EFFECT OF CORPORATE GOVERNANCE ON PERFORMANCE OF TELECOMMUNICATION ORGANIZATION

(A CASE STUDY *STERLIN BANK NIGERIA PLC ILORIN)*

By

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BEING A PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT, INSTITUTE OF FINANCE AND MANAGEMENT STUDIES.

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CERTIFICATION

This research work has been read and approved as meeting the requirement for the award of National Diploma (ND) in Business Administration and Management, Institute of Finance and Management Studies Kwara State Polytechnic, Ilorin Kwara State.

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DEDICATION

This project is dedicated to Almighty God, the creator of Heaven and Earth and to my parent,. May God Almighty continue to be with them throughout their entire lives and bless them abundantly. (Amen)

ACKNOWLEDGEMENTS

All Glory and Adoration belongs to God Almighty for the success of my ND programme through thick and thin. He made this course a reality for me, I also want to acknowledge the support of my parent, because without God and them, I'm nobody. They have been so supportive financially, physically and spiritually throughout the course of the study.

My sincere Appreciation goes to my Supervisor (MR. OBAFEMI ADEDOTUN) for taking time to read and correct the manuscript and to my Head of Department of Business Administration and Management (HOD) MR. ABDULSALAM F.A and other lecturers in Department of Business Administration and Management.

Finally, to my friends, I say a big THANKS to you all, for the support throughout the years.

ABSRACT

This study examined whether corporate governance has impact on organization performance in sterling bank Nigeria plc. *This research was carried out with objectives to take measure on impact of corporate governance on organization performance in GLO office. Conceptual framework has been developed to measure linkage between corporate governance and organization performance. The survey research design was used for the study and data collected were mainly from secondary sources. Ordinary least square regression technique was used in analyzing data and testing of Hypotheses. Based on the Literature and empirical results, the study revealed that Board size, Board composition and audit committee size have significant effect on return on capital employed. Conclusively, recent global incidences of corporate failures have heralded the consciousness for the adoption of good corporate governance for sustained firm value. Therefore, it is expedient for manufacturing companies to comply with corporate governance codes of best practices structured to enhance accountability, transparency, integrity, equity, fairness and efficiency in organizational management. A functional board as well as other board sub committees should be constituted to allow for brainstorming on board matters for improved organizational performance. The study recommended that regulatory bodies should ensure that the board size maintained by manufacturing companies is adequate and manageable i.e not too large or too small in order to facilitate decision making and operational efficiency. A fair and balanced board composition should be adopted by manufacturing companies to ensure proper direction of strategy and long-term maximization of owner's value. The audit committee size should comprise of more shareholder representative than directors in order to uphold financial information accuracy and reliability.*

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Corporate governance embodies structures, systems, mechanisms and framework through which organizations are directed and controlled by those saddled with the duties and responsibilities in the interest of shareholders and other stakeholders. According to the Organization for Economic Corporation and Development OECD (2004) the tenets of good corporate governance should be fairness, transparency, probity and accountability by management. This ensures that responsibilities are clearly defined amongst all stakeholders in order to facilitate policy implementation. By doing this, it provides guidelines through which organizational objectives are set, as well as the modalities for achievement and monitoring performance (Wolfensohn, 1999; Uche 2004; Akinsulire, 2006).

An effective corporate governance structure should promotes sound internal control system, risk management, compliance with ethical and statutory requirements, ensures transparent and efficient markets, accountability and trust in the management of organizations (ICAN, 2014; Aguilera & Jackson, 2003). Nwachukwu (2007) opined that investor confidence is strengthened through good corporate governance practice in organizations. However, Management of organizations in recent times are more concerned about their own interest at the expense of that of shareholders (Berle & Means 1932). This scenario gave rise to an upshot in the collapse of high profile companies like worldcom, Enron, Rank Xerox, Global crossing and parmalat.

The emergence of corporate frauds and financial crisis globally propelled regulatory authorities and agencies to establish legislations and guidelines known as corporate governance codes for publicly listed companies to ensure shareholders rights are protected, disclosure and transparency enhanced, facilitate effective functioning of the board and encourage stakeholder participation. In order to discourage corruption and fraud in Nigeria, the Securities and Exchange Commission (SEC) in collaboration with the Corporate Affairs Commission (CAC) established codes of best practice on corporate governance to protect shareholders rights and promote ethical conduct of business. (Shleifer & Vishny, 1997). The board of directors plays a critical role in promoting good corporate governance culture in organizations. The board provides entrepreneurial leadership to the company as well as ensuring that resources are in place for the achievement of set objectives and also provide appropriate obligations to its shareholders

Corporate governance is concerned with ways in which all parties interested in the well-being of the firm (the stakeholders) attempt to ensure that managers and other insiders take measures or adopt mechanisms that safeguard the interests of the stakeholders. Such measures are necessitated by the separation of ownership from management, an increasingly vital feature of the modern firm. A typical firm is characterized by numerous owners having no management function, and managers with no equity interest in the firm. Shareholders, or owners of equity, are generally large in number, and an average shareholder controls a minute proportion of the shares of the firm. This gives rise to the tendency for such a shareholder to take no interest in the monitoring of managers, who, left to themselves, may pursue interests different from those of the owners of equity. For example, the managers might take steps to increase the size of the firm and, often, their pay, although that may not necessarily raise the firm's profit, the major concern of the shareholder.

Particularly in Nigeria, governance issues such as size and composition of board of directors and their roles, responsibilities and relationships have been discussed in several Government business policy reports for more than a decade. However Nigeria have been faced with a myriad of issues, ranging from "underdeveloped and illiquid stock markets, economic uncertainties, weak legal controls and investor protection, and frequent government intervention and coupled with poor economic performance, a predominance of concentrated shareholding and controlling ownership Therefore, Nigeria demand higher levels of effective corporate governance practices. Therefore an important theme of corporate governance in this regard is the nature and extent of accountability of people in the business and mechanisms that try to decrease the principal agent problem. Consequently, corporate governance mechanism has been a crucial issue under discussion with vested interest. It is against this background that the researchers see the subject matter; corporate governance and its impact on the management of Mobile Telecommunication Nig. Ltd Main Branch as an issue worthy of being investigated.

1.2 Statement of the Problem

The incidence of high profile corporate failures in recent times, as a result of poor corporate governance culture inherent in organizations which are entities that create economic value have spurred the need for the establishment of codes of corporate governance/best practices. This enhances management performance, increases investor confidence and prevents situations that will reduce shareholders value, waste and inefficiency. Organizations board size and composition are important conduits through which performance can be attained. But this is not feasible in some manufacturing companies, because of the size and composition of board and the size of the audit committee. More non-executive directors on the board scrutinize and checkmate the strategy as well as other responsibilities of executive directors to ensure they are accountable for decisions taken which must always be in the best interest of shareholders as against any vested interest or short term executive pressures. The audit committee make up of some manufacturing companies does not conform to the requirements of the Companies and Allied Matters Act (CAMA, 2004).

1.3 RESAERCH QUESTIONS

1. What are the effects of corporate governance on the performance of Telecommunication Companies?

2. Does internal and external corporate governance control mechanism have impact in Telecommunication companies?

3. To what extent board composition relates to return on capital employed?

4. Does systemic problem of corporate governance affect organization performance?

1.4 Objective of the Study

The main objective of the study is to examine the corporate governance and its impact on the management of GLO NIGERIA. other specific objectives are to:

1. To assess the effects of corporate governance on the performance of

Telecommunication companies.

2. To examine the internal and external corporate governance control mechanism in Telecommunication companies.

3. To ascertain the extent to which board composition relates to return on capital employed.

4. To identify the systemic problems of corporate governance in Telecommunication

Companies.

1.5 RESEARCH HYPITHESIS

The research hypotheses for the study are:

HYPOTHESIS 1

H0: Corporate governance have no impact on the performance of Telecommunication

Companies

H1: Corporate governance have impact on the performance of Telecommunication

Companies

HYPOTHESIS 2

H0: Internal and external corporate governance control mechanism have no impact on the performance of telecommunication companies

H1: Internal and external corporate governance control mechanism have impact on the performance of telecommunication companies

HYPOTHESIS 3

H0: Board composition does relate to return on capital employed

H1: Board composition have no relationship on return on capital employed

HYPOTHESIS 4

H0: There are no significant systemic problems of corporate governance in Telecommunication Companies

H1: There are significant systemic problems of corporate governance in Telecommunication Companies

1.6 Significance of the Study

This study adds a significant practical importance, because its results support the application of appropriate regulatory agencies such as central, stock exchange as well as Nigeria security and Exchange commission and financial organization in their various policy formulations as regard corporate governance. As such the study will be significant to these organinisations and regulatory Agencies especially as they utilize the findings of this research in enhancing policy formulation as regard corporate governance in their organization. This study is important as it provides new insights into governance and performance of organization in private sector.

The study will also add to the existing knowledge as well as making an original contribution to the study of corporate governance, since it is a comprehensive investigation into the comparative roles of governance in affecting performance of organizations in Nigeria and elsewhere in the world.

The study will also be a reference material for further research on corporate governance. As such, it will be a springboard to students intending to carryout similar research.

1.7 Scope of the Study

The study covers the examination of the impact of corporate governance in the telecommunication industry with reference to **sterling bank nigeria plc**. The collection of empirical data is limited to **sterling bank nigeria plc** main office. The study covers a time from 2021 – 2022.

1.8 Definition of Key Terms and Concepts

In this section, we define the various proxy variables we use to capture changes in corporate governance.

- **Corporate Governance**: This is a set of the structure through which the objective of the firm and set and the means of obtaining these objectives and monitoring performance are determined.

- **Corporation:** This refers to corporate entity or a body by means of which capital is acquired and used for investing in assets producing goods and services.

- **Shareholder rights:** Our first measure of shareholder rights is the G-Index used by Gompers, Ishii, and Metrick (2003). As in Gompers et al., we use the incidence of governance rules to construct the G-Index. Firms with low G-Index values have the strongest shareholder rights and firms with high values of the G-Index have the weakest shareholder rights.

- **Insider Ownership:** Consistent with Himmelberg, Hubbard, and Palia (1999) we calculate the ratio of insiders' holdings of common shares over total shares outstanding. Morck, Shleifer, and Vishny (1988) find a non-monotonic relationship between insider ownership and firm value and show two inflection points at 5% and 25% respectively.

- **Shareholders:** People who have invested in a company through subscribing to the company's stock.

- **Board Structure:** Management at the top comprising of board of directors.

- **Ownership Structure:** Shareholders and directors.

- **CEO:** Acronym for Chief Executive Officer.

- **AGM**: Annual General Meeting

- **BOFID:** Banks and Other Financial Institution Decree

- **CAC**:Corporate Affairs Commission

- **CAMD:** Company and Allied Matters Decree
- **CBN:** Central Bank of Nigeria
- **DPC:**Development Policy Centre
- **FOS:** Federal Office of Statistics
- **ISD**: Investments and Securities Decree
- **MENA:** Middle East and North Africa
- **NAICOM:** national insurance commission of nigeria
- **NICON:** National Insurance Corporation of Nigeria plc
- **NDIC:** Nigerian Deposit Insurance Corporation
- **NNPC:** Nigerian National Petroleum Corporation
- NITEL: Nigerian Telecommunications Plc
- NSE: Nigerian Stock Exchange
- OECD: Organisation For Economic Cooperation And Development.
- PLC: Public Limited Company
- SEC: Securities And Exchange Commission
- SOE: State Owned Enterprises

- TCPC: Technical Committee On Privatization And Commercialization

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Corporate governance embodies structures, systems, mechanisms and framework through which organizations are directed and controlled by those saddled with the duties and responsibilities in the interest of shareholders and other stakeholders. According to the Organization for Economic Corporation and Development OECD (2004) the tenets of good corporate governance should be fairness, transparency, probity and accountability by management. This ensures that responsibilities are clearly defined amongst all stakeholders in order to facilitate policy implementation. By doing this, it provides guidelines through which organizational objectives are set, as well as the modalities for achievement and monitoring performance (Wolfensohn, 1999; Uche 2004; Akinsulire, 2006). An effective corporate governance structure should promotes sound internal control system, risk management, compliance with ethical and statutory requirements, ensures transparent and efficient markets, accountability and trust in the management of organizations (ICAN, 2014; Aguilera & Jackson, 2003). Nwachukwu (2007) opined that investor confidence is strengthened through good corporate governance practice in organizations. However, Management of organizations in recent times are more concerned about their own interest at the expense of that of shareholders (Berle & Means 1932). This scenario gave rise to an upshot in the collapse of high profile companies like worldcom, Enron, Rank Xerox, Global crossing and parmalat. The emergence of corporate frauds and financial crisis globally propelled regulatory authorities and agencies to establish legislations and guidelines known as corporate governance codes for publicly listed companies to ensure shareholders rights are protected, disclosure and transparency enhanced, facilitate effective functioning of the board and encourage stakeholder participation

. In order to discourage corruption and fraud in Nigeria, the Securities and Exchange Commission (SEC) in collaboration with the Corporate Affairs Commission (CAC) established codes of best practice on corporate governance to protect shareholders rights and promote ethical conduct of business. (Shleifer & Vishny, 1997). The board of directors plays a critical role in promoting good corporate governance culture in organizations. The board provides entrepreneurial leadership to the company as well as ensuring that resources are in place for the achievement of set objectives and also provide appropriate obligations to its shareholder.

2.2 CONCEPTUAL FRAMEWORK

Corporate governance in Nigeria Corporate governance in Nigeria took center stage about the early 2002. Prior to these period most companies in Nigeria were operating below capacity and were not accountable to investors, shareholders, suppliers, depositors and other stakeholders (Kajola 2008). This trend culminated into the collapse of notable Nigerian banks which were characterized by insider abuses, inefficiencies and poor corporate governance structures. This scenario led to regulatory agencies evolving codes of best practice to enhance adequate corporate governance culture in firms.

2.2.1 Board of directors role and organizational performance

The board of director's role is the hub upon which corporate governance is built. The board is charged with the task of effectively discharging its duties regularly. Different scholars however have suggested that board effectiveness can only be achieved if they exists an appropriate board size, composition and leadership structures. The board should comprise of individuals from diverse backgrounds with the capacity of discerning the strategic aims and objectives of the company, which in turn will lead to increased firm value. Members of the board should posses basic skills and tenets which will enhance their performance on the board. These skills include but are not limited to sense of accountability and integrity, entrepreneurial bias, knowledge on board matters, relevant core competence, upright character and pro-active intuition (ICAN 2014).

2.2.2 Board size and organizational performance

A company's board size boarders on the number of directors on the board of a corporate organization. Organizational performance is a function of the number as well as the quality of directors. Ascertaining an ideal make-up of directors is crucial to board effectiveness. Scholars have posited that large board size provides an increased and diversified pool of knowledge and expertise which make them better able of handling strategic issues. They are also proficient at reducing the dominance of overbearing CEO (Forbes & Milliken, 1999 as cited in Ogbechie et al 2010). Effective board monitoring is enhanced and supervisory functions broadened if more directors are on the board (Jensen, 1993) On the contrary, some authors have suggested that smaller board size increases performance of firms. This is based on the premise that directors in large board size may have difficulty interacting with each other which slows down decision making and impacts negatively on firm performance. This proposition is in line with the studies of Yermack (1996); Eisenberg et al., (1998); & Singh & Davidson, (2003), who proved that board size has an inverse relation with firm value.

2.2.3 Board composition and organizational performance

Board composition entails the proportion of executive directors to non-executive directors on the board. Executive directors also known as insider directors are saddled with the routine administration and operation of organizations while non-executive directors also known as outsider directors participate indirectly in the management of organizations. Non-executive directors contribute to the strategic success of companies and also challenge the strategy if need be and equally makes their inputs on direction of strategy. They ensure their executive counterparts are accountable for decision taken and also monitor their reporting performance to avoid information asymmetry.

Audit Committee Size and Organizational performance.

Audit committee is considered one of the functional subcommittees on the board of organizations with the mandate of supervising and enforcing compliance with accounting and reporting policies. True and reliable financial information is the base upon which investors and potential investors make informed economic decisions. Therefore, the size of an audit committee influences the quality of financial reports. Bansal and Sharma (2016) however, proposed that financial information misrepresentation and earnings management can be mitigated if organizations audit committee structure is adequate.

2.2.4 The Board of Directors and its Size

It is the responsibility of the board of directors to guarantee that the business is enjoying maximum benefits of prevailing occasions and ensuring that the economic worth of the organization is enhanced, being successful when its ability to make choices and affect the administrators is incredibly strong (Uwuigbe & Fakile, 2012). The board should check the behaviours of managers for owners' welfare, decide on crucial issues, hire set of administrative officers and oversee that organizations adhere to the rule while taking responsibility for managing and supervising (Akinyomi, 2013). The Board of Directors uses its powers and responsibilities within the structure of legislation, main contract, regulations and policies, and represents the company in line with the authority given to it at the general meeting of shareholders (Dogan & Yildiz, 2013). The economic worth of an organization would further be enhanced as the board carries out its functions which include supervision of the operations of administrative officers and choosing the employees of an enterprise, appointing and monitoring the activities of an autonomous auditor to boost the worth of the company (Uwuigbe, 2011). When the number of board membership goes up, there would be possibility for divergent opinions which could result in more confusion among board membership (Dar, Naseem, Rehman & Niazi, 2011; Adegbemi, Donald & Ismail, 2012)

2.2.5 Firm Performance

Profitability is one of the major reasons for the existence of business enterprises (Akinyomi & Olagunju, 2013), and business enterprises continue their operation by making profits (Ayse, 2013). Organizational performance has to do with the approach and method by which things of economic value existing in a corporation are prudently utilized for the achievement of the general business goal of a particular enterprise (Latif, Shahid, Haq, Waqas & Aeshad, 2013; Akinyomi, 2014). Banks are business enterprises and as such their aim is to make profits just like any other profit making organizations. In this regard, the profitability which is an indicator of economic result of any organization indicates the success of its management, which also makes it one of the most important indicators for the investors (Ayse, 2013).

2.3 Theoretical Framework

2.3.1 Agency Theory

This theory propounded by Jensen and Meckling (1976) is based on the premise that when ownership of an organization is separated from control, managers acting as agents on behalf of the owners or principal, are prone to pursuing their own interest to the detriment of the owners. It further emphasized that managers have interest which does not align with maximizing returns to shareholders thus creating agency problem between shareholders (principal) and directors (agents). The principal has to bear some agency cost in order to monitor the activities of the agent to ensure efficiency.

2.3.2 Stakeholders theory

According to Donaldson and Preston (1995) as cited in Bessong and Tapang (2012), the concept of agency theory is narrow. This is because they identify shareholders as the only interest group of a corporate entity necessitating further exploration. By expanding the spectrum of interested parties, Mitchel, Wood and Agle, (1997) argue that, the stakeholder theory stipulates that, a corporate entity invariably seeks to provide a balance between the interests of its diverse stakeholder in order to ensure that each interest's constituency receives some degree of satisfaction. In separate contribution, According to Elkington (2002), stakeholder theory appears better in explaining the role of corporate governance than the agency theory by highlighting the various constituent; employees, banks, governance, relevant stakeholders. Related to the above discussion, Freeman and Evan (1990) provide a comprehensive review of the stakeholders' theory of corporate governance which points out the presence of many parties with competing interests in the operations of the firm. They also emphasize the role of non-market mechanisms such as the size of the board, committee structure as important to firm performance (Tapang & Bassey, 2017). Stakeholder theory has become more prominent because many researchers have recognized that the activities of a corporate entity impact on the external environment requiring accountability of the organization to a wider audience than simply its shareholders (i.e. stakeholders). For instance, Savage, Nix, Whitehead and Blair, (1991) proposed that companies are no longer the instrument of shareholder alone but exist within society and therefore, have responsibilities to that society. One must however point out that large recognition of this fact has rather been a recent phenomenon. Indeed, it has been realized that economic value is created by people who voluntarily come together and corporate to improve everyone's position (Freeman, 2004).

2.4 Empirical review

Several empirical studies have investigated corporate governance and performance of firms (Hamidu & Aliyu (2015) Adebayo et al 2014; & Ammar et al;(2013)). But Gadi, Emesuanwu & Shammah, (2015) extended their study by examining corporate governance and financial performance of Micro Finance Banks in North Central Nigeria. Their study sampled 23 micro finance banks that board composition and composition of board committees have significant relationship with banks financial performance. Similarly, Uwuigbe (2015) studied 30 manufacturing companies quoted on the Nigerian Stock Exchange Market between 2003 and 2007. The findings portray a significant but weak link between board size and Manufacturing firms in Nigeria. In addition, Ogbechie & Koufopoulos (2010) investigated the correlation between corporate governance and board practices in the Nigerian banking industry. The result discovered that a standard board size comprising of all board committees is ideal for any organizational set up. Similarly, Adebayo, Ibrahim, Yusuf & Omah (2014) studied corporate governance and performance of organizations. The study adopted quantitative methodological framework. The finding showed that board size, board skills, management skills and size of audit committee are positively associated with performance in organizations. According to Hamidu & Aliyu (2015), who examined the link between corporate attributes of board size and market value of firms, using a sample of six companies, between 2004-2012. Results from the study indicate a negative correlation between board size and the market value of equity

In addition, Ammar, Asif & Ammar (2013) examined corporate governance and performance from the Pakistan context, the study utilized data from the website of Karachi stock exchange and financial statements of sampled listed companies for the period of five years 2007-2011. Previous researchers investigated corporate governance and Firm performance but this paper stands to differ by examining corporate governance and organizational performance of manufacturing companies proxied by board size, board composition and audit committee size.

CHAPTER THREE

METHODOLOGY

3.1 INTRODUCTION

The approach use to accomplish the objective of this research work is historical and descriptive approach. The survey research method was adopted for the study. It was chosen because it is the best method that would create an understanding on the issues involved without loss of facts.

This is to explore the past and present significance of collective bargaining to good working relation in multi-national organization, with **sterling bank nigeria plc**, as a case study.

3.2. RESEARCH DESIGN.

This study adopted a descriptive cross-sectional survey design. Descriptive study as the name suggest, entails the descriptive of a phenomenon under investigation. It is not concerned about explaining why, how or when an event occurred but rather focuses on what characterizes the phenomenon.

3.3. POPULATION OF THE STUDY.

The research population for the study covers the entire of **sterling bank nigeria plc**. This is concerned with who or what will be studied. The population entails the employee for precision of impact of corporate governance on organization performance and in order to make a complete investigation of the study. Therefore, the sample sizes is (50) staff in the

sterling bank nigeria plc, all respondents were given questionnaire that is used for analysis.

3.4. SAMPLING TECHNIQUES AND SAMPLING SIZE.

For effective research, the researcher divided the population of **sterling bank nigeria plc** into stratum in other to administer questionnaire to staff. Random selection of staff was made from each stratum, and this procedure ensures that each staff has equal chance of being selected.

3.5. METHOD OF DATA COLLECTION.

The researcher used two basic sources of data collection in the process of conducting the research. The researcher used both primary and secondary sources of data collection

A. PRIMARY SOURCE OF DATA COLLECTION.

Primary sources of data collection are information that is generated specifically for the purpose of their research work. In this study, data were got from personal observation, interview and responses on the questionnaire. The questionnaire is a well-structured one which permits the respondents to answer (Yes or NO). The questions are design in the closed ended manner in order to accurate statistical evaluation.

B. SECONDARY SOURCES OF DATA COLLECTION.

Secondary sources of data were gotten existing information that are already written, published and unpolished that are related to the topic which includes textbooks, journals, newspapers, international financial publication towards development.

3.6 DATA COLLECTION INSTRUMENT

INTERVIEW: This is a method of data collection instrument which involves a face to face contact or interaction between the two parties involve. This enable the researcher to interact directly with those personnel concerned with the require information.

This was used in addition to questionnaire method to collect more information which were mire compliable and cannot be effectively included in the questionnaire.

OBSERVATION: This is the method whereby the researcher was able to share in live and activities of the events being studied during the research work. This give researcher the opportunity to view personnel on duty and to watch the collective bargaining. It enhances sound labour management relations in the society.

3.7 METHOD OF DATA ANALYSIS.

Statistical techniques are the means whereby raw data collected during investigations were processed by breaking the collected data down into constituent parts and thereafter applying statistical calculation to provide answers to research questions.

The researcher employed the use of this method of statistical techniques and the fact that it will enable the reader of this study to comprehend the contents of the study in more accurate ways.

However, tabulation and percentage method were used in the presentation and analysis of data.

The major advantage of tabulation is that it aids easy understanding.

The researcher therefore consider these method as appropriate for arriving at a more accurate conclusion to be used in interpreting data gathered during the research work.

3.8 HISTORICAL BACK OF THE CASE STUDY

Globacom Limited (GLO) is a privately owned Nigerian multinational telecommunications company headquartered in Lagos, Nigeria. GLO started operations on 29 August 2003. It currently operates in four countries in West Africa, namely Nigeria, Republic of Benin, Ghana and Côte d'Ivoire. The company has employed more than 3000 people worldwide.

In August 2003, Glo Mobile was launched in Nigeria. Glo Mobile introduced lower tariffs, pay per second billing and alongside other value added services. Although Glo Mobile was the fourth GSM operator to launch in Nigeria, within seven years of the company's operation, its subscriber base has grown to over 25 million. In the first year of operation, it had one million subscribers in over 87 towns in Nigeria and over 120 billion Naira in revenues.
In June 2008, Glo Mobile was launched in the Republic of Benin. Glo Mobile showed unprecedented growth through the sale of 600,000 SIM

cards in the first ten days of operation.
In May 2008, GLO acquired an operating license through its Glo Mobile division in Ghana. In April 30, 2012 GLO officially launched in Ghana after series of postponement.

GLO is privately owned by the Mike Adenuga Group which also consists of Equatorial Trust Bank (ETB) now Sterling Bank, Conoil PLC, a petroleum marketing company, and Conoil Producing, a crude exploration company.

CHAPTER FOUR

4.1. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

As a follow-up to the discussion in chapter three, a presentation and analysis of the data collected on collective bargaining and the industrial atmosphere in the **sterling bank nigeria plc**. The questionnaires consist of two parts, part ‘A’ and part ‘B’.

SECTION ‘A’.

TABLE 4.1.1: DISTRIBUTION OF RESPONDENTS BY GENDER.

Option	Frequency	Percentage %
Male	35	65
Female	15	35
Total	50	100

Source: Research Survey 2025.

The table 4.1.1. Above shows that 35 respondents are male representing 65%, while 15 respondents are female representing 35%. This means that statistical data shows that they are more male responds than the female in the organization.

TABLE 4.1.2: DISTRIBUTION OF RESPONDENT BY AGE.

Option	Frequency	Percentage %
18 – 30	10	15
31 – 40	25	60
41 – 50	15	25
51 & above	--	--
Total	50	100

Source: Research Survey 2025.

The table 4.1.2. Shows that 10 respondents are between 18 – 30 years representing 15%, 25 respondents are between 31 – 40 years representing 60%, while 15 respondents are between 41 – 50 years representing 25%.

TABLE 4.1.3: DISTRIBUTION OF RESPONDENT BY MARITAL STATUS.

Option	Frequency	Percentage %
Single	24	45
Married	26	55
Divorced	--	--
Total	50	100

Source: Research Survey 2025.

The table 4.1.3. Above shows that 24 respondents are single representing 45%, 26 respondents are married representing 55%, while none of the respondents is a divorced or a widow.

TABLE 4.1.4: DISTRIBUTION OF RESPONDENT ACCORDING TO DEPARTMENT.

Option	Frequency	Percentage %
Administrative	15	40
Operation And Maintenance	09	20
Accounting and Finance	11	25
Engineering	05	05
Commercial	05	05
Information	05	05
Total	50	100

Source: Research Survey 2025.

The table 4.1.4. above shows that 15 respondent representing 40% are from administrative department, 09 respondents are from operation and maintenance department representing 20%, 11 respondents are from accounting and finance department representing 25%, 05 respondents from commercial department representing 5%, while 05 respondents are from information department representing 5%

TABLE 4.1.5: DISTRIBUTION OF RESPONDENTS ACCORDING TO EDUCATIONAL QUALIFICATION.

Option	Frequency	Percentage %
WAEC	12	25
ND/NCE	12	25
ND/B.Sc	18	29
M.Sc and above	08	21
Total	50	100

Source: Research Survey 2025

The table 4.1.5 above tell us that 12 respondents representing 25% are WAEC holders, 12 respondents also representing 25% are ND/NCE holders, 18 respondents representing 29% are ND/B.Sc. holders, 09 respondents are M.Sc. holder representing 21%.

TABLE 4.1.6: DISTRIBUTION OF RESPONDENTS ACCORDING TO LENGTH OF SERVICE.

Option	Frequency	Percentage %
1 – 5 years	09	15
6 – 10 years	20	40
11 – 15 years	14	35
16 and above	07	10
Total	50	100

Source: Research Survey 2025.

The table 4.1.6. shows that 09 respondents are between 1 – 5 years representing 15%, 20 respondents are between 6 – 10 years length of service representing 40%, 14 respondents representing 35% are between 11 – 15, while 07 respondents are between 16 years and above of length of service representing 10%.

SECTION 'B'.

TABLE 4.2.1. QUESTION 1: ARE YOU A MEMBER OF THE STAFF UNION?

Option	Frequency	Percentage %
Yes	28	60
No	22	40
Total	50	100

Source: Research Survey 2025.

From the table 4.2.1. above, 28 respondents are representing 60% of the total respondents that belongs to the staff union as a way of enhancing sound labor management relations, 22 respondents representing 40% said No. since unionism is allowed in the MTN Telecommunication Company Ilorin, the advantage is that staff of the MTN Telecommunication Company Ilorin will be able to collectively table their grievances to the management.

TABLE 4.2.2. QUESTION 2: IS THE MEETING BETWEEN WORKERS REPRESENTATIVE AND MANAGEMENT FREQUENT IN THE ORGANIZATION?

Option	Frequency	Percentage %

Yes	28	60
No	22	40
Total	50	100

Source: Research Survey 2025.

From the table 4.2.2 above, 28 respondents are representing 60% of the respondents admitted that meeting between labour and management is very frequent, while 22 of the respondents are representing 40%. Since majority of the workers in the organization admitted that the meetings between the labour and management is frequent, the advantage is that the collective bargaining will be used as a means of enhancing industrial harmony in the organization.

TABLE 4.2.3.

QUESTION 3: WOULD YOU SAY GOOD CORPORATE GOVERNANCE HAS CONTRIBUTED TO INDUSTRIAL PEACE AND HARMONY IN THE GLO OFFICE?

Option	Frequency	Percentage %
Yes	25	50
No	25	50

Total	50	100

Source: Research Survey 2025.

Responding to the question 4.2.3. above, 25 respondents are representing 50% stated that the Good corporate governance enhance industrial peace and harmony, 25 respondents representing 50% also admitted that it does not have anything to do with peace and harmony in the MTN Telecommunication Company. The effect is that there is room for good relationship between the management and the labour in the organization.

Again, it gives workers sense of belonging. More importantly good and conducive environment for work.

TABLE 4.2.4. QUESTION 4: DOES THE MANAGEMENT OFTEN LISTEN TO WORKERS DEMAND FOR BETTER CONDITION OF SERVICE?

Option	Frequency	Percentage %
Yes	40	75
No	10	25
Total	50	100

Source: Research Survey 2025.

Out of the 50 respondents in table 4.2.4., 40 respondents are representing 75% indicated that management often listen to them whenever they table their problems to the management in a round-table discussion, 10 respondent representing 25% said that the management does not always listen to them whenever they have any problem.

TABLE 4.2.5. QUESTION 5: HAS BETTER CONDITION OF SERVICE BEEN ACHIEVED THROUGH CORPORATE GOVERNANCE WITH MANAGEMENT?

Option	Frequency	Percentage %
Yes	30	75
No	20	25
Total	50	100

Source: Research Survey 2025.

From the table 4.2.5 above, 30 respondents representing 75% agreed that better condition of service is achieved through Corporate governance, while 20 respondents representing 25% disagreed that better condition of service is not achieved through collective bargaining.

TABLE 4.2.6. QUESTION 6: DOES UNION AND MANAGEMENT OFTEN REACH AGREEMENT ON MUTUAL BENEFITS?

Option	Frequency	Percentage %
Yes	35	60
No	15	40
Total	50	100

Source: Research Survey 2025

From the table 4.2.6. above, 35 respondents representing 60% agreed that both management and workers often shift ground on issues that have to do with collective interest, representing 40% of n15 respondents said No to mutual benefit between union and management.

TABLE 4.2.7. QUESTION 7: ARE AGREEMENT REACHED OFTEN IMPLEMENTED?

Option	Frequency	Percentage %
Yes	28	60
No	22	40
Total	50	100

Source: Research Survey 2025.

From the table 4.2.7. above, 28 respondents representing 60% agreed that the agreements reached are often implemented, while 22 respondents representing 40% disagreed.

The implication of this is that majority of the respondents supports that the organization management always respect agreement sighed with labour unions.

TABLE 4.2.8. QUESTION 10: DOES THE MANAGEMENT AND EMPLOYEES ENSURE COMMITMENT TO OPTIMAL JOB PRODUCTIVITY

Option	Frequency	Percentage %
Yes	28	60
No	22	40
Total	50	100

Source: Research Survey 2025.

The statistical data in table 4.2.10 shows that 40 respondent representing 85% stated that employee and management ensure commitment to optimal job productivity, 10 respondent representing 15% admitted that it does ensure commitment to optimal job productivity. That is, collective bargaining has help to ensure commitment to optimal job productivity since the majority admitted.

TABLE 4.2.9. QUESTION 11: DOES CORPORATE GOVERNANCE ENHANCE ORGANIZATIONAL PERFORMANCE IN GLO OFFICE?

Option	Frequency	Percentage %
Yes	28	60
No	22	40
Total	50	100

Source: Research Survey 2025.

The table 4.2.11 indicated that 35 respondents representing 80% stated that Corporate governance enhance organizational performance, 15 respondents representing 20% admitted that it does not have anything to do with organizational performance.

TEST OF HYPOTHESIS

Hypothesis is an unproved theory, proposition sent forth an explanation of something, often as the basis for further investigation. Hypothesis is the guides for investigators in the entire process of research endeavor and they keep the researcher on the main line of the study, on impact of Corporate Governance on employee and organizational performance.

This section is considered with the testing of hypothesis, two alternative conclusions are involved.

A. NULL HYPOTHESIS (N0): Effective impact of corporate governance on employee and organization performance has impact on the attainment of organization objectives.

B. ALTERNATIVE HYPOTHESIS (H1): Effective Corporate governance on employee and organization performance. Alternative hypothesis (H1) is the option available if the Null hypothesis is rejected.

The researcher adopted the use of chi-square (X^2) method to test the hypothesis at 0.05% critical region.

HYPOTHESIS ONE

The analysis of data collected under section 'B' of the questionnaire on table 4.2.3, question 3. Would you say Corporate governance has contributed to industrial peace and harmony?

H0: Corporate governance have impact on the performance of telecommunication companies

H1: Internal and external corporate governance control mechanism have impact on the performance of of telecommunication companies

Test of statistic: $X^2 = \frac{\Sigma(Oij - eij)^2 \Sigma(Oij - eij)^2}{eij \quad eij}$

Critical Region: $\propto\propto = 5\%$

D.R.: Reject H0 if $X^2cal > X^2tab$, otherwise Accept.

Option	Frequency	Percentage %	Total
Yes	25	50	75
No	25	50	75
Total	50	100	150

$$Ꞓi = \frac{r \; x \; c \; r \; x \; c}{G \qquad G}$$

$$= \frac{50 \text{ x } 7550 \text{ x } 75}{150 \qquad 150} = 25$$

$$= \frac{50 \text{ x } 7550 \text{ x } 75}{150 \qquad 150} = 25$$

$$= \frac{100 \text{ x } 75100 \text{ x } 75}{150 \qquad 150} = 25$$

$$= \frac{100 \text{ x } 75100 \text{ x } 75}{150 \qquad 150} = 25$$

Oij	Ꞓij	$(Oij – Ꞓij)^2$	$\frac{\Sigma(Oij - Ꞓij)^2}{Ꞓij}$
25	25	0	0
50	25	625	25
25	50	625	12.5
50	50	0	0

		$X^2cal =$	37.5

$X^2cal = \frac{\Sigma(Oij - eij)^2 \Sigma(Oij - eij)^2}{eij \quad eij} = 37.5$

$X^2tab \rightarrow 1, 0.95 = 3.841$

CONCLUSION: Since $X^2cal > X^2tab$, we reject H0 and conclude that there is an association between Corporate governance of employees and organization.

HYPOTHESIS TWO

The analysis of data collected under section 'B' of the questionnaire on table 4.2.10, question 10. Do the management and employee ensure commitment to optimal job productivity?

H0: There is no association between the management and employees that ensure commitment to optimal job productivity.

H1: There is association between the management and employee that ensure commitment to optimal job productivity.

Test of statistic: $X^2 = \frac{\Sigma(Oij - eij)^2 \Sigma(Oij - eij)^2}{eij \quad eij}$

Critical Region: $\propto\propto = 5\%$

D.R.: Reject H0 if $X^2cal > X^2tab$, otherwise Accept.

Option	Frequency	Percentage %	Total
Yes	40	85	125
No	10	15	25
Total	50	100	150

Ꞓi $= \frac{r \times c \; r \times c}{G \quad G}$

$= \frac{50 \times 125 \; 50 \times 125}{150 \quad 150}$ $=41.67$

$= \frac{50 \times 25 \; 50 \times 25}{150 \quad 150}$ $=8.3$

$= \frac{100 \times 125 \; 100 \times 125}{150 \quad 150}$ $=83.33$

$= \frac{100 \times 25 \; 100 \times 25}{150 \quad 150}$ $=16.67$

Oij	Ꞓij	(Oij – Ꞓij)^2	$\frac{\Sigma(\text{Oij} - \text{Ꞓij})^2}{\text{Ꞓij}}$
40	41.67	2.79	0.07
85	8.33	5878.29	705.68
10	83.33	5377.29	64.53
15	16.67	2.79	0.17

		$X^2cal =$	770.45

$X^2cal = \frac{\Sigma(Oij - eij)^2}{eij}\frac{\Sigma(Oij - eij)^2}{eij} = 770.45$

$X^2tab \rightarrow 1, 0.95 = 3.841$

CONCLUSION: Since $X^2cal > X^2tab$, we reject H0 and conclude that there is an association between Corporate governance of employees and organization.

HYPOTHESIS THREE

The analysis of data collected under section 'B' of the questionnaire on table 4.2.11, question 11. Does collective bargaining enhance organizational performance in GLO office?

H0: There is no association between Corporate governance that enhance organizational performance in GLO office.

H1: There is association between Corporate governance that enhance organizational performance in GLO office.

that enhance organizational performance in GLO office.

Test of statistic: $X^2 = \frac{\Sigma(Oij - eij)^2}{eij}\frac{\Sigma(Oij - eij)^2}{eij}$

Critical Region: $\alpha\alpha = 5\%$

D.R.: Reject H0 if $X^2cal > X^2tab$, otherwise Accept.

Option	Frequency	Percentage %	Total
Yes	35	80	115
No	15	20	35
Total	50	100	150

$$Ei = \frac{r \times c \; r \times c}{G \quad G}$$

$$= \frac{50 \times 115 \; 50 \times 115}{150 \quad 150} = 38.33$$

$$= \frac{50 \times 35 \; 50 \times 35}{150 \quad 150} = 11.67$$

$$= \frac{100 \times 115 \; 100 \times 115}{150 \quad 150} = 76.67$$

$$= \frac{100 \times 35 \; 100 \times 35}{150 \quad 150} = 23.33$$

O_{ij}	e_{ij}	$(O_{ij} - e_{ij})^2$	$\frac{\Sigma(O_{ij} - e_{ij})^2}{e_{ij}}$
35	38.33	11.09	0.29
80	11.67	4668.99	400.08
15	76.67	3803.19	49.60
20	23.33	11.09	0.48
		$X^2cal =$	450.45

$$X^2cal = \frac{\Sigma(O_{ij} - e_{ij})^2}{e_{ij}} \frac{\Sigma(O_{ij} - e_{ij})^2}{e_{ij}} = 450.45$$

$X^2tab \rightarrow 1, 0.95 = 3.841$

CONCLUSION: Since $X^2cal > X^2tab$, we reject H0 and conclude that there is an association between Corporate governance of employees and organization.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

The current investigation focuses on the effect of organizational governance on the profitability of commercial banks in Nigeria. Three indicators of corporate governance mechanism (board composition, board size and directors' interests) were incorporated in the study. Data were obtained from audited annual reports of GLO NG.

The results of the literature review and data analysis revealed the existence of a positive but non-significant relationship between board composition and profitability on one hand; and between board size and profitability on the other hand. However, a negative but non-significant relationship exists between directors' interests and profitability in the Nigerian banks. Based on the findings of the current study, the following recommendation has been put forward. In order to prevent distress in the Telecommunication sector, there should be a regular review of the corporate governance codes so as to reflect current social, environmental, technological and economic situations.

5.2 CONCLUSION

The industrial relation in the **sterling bank nigeria plc** Ilorin agrees with the general in the sense that corporate governance have greatly affected by the service rule and the government administrative guidelines.

The cordiality, understanding, co-operation and mutual trust that exists between the employees and management is the cause of the industrial peace and harmony the organization enjoys. The labour and management believe in the amicable settlement of their differences through negotiation.

They both recognize the fact that for industrial peace to prevail there must be the spirit of give and take. Both the workers and the management of the organization believe in and prefer corporate governance as instrument to improve the performance of workers lots.

5.3 RECOMMENDATIONS

Based on the findings and conclusion, the following were recommended:

1) Regulatory bodies should ensure that the board size maintained by Manufacturing Companies is adequate and manageable i.e. not too large or too small in order to facilitate decision making and operational efficiency.

2) A fair and balanced board composition should be adopted by Manufacturing Companies to ensure proper direction of strategy and long-term maximization of owners' value.

3) The audit committee size should comprise of more shareholder representative than directors in order to uphold financial information accuracy and reliability.

4. The establishment of a district industrial relation unit in the personnel management department to handle labour management relations matters. Alternatively, the existing public relations unit functions should be widened

to cover labour management relations issues. The new unit should be well staff by experienced industrial relations experts.

5. Annual industrial relations seminar should be organized by the organization to broaden the knowledge of the workers particularly those who are not in the personnel department. Industrial relations experts should be invited from outside the organization. In this way, the employees would acquire the necessary skills need from the management, the intricacies of the bargaining process. Both the labour and the management would limits the labour management relations

6. Departmental consultative committees should be establish to handle issues/or problems that are peculiar to the respective departments, such committees should deal with matters that are emergency in nature or not carried by any collective agreement or civil service rules.

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