002), were the only functional consequences found in the context of research. As shown in Fig. 4, good corporate governance leads to functional consequences of organizational politics. This corresponds with the framework which stipulate that the attainment of independence, monitoring and control in corporate governance activates the functional consequences of organizational politics.

18.2.2 The dysfunctional consequences of organizational politics

As depicted in Fig 4, the constraining of the elements of independence, monitoring and control in corporate governance leads to dysfunctional consequences of organizational politics. This corresponds to the framework which stipulates that the constrain of the elements of independence, monitoring and control, in corporate governance through crime of obedience, activates the dysfunctional consequences of organizational politics. The dysfunctional consequences of organizational politics results in inability to develop a high-performing organization (YuKI, 1989) and loss of strategic position by institutions (Buchanan, 2007).

18.2.3 Leadership effectiveness and leadership ineffectiveness

As stated in the framework, while the functional consequences of organizational politics enhance leadership effectiveness, the dysfunctional consequences of organizational politics leads to leadership ineffectiveness. As shown in the model in fig 4. however, there is a paradox in my findings as leadership ineffectiveness which constrains leadership effectiveness results in leadership ineffectiveness. In this research, leadership ineffectiveness is captured in employees dissatisfaction, labour turnover, injury, loss of valuable lives, frauds, decline in profitability and growth in operating expenses (Muldrow, Buckley and Schay , 2002)

18.3 Output stage

The stage of corporate performance is stated in the output stage. The ineffectiveness of the leadership at the process stage leads to poor corporate performance. This corresponds with the framework where I stated that leadership ineffectiveness contribute to poor corporate performance. The punitive transfers of employees, pushing out and humiliation of competent employees who challenge the leadership as a result of organizational politics will only promote poor corporate growth. In an interview, an employee in Union Bank said:

Things are going from bad to worse; the good hands are being pushed out of the organization, while the bad and inexperienced hands that are willing to conform are retained. No organization can be more efficient that the quality of its workforce.

The perspective of the above participant is supported by Collins (2009:21), when he wrote: “when an organization grows beyond its ability to fill its key seats with the right people, it has set itself up for a fall.”

19.0 Key Findings and Implications

Organizational politics in this study has been explored through the political actions by individuals, leadership as well as political actions jointly explored by individuals and the leadership. The interpretation of primary qualitative data have offered challenging insight into organizational politics, corporate governance, leadership effectiveness/ineffectiveness and corporate performance in the Nigerian banking sector. This section presents key findings of the research and how they correlate or otherwise with previous research. The findings are presented below:

19.1 Organizational Politics Prevails in the Nigerian Banking Sector

The political actions by individuals, the leadership and political actions exploited jointly by the leadership and individuals were found as the three segments of organizational politics in the Nigerian banking sector. The political actions by individuals triggers political actions by the leadership.

19.2 Organizational Politics as a Determinant of Corporate Governance Configuration and Crime of Obedience as a Catalyst which Triggers the Elements in Corporate Governance

The crime of obedience are acts considered illegal or immoral by the larger community, which are performed in response to orders from an authority (Kelman and Hamilton, 1989). Although the crime of obedience is an element within organizational politics, it is a direct consequence of the manifestation of organizational politics. In furthering the political action of distribution of advantages, the objective of monitoring, independence and control instituted for the enhancement of corporate governance are subverted in the Nigerian banking sector. Kashyap, Rajan and Stein (2008), document that unless management allows itself to be monitored and controlled, the substance of corporate governance activities will be subverted.

19.3 The leadership in the Nigerian Banking Sector, Pay lip Service to the development of good corporate governance

Corporate governance is yet to serve its purpose in the Nigerian Banking sector as emphasis has been on looking at issues of independence and disclosure. The management in the Nigerian Banking sector acts arbitrarily. While they refuse to submit to monitoring, crime of obedience and promotion of individuals to position of incompetence abound. This perspective is supported by Sanusi (2010:34), the then Governor of Central Bank of Nigeria, when he stated that "Some banks in Nigeria are only paying "lip service" to compliance with most sections of the corporate governance code". In the Nigerian banking sector, the role of employees or their representatives as enablers of corporate governance receive very scanty attention as the leadership is unwilling to respect alternative views. Besides, the belief that employees are only to accept orders and not heard is still fashionable. Kashyap, Rajan and Stein (2008:1) and Cohen, Jeffrey, Krishnamoorthy, Ganesh, Wright and Arnie (2009) document that unless management allows itself to be monitored; the substance of governance activities will be subverted.

19.4 The CBN as a regulator is captured by some regulated banks

The development of corporate governance in the Nigerian banking sector is constrained as a result of the capture of Central Bank of Nigeria by the leadership of some banks. The CBN acts as mere proxy to some banks and other external interests.

19.5 Dictatorship in the Nigerian banking sector

There is dictatorship in the Nigerian banking sector. In Union bank, as a result of awareness that the potency of the ability of employees and their representatives to constrain the ability of the management to act arbitrarily is enhanced through concentrated share ownership, the voting rights of employees and their representatives at the Annual General meetings is now withdrawn and the voting right thereof exercised on their behalf by the leadership of the Bank.

19.6 There are some functional consequences of organizational politics

The breeding of cynics who may be more likely to speak out against unprincipled behaviours of organizational decision makers (Dean, Brandes and Dhwardkar, 1988; Andersson and Bateman, 1997) and creativity which sprouts from frustration (Collins and Parras, 2002), were found as the functional consequences of organizational politics. The attainment of independence, monitoring and control in corporate governance in the Nigerian banking sector activates the functional consequences of organizational politics.

19.7 There are Dysfunctional Consequences of Organizational Politics

The constraining of the elements of independence, monitoring and control in corporate governance culminate into dysfunctional consequences of organizational politics. The dysfunctional consequences of organizational

politics results in the inability to develop a high-performing organization (YuKI, 1989) and loss of strategic position by some banks in Nigeria (Buchanan, 2007).

19.8 Convergence between Leadership Effectiveness and Leadership Ineffectiveness

In this research I found that while the functional consequences of organizational politics enhance leadership effectiveness, the dysfunctional consequences of organizational politics resulted in leadership ineffectiveness. There is however a paradox in my findings as leadership ineffectiveness which constrains leadership effectiveness resulted in leadership ineffectiveness. In this study, leadership ineffectiveness is captured in terms of employees dissatisfaction, labour turnover, injury, loss of valuable lives, frauds, decline in profitability and growth in operating expenses (Muldrow, Buckley and Schay, 2002).

19.9 Leadership Ineffectiveness Contributes to Poor Corporate Performance

The ineffectiveness of the leadership at the process stage resulted in poor corporate performance of the Nigerian banking sector. As a result of the punitive transfers of employees, pushing out and humiliation of competent employees who challenge the leadership vital human capital required for the growth and development of the banking sector are lost. As stated by Collins (2009:21), “when an organization grows beyond its ability to fill its key seats with the right people, it has set itself up for a fall”.

20.0 Recommendations

The applicability and transferability of a model is dependent on who and the context to which it is applied and whether it is acceptable for application. The development of organizational politics, corporate governance, leadership effectiveness/ineffectiveness and corporate performance model provides insight into corporate governance and leadership effectiveness in the Nigerian banking sector. It also highlights the importance of application of good corporate governance in the enhancement of corporate performance. Therefore, the recommendations outlined below will assist in mitigating the dysfunctional elements in organizational politics, enhance good corporate governance, leadership effectiveness and corporate performance.

20.1 Institutionalization of formality and minimization of informality

Organizational political dynamics are characterized by a constant battle between actors in privileged/subordinated roles within power relationships (Clegg, 1975). As a result of access to resources, the leadership within the context of study, occupy a vantage position to determine “who gets what, when and how and who get left out and how, through the instrumentality of outflanking via certain political actions/elements (Bacharach and Baratz, 1970:105, Foucault, 1977). The dysfunctional consequences of organizational politics should be mitigated through the institution of formality and minimization of informality by the leadership. As stated by Ferris, Frink, Galang, Zhou, Kacmar and Howard (1996), organizational politics are often enacted behind the scenes and typically occur in organizations where there are few rules and regulations to guide decision making. Examples include by-passing the chain of command to gain approval, going through improper channels to obtain special equipment, and lobbying high level managers just prior to decisions on promotions or transfer to more favourable locations.

20.2 Cultivation of Strong Institutions with the Ability to Constrain the Ability of Management to Act Arbitrarily

The existence of mere codes will not promote the health of corporate governance. The attainment of good corporate governance in the Nigerian banking sector, is dependent on the development of strong institutions with the ability to constrain the ability of the leadership to act arbitrarily. To enhance good corporate governance, the role of employees or their representatives in the enhancement of good corporate governance must be recognized. As stated in OECD Principles of Corporate governance (2008:139), “Unethical and illegal practices by corporate officers may not only violate the rights of stakeholders but also be to the detriment of the company and its shareholders in terms of reputation effects and an increasing risk of future financial liabilities. It is therefore to the advantage of the company and its shareholders to establish procedures and safe harbour for complaints by employees, either personally or through their representative bodies, and others outside the company, concerning illegal and unethical behaviours”. To enable employees or their representatives maintain their institutional identity, their right to hold alternative views is imperative. Whistle – blowing, which is within the rubrics of political behavior, is one of the medium for achieving this (Robbins and Judge 2009:461). To enable employees and their representative act as an enabler of corporate governance, their ability to constrain the ability of management to act arbitrarily must be acknowledged.

20.3 The Empowerment of Private Monitoring

The Central Bank of Nigeria is now captured by some powerful banks. The regulatory agency is now acting as

proxy to some powerful banks and other external principals. The ability of CBN to promote good corporate governance is now in doubt. The alignment of the interest of the regulators with the society through the creation of an independent private agency with a well-defined objective is now imperative. The empowerment of private monitoring through the institution of the independence of supervisory agency independent of banks and CBN will increase the effectiveness of corporate governance in the Nigerian banking sector.

20.4 Synergy between Employees and their Representatives and Private Sector Empowerment Regulation

The role of employees and their representatives in the enhancement of good corporate governance should be given further meaning through concentrated share ownership by employees. This will assist in mitigating the negative impact of large informational asymmetries and enormous discretion over the flow of information by managers. The attainment of this goal and a synergy between employees and their representatives and strong private sector empowerment regulation will enhance effective corporate governance in banks.

21.0 Implications for Further Research

The process and findings of the research have exposed the fact that research into organizational politics, corporate governance and leadership effectiveness and corporate performance does not only search for problem descriptions and suggested measures for implementation, but strive to find further questions and problems due to the organizational dynamics and changing expectations and behaviors of stakeholders. This research does not end but stops at where there are further grounds for research. This is because there are areas that have not been explored and even some of the areas explored and even some of the areas explored need further investigations. Suggested areas for further research are identified and presented below:

21.1 The Application of Organizational Politics, Corporate Governance, Leadership Effectiveness/Ineffectiveness and Corporate Governance Model

So far this study has succeeded in developing organizational politics, corporate governance, leadership effectiveness, ineffectiveness and corporate performance model and knowledge that are required to enhance leadership effectiveness with a view to enhancing corporate performance. This is the main contribution of this research. Notwithstanding this, the work opens up new area for research- understanding and application of the model in the banking sector for practical solution to the challenges of poor corporate governance, leadership ineffectiveness and poor corporate performance. This prepares the grounds for interesting research questions. The research could be in two areas as follows:

1. Comprehension of the model as a working tool.
2. The utilization of the model for effective and sustainable development of leaders in the Nigerian banking sector.

This is recommended especially as the model which found the nexus between organizational politics, crime of obedience, corporate governance and leadership effectiveness have not be used as methods of furthering corporate performance in the Nigerian banking sector .

21.2 Strategies for Mitigating Organizational Politics

A possible area of further research would be to investigate the strategies for mitigating organizational politics. The research could focus on key stakeholders in the Nigerian banking. It could also be generalized across other sectors. The aim and objectives of such a study could be determined with reference to the global economy.

The three main research questions could be:

1. What are the strategies for mitigating organizational politics in the Nigerian sector?
2. What is the impact of the mitigating of organizational politics on corporate governance?
3. How does the mitigation of organizational politics impacts on corporate governance, leadership ineffectiveness and corporate performance?

The research will further an understanding and establish the strategies required for the mitigation of organizational politics. It will also help companies to promote good corporate governance, leadership effectiveness and corporate performance.

22 Conclusions

The ability of banks to contribute to National development remain elusive as a result of the impact of organizational politics and bad corporate governance on leadership effectiveness. As a result of crime of obedience, those who occupy sensitive positions who are products of distributed advantages/disadvantages only serve the interest of their principals. Thus, the objective of monitoring, independence and control instituted for the enhancement of corporate governance are subverted. Although the crime of obedience is within the rubrics of organizational politics, it is found in this study as a catalyst which triggers/acts on the elements in corporate governance. The Central Bank of Nigeria (CBN) failed woefully in acting on the exposed incongruities and

corporate lawlessness that are impairing corporate governance in Union Bank. It is clear that CBN as a regulator is now captured by some regulated banks. The ability of CBN to act as an enabler of good corporate governance with a view to enhancing the performance of the Nigerian banking sector is in doubt. To enhance good corporate governance, CBN as a regulator must be watched. The existence of codes alone will not achieve the goal of good corporate governance. The existing dictatorship in some banks where the voting rights of employees at the Annual General Meetings is withdrawn and exercised on their behalf by the leadership of banks is exacerbating the sordid state of corporate governance. The capture of the regulatory Authority by banks and the failure of employers to allow employees and their representatives to exist and maintain their institutional identity and hold alternative views is not helping the growth of corporate governance. To arrest the present dictatorship and mitigate the harsh effects of organizational politics and enhance corporate governance, employees and their representatives must be allowed to exist to constrain the ability of the leadership to act arbitrarily. The role of employees and their representatives in the enhancement of good corporate governance should be given further meaning through concentrated share ownership by employees. The attainment of this goal and a synergy between employees and their representatives and strong private sector empowerment regulation will enhance effective corporate governance and corporate performance of banks.

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