**African Journal of Management and Administration, Volume 6, Number 2, 2013**

# CHALLENGES OF ATTITUDINAL CHANGE ON CORPORATE GOVERNANCE IN AN ORGANIZATION: A FOCUS OF BANK INDUSTRIES IN AWKA, ANAMBRA STATE NIGERIA

**Onuorah, Anthonia Ngozi and Okeke, Margaret Mary Ngozi**
**Department of Business Administration**
**Anambra State University, Igbariam Campus, Nigeria**

**ABSTRACT**

*This paper analyzed the challenges faced by organizations in attitudinal change to corporate governance especially bank industries. Five banks in Awka, Anambra State was studied using the primary and secondary sources of data. The data was analyzed with percentage and chi-square method of analysis. The results reveals that both the attitudes of board of directors, shareholders, employees and customers affect the implementation of the corporate governance in bank industries. Most attitudes are as the results of either direct experience or observational learning form the environment. However, the researcher recommends that organizations should respect the rights of shareholders, employees and suppliers, and sufficient relevant skills and understanding are needed to review and challenge management performance .Organization should develop a code of conduct for their directors and executors that promotes ethical and responsible decision making. Board members should be also committed to their responsibilities. People should be motivated and rewarded when they choose to engage on good behaviors and punished equally when the behavior is not encouraged. By so doing, the person will perform the negative action less.*

***Keyword: Attitude, Change, Corporate governance, Organizations***

## INTRODUCTION

Many individuals and organizations found change to be a real challenge. The change process in each organization is unique in each situation, due to the differences in the nature of the leadership style, and also the behavior and attitude of the employees. Further, the risk of failure is greater as people are generally resistant to changes. For some, change may bring pain, stress and disadvantages. E.g. Majority of the bank customers find it very difficult to adopt to the recent introduction of use of ATM in the bank. Some customers termed the use of ATM as a fraudulent way of stealing money by bankers, so negative attitude was developed towards the use of ATM.

Attitude is a hypothetical construct that represent an individuals degree of like or dislike for something. Attitudes are generally positive or negative views of a person, place, thing or event. This is often referred to as the attitude object. People can also be conflicted or ambivalent towards an object, meaning that they simultaneously possess both positive and negative attitudes towards the item in question Shekhar (2011}

Change is the movement away from a present state towards a future state or generally a response to some significance threat or opportunity arising outside of the organization Gilgeous , (1997]

Attitudes can be difficult to change once they have been learned. This is because there can be resistance to change from within , also noted that resistance to change may result from one or a combination of factors such as substantive change in job, reduction in economic security, psychological threats, disruption of social arrangements, and lowering of status. Nonetheless, it cannot be denied that the attitude toward change by individuals may differ. Some are more resistant to change while others are more receptive to change.

Attitudes are the evaluations and associated beliefs and behaviors towards some object Mc Guire et al, (1985} they are not stable, and because of the communication and behavior of other people, are subject to change by social influences, as well as an individual's motivation to maintain cognitive consistency when cognitive dissonance occurs. A remarkable change is bond to appear in an individual when there is a drastic change in his /her attitude. For every organization to experience improvement and sanity, there must be an existence of attitudinal change in the employees, so attitudinal change is absolutely imperative to make any positive difference in life of any individual.

Corporate Governance refers to the way a corporation is governed. It is the technique by which companies are directed and managed. It means carrying the business as per the stakeholders' desires. It is actually conducted by the board of Directors and the concerned committees for the company's stakeholder's benefit.

*Correspondence Author: Onuorah, Anthonia Ngozi; E-mail: lawtonia@yahoo.com*

**Challenges of Attitudinal Change on Corporate Governance in an Organization: A Focus of Bank Industries in Awka, Anambra State Nigeria**

It is all about balancing individual and societal goals, as well as, economic and social goals. ,(2004]. Corporate Governance is the interaction between various participants (shareholders, board of directors, and company's management) in shaping corporation's performance and the way it is proceeding towards.
The relationship between the owners and the managers in an organization must be healthy and there should be no conflict between the two. The owners must see that individual's actual performance is according to the standard performance. These dimensions of corporate governance should not be overlooked.

***We highlighted the challenges of attitudinal changes to corporate governance to include the following;***
a. Negative attitude of the policy makers and management towards the employees.
b. Attitude of the share holders
c. Employees attitude
d. Behavior of the board of directors and shareholders.

**STATEMENT OF THE PROBLEM**

Organizations consists of individuals that made up of the organizational structure and these human capital exhibits different behaviours which can be as a result of experiences encountered in the environment. The behaviour or attitudes of individual can be negative or positive and when the attitude is negative it can be very dangerous to the organization. The achievement of organizational goals and objectives depends on the attitude of employees towards the organization. The problem statement in this work is to assess the effect of the attitudinal change to corporate governance in an organization. Since the change constitutes a major problem to effective and efficient corporate governance.

**OBJECTIVES OF THE STUDY**

The broad objectives of this study are to unveil the challenges posed by attitudinal change on the effective and efficient implementation of corporate governance in organizations. ***Other objective includes;***

1. To assess if the attitude of the policy makers and management affect the implementation of corporate governance in an organization.
2. To determine whether the behavior of the management to employees affect effective corporate governance.
3. To asses if the character of the board of directors and shareholders affect the implementation of corporate governance in organizations.
4. To determine if employees and customers attitude to corporate governance affect the amount and quality of organizational productivity
5. To find solutions on the problems dictated.

**SCOPE AND LIMITATION OF THE STUDY**

The research is to assess the challenges of the attitudinal change on corporate governance in organizations. The researcher concentrate only in bank industries in Awka, Anambra state Nigeria. However, the result of the research cannot be generalized to corporation that was not part of the study. Time and Inadequate fund constitute the major hindrances to the researcher throughout the period of the researcher.

**SIGNIFICANT OF THE STUDY**

This study is particularly important as it could provide us with a better understanding of the constraints faced by organizations in adopting corporate governance. Since the dynamics of the business environment is changing rapidly, the needs to understand the challenges are imperatives this will also enable organizations to found solutions to the stated predicament.

**REVIEW OF SOME RELATED LITERATURE**

Attitude are difficult to change as people are generally more comfortable with what they have learned or knew due to stereotyping, fear of taking risks , intolerance to ambiguity , and possibly the need to maintain tradition Carnal , (1990].
Dunhan (1984] stated that complex attitude could be understood by recognizing that every attitude has three distinct components, which are cognitive, affective and behavioral tendencies. Each of this type of attitude towards change may induce a person to support or not changes occurring in an organizational setting.

Nonetheless, for any change to be effective, it is crucial to challenge and clarify peoples beliefs, assumptions and attitudes because the most potent leverage for significant and sustainable change resides within the human system at the core of every business system.

There were three factors to be considered in implementing change processes, that is the technological, organizational and personal perspectives. Although people are also the most difficult element to deal with, therefore managing the human part of the organization becomes a major challenge in handling change processes in the organization as it involves values, preference and attitude toward a particular activity. Linston and Mintroff,( 2004].

The 2009 negative share holders fund of eight banks and subsequent nationalization of some banks in 2011, and 2009 global meltdown, the financial crises in United States of America and the present European economic crises, merger and acquisitions, recent introduction of ATM compelled bank industries to consider restructuring and reengineering their organizations.

Ferguson (2010] opined that no one can persuade another to change. Each of us guards a gate of change that can only be opened from the inside. We cannot open the gate of another by argument or by emotional appeal.

Attitudes provide people with a basis for expressing their values. For example, a manager who believes strongly in the work of ethic will tend to voice attitudes towards specific individuals or work practices as a means of reflecting this value. A supervisor who wants a subordinate to work harder might put it this way, you have got to work harder. That been the tradition of the organization since it was founded. It helped get us where we are today, and everyone is expected to subscribe to this ethic. In this case an attitude serves as a basis for expressing ones central values. Shekhar, ( 2011]

An individual with a negative attitude is usually hostile and indifferent and this attitude which he has developed is based on his past experience. Hence our experience –good or bad interactions with other humans at sometimes or other has a great impact on our attitude thus attitudes are concerned directly with the way in which people react and behave. Shekhar, (2011]

The negative attitude of an individual is not healthy for an organization; it is a hindrance for the growth of the organization.

Organization grows, survive, decline or become extinct, depending on the behavior of the employees. The basic change process attempts to make employees change their behavior, which cannot happen overnight. We need a paradigm shift in our understanding of human resistance to change and the consequences thereof. Shekhar, (2011].

Attitudes can change for a number of reasons. It is a key interest or psychologists, advertisers and more to understand what makes people change their belief or opinions. Attitudes most commonly change in response to social influence. What other people do or say can have a huge effect on our own cognitions. The whole advertising industry functions on the knowledge that peoples attitudes towards products or services can be molded through the use of imagery and /or sound. Kevin , ( 2011].

**BASES FOR ATTITUDE CHANGE**

***There are three bases for attitude change, which includes*** compliance, identification, and internalization. These three processes represent the different levels of attitude change.

**COMPLIANCE**. One of the pairs of cards used in the experiment. The card on the left has the reference line and the one on the right shows the three comparison lines. Compliance refers to a change in behavior based on consequences, such as individual’s hopes to gain rewards or avoid punishment from another group or person. The individual does not necessarily experience changes in beliefs or evaluation towards an attitude object, but rather is influenced by the social outcomes of adopting a change in behavior. The individual is also often aware that he or she is being urged to respond in a certain way. The basis for compliance is founded on the fundamentals idea that people want to be accurate and right.

**INTERNALIZATION.** Internalization refers to the change in beliefs and affect when one finds the content of the attitude to be intrinsically rewarding, and thus leading to actual change in beliefs or evaluation towards an attitude object. The new attitude or behavior is consistent with the individual value system, and tends to be merged with the individual existing values and beliefs. Therefore, behavior adopted through internalization is due to the content of the attitude object.

**Challenges of Attitudinal Change on Corporate Governance in an Organization: A Focus of Bank Industries in Awka, Anambra State Nigeria**

**INDENTIFICATION** Identifications explain ones change of beliefs and affect in order to be similar to someone who one admires or likes. In this case, the individual adopts the new attitudes, not due to the specific content of the attitude object, but more so because it is associated with the desired relationship. Often children's attitudes on race, or their political party affiliations are adopt from their parents attitudes and beliefs.

**EMOTION-BASED ATTITUDE CHANGE**

Emotion plays major roles in persuasion, social influence, and attitude change. Much of attitude research has emphasized the importance of effective or emotion components. Emotions works hand –in hand with the cognitive process, or the way we think, about an issue or situation. Emotional appeals are commonly found in advertising, health campaigns and political messages.

Important factors that influence the impact emotion appeals include self efficacy, attitude accessibility, issue involvement, and message/source features. Attitudes that are central to ones being and highly resistant to change while others that are less fixed may change with new experiences or information. A new attitude may challenge existing beliefs or norms so creating a feeling of psychological discomfort known as cognitive dissonance. It is difficult to measure attitude change since attitudes may only be inferred and there might be significant divergence between those publicly declared and privately held. Self efficacy is a perception of ones own human in other words, it is the perception of our own ability to deal with a situation. It is an important variable in emotion appeal messages because it dictates a person's ability to deal with both the emotion and the situation. For example, if a person is not self-efficacious about their ability to impact the global environment, they are not likely to change their attitude or behavior about global warming.

Affective forecasting, otherwise known as intuition or the prediction of emotion, also impacts attitude change. Research suggests that predicting emotions is an important component of decision making, in addition to the cognitive processes. How we feel about an outcome may override purely cognitive rationales. In terms of research methodology, the challenge for researchers is measuring emotion and subsequent impacts on attitude. Since we cannot see into the brain, various models and measurement tools have been constructed to obtain emotion and attitude information. Measures may include the use of physiological cues like facial expressions, vocal changes, and other body rate measures. For instance, fear is associated with raised eyebrows, increased heart rate and increase body tension. Other methods include concept or network mapping, and using primes or word cues.

**THEORITICAL FRAMEWORK**

**The Expectancy-value theory** is based on internalization of attitude change. This model describes the states that the behavior towards some object is a function of an individual's intent, which is a function of one's overall attitude towards the action.

**COGNITIVE DISSONANCE THEORY AND ATTITUDE CHANGE**

Cognitive dissonance, a theory originally developed by Festinger (1957)], is the idea that people experience a sense of guilt or uneasiness when two linked cognitions are inconsistent, such as when there are two conflicting attitudes about a topic, or inconsistencies between one's attitude and behavior on a certain topic. The basic idea of the Cognitive Dissonance Theory relating to attitude change, is that people are motivated to reduce dissonance which can be achieved through changing their attitudes, beliefs, or behaviors (action). Cooper & Fazio's (1984) have also added that cognitive dissonance does not arise from any simple cognitive inconsistency, but rather results from freely chosen behavior that may bring about negative consequences.

**SELF PERCEPTION THEORY.**

The above theory stated that the behavioral based attitudes come from observations of behavior toward something. Sometimes people don't know how to feel until they see how they behave. This is one of the arguments in Daryl Bem's *self-perception theory*. An example of this would be if someone were to not realize that the reason they walk through the park every morning on their way to school is because the trees and grass make them happy or peaceful. This attitude was formed after they had developed a routine that they hadn't been consciously considering or wondering about. Such attitudes are based on observation of behavior and not on cognitions or affect

Behaviorally based attitudes only form when a person's initial attitude toward something was weak or ambiguous. If someone already knew that they liked walking through nature then he or she wouldn't need to observe their behavior to realize their attitude about nature.

African Journal of Management and Administration, Volume 6, Number 2, 2013

People also infer their attitudes from the behavior only if there aren't any other explanations for their behavior. For instance, a girl who is always trying to spend time with a boy might infer later on that she actually has a romantic crush on the boy as a way to explain her behavior. If she had to spend time with this boy as part of a school activity then she would need to have no further explanation for her action.

## COGNITIVE DISSONANCE THEORY

Cognitive Dissonance_is a complex theory that explains the discomfort people feel when they hold two conflicting ideas in their head at the same time, and the subsequent cognitions and resolutions that can occur from such discomfort. Attitudes can sometimes change when people behave inconsistently or out of line with the way they normally would behave and they are unable to find external justification for such behavior. Cognitive dissonance usually occurs when a person does something that goes against the image they have of themselves and they are unable to blame their behavior on external circumstances, so it is essentially dissonance that can cause attitude changes. For example, imagine you are in a job interview for your dream job and your would-be boss makes a remark about how much she loves coffee. You have always hated coffee so you refuse to take a cup when she offers. The woman looks upset and says, "What, you don't like coffee?". You feel scared that maybe this coffee thing is more important than you thought it would be, and really want to get this job. You don't want to be a liar but you also don't want this woman to have a negative image of you, so you say, "Oh no… I love coffee; I've already had a lot today already. Thanks though!" In a moment of dissonance you chose to change your attitude about coffee to fit in and make a good impression. The fact that you lied to get along with your boss provides you enough external justification for your attitude change that you don't worry too much about it.

## ELABORATION LIKELIHOOD THEORY.

This theory says that people, who are compelled or motivated enough, will pay attention to the persuasive communication, analyzing its arguments in their heads long after they've heard the message. This is called the *central route to persuasion*. People are likely to take this route when they have little distracting them and they are truly interested in what the persuasive communication has to say.

Those who aren't motivated to pay attention to the arguments, but are interested in the surface characteristics of a message will not have an attitude change because of logic, but rather because of superficial aspects. This is called the *peripheral route to persuasion.* If people are not interested in the argument, they will take this shortcut and pay attention to things besides the argument, such as whether or not the person making the argument is prestigious.

Some people have a *need for cognition*, meaning they their personality is one that demands engaging and mind activating activities. Those with the need for cognition are much more likely to take the central route to persuasion since they like mulling over arguments and facts to reach their conclusions.

## REACTANCE THEORY

Sometimes prohibiting something can backfire and cause a person to purposefully seek out and do that which is prohibited. The stronger the prohibitions and punishments for doing something, the more likely people will want to do it because they feel their freedom is being threatened. To get rid of any unpleasant feelings of being stifled or restricted, a person will lash out against authority and do what they are told they shouldn't. This is called reactance theory.

## THEORY OF PLANNED BEHAVIOR

Behavior is many times based on deliberations and planning. Most people don't spontaneously decide what college they want to go to, or who they want to marry. Time, research, and serious thinking is required for many of life's decisions. The theory of planned behavior says that when people have time to think about how they are going to behave, the best predictor of their behavior will be the intention, and can be predicted by three different things

1. **Their attitudes toward a specific behavior** – only specific attitudes toward a behavior in question can be expected to predict that behavior.
2. **Their subjective norms** – beliefs about how people they care about might view the behavior they are thinking about engaging in.
3. **Their perceived behavioral control-** the ease with which a person believes they can perform a behavior.

**Challenges of Attitudinal Change on Corporate Governance in an Organization: A Focus of Bank Industries in Awka, Anambra State Nigeria**

## CORPORATE GOVERNANCE

Corporate Governance refers to the way a corporation is governed. It is the technique by which companies are directed and managed. It means carrying the business as per the stakeholders' desires. It is actually conducted by the board of Directors and the concerned committees for the company's stakeholder's benefit. It is all about balancing individual and societal goals, as well as, economic and social goals.

Corporate Governance is the interaction between various participants (shareholders, board of directors, and company's management) in shaping corporation's performance and the way it is proceeding towards. The relationship between the owners and the managers in an organization must be healthy and there should be no conflict between the two. The owners must see that individual's actual performance is according to the standard performance. These dimensions of corporate governance should not be overlooked.

Corporate Governance deals with the manner the providers of finance guarantee themselves of getting a fair return on their investment. Corporate Governance clearly distinguishes between the owners and the managers. The managers are the deciding authority. In modern corporations, the functions/ tasks of owners and managers should be clearly defined, rather, harmonizing.

Corporate Governance deals with determining ways to take effective strategic decisions. It gives ultimate authority and complete responsibility to the Board of Directors. In today's market- oriented economy, the need for corporate governance arises. Also, efficiency as well as globalization are significant factors urging corporate governance. Corporate Governance is essential to develop added value to the stakeholders.

Corporate Governance ensures transparency which ensures strong and balanced economic development. This also ensures that the interests of all shareholders (majority as well as minority shareholders) are safeguarded. It ensures that all shareholders fully exercise their rights and that the organization fully recognizes their rights.

Corporate Governance has a broad scope. It includes both social and institutional aspects. Corporate Governance encourages a trustworthy, moral, as well as ethical environment.

### Benefits of Corporate Governance

1. Good corporate governance ensures corporate success and economic growth.
2. Strong corporate governance maintains investors' confidence, as a result of which, company can raise capital efficiently and effectively.
3. It lowers the capital cost.
4. There is a positive impact on the share price.
5. It provides proper inducement to the owners as well as managers to achieve objectives that are in interests of the shareholders and the organization.
6. Good corporate governance also minimizes wastages, corruption, risks and mismanagement.
7. It helps in brand formation and development.
8. It ensures organization in managed in a manner that fits the best interests of all.

### Corporate governance in Nigeria, what we need to do

Corporate governance is the principles and values that guide a company in the conduct of its day-to-day business and how stakeholders interrelate among one another.

There has been renewed interest in corporate governance practices globally and its clamour has become even louder, given the high-profile collapses of a number of large US firms, such as Enron Corporation and MCI Inc. (formerly WorldCom).

In 2002, the US federal government passed the Sarbanes-Oxley Act, with the aim of restoring public confidence in corporate governance by requiring public liability companies to adopt and report on compliance to the Act.

Corporate governance is relatively a new concept in Nigeria, and despite all efforts by stakeholders to institute sound corporate governance practices, Nigeria has continuously faired poorly in this regard.

Perhaps, the renewed interest in corporate governance in Nigeria may be linked to the change from military to civilian government in 1999, which brought about a new feeling about the political environment in Nigeria. Expectations were high, as the whole world was watching. There was indeed a dire need for total reformation of the Nigerian socio-political environment. A lot of people expected improvements in the fundamental human rights of Nigerians, judicial system, and the socio-economic environment as a whole.

African Journal of Management and Administration, Volume 6, Number 2, 2013

As a consequence, the Obasanjo-led civilian government began the introduction of reforms in different sectors of the Nigerian economy.

We have also observed how the lack of an effective corporate governance framework in Nigeria has been exploited by senior managements of companies at the expense of other stakeholders. More staggering is the recently unraveling of bad corporate governance practices by senior managements of banks. More so, the recent downturn on the Nigerian Stock Exchange also brought to fore some of these practices by capital market operators as well.

The development of the Nigerian Code of Corporate Governance Practices in 2003 was a welcomed development. The code laid emphasis on the role of board of directors and management, shareholders' rights and privileges, and the audit committee in the corporate governance process.

However, before the development of the Code of Corporate Governance Practices in Nigeria, The Company and Allied Matters Act had been in existence and it regulated the relationship among the board, shareholders and the management, including other stakeholders. There is no gainsaying that CAMA has not achieved much in fostering sound corporate governance practices in Nigeria. Ilori (2012}

**Challenges of Corporate Governance in Nigeria**

•Inadequacy in the implementation strategy of corporate governance standard in Nigeria.

•Regulatory institutions in Nigeria, such as the SEC, CBN, CAC and the Nigerian Deposit Insurance Corporation (NDIC) still have a lot more to do in ensuring that companies entrench sound corporate governance practices in their business operations.

**What we need to do**

•There may be the need to review the Code of Corporate Governance Practices of 2003 with a view to giving it greater legal backing in order to engender enforcement.

•There is the need for excellent relationship between the board, the management and the other stakeholders. This can be achieved by regular consultations and that all stakeholders are carried along.

•The Federal Government and regulators should have zero tolerance to unacceptable corporate governance practices. Transparency, proper disclosure, controls and accountability in the system should be conscientiously encouraged, while there should be sanctions for non compliance. It would therefore imply that the Code of Corporate Governance Practices should be legally binding on public companies in Nigeria.

•Companies in Nigeria should have sound risk management frameworks, with responsibilities clearly delineated. The escalation system should also be effective in cases of breaches of provisions and standards.

•The regulators, themselves, should be above board and should lead by example at all times. They should be firm, fair, equitable and transparent in their dealings, and policy initiation should always be by consensus.

•The regulators •The regulators should encourage whistle blowing system in companies. The whistle blowers should be adequately protected.

•Effective internal controls systems should be encouraged to be put in place by corporate organisations.

•There should be a system of independent sub-committees of the board, especially the finance and audit and remuneration committees of companies.

•All stakeholders' interests should be protected at all times, and encouraged to participate in the corporate governance process.

•There should be compulsory induction training on Corporate Governance for new members of board of directors.

•There should be regular structured training and attendance of seminars and workshops for senior management in order to strengthen leadership quality.

•The regulators should insist on efficient performance measurement system for senior management and the board. They should also encourage efficient process and performance evaluation and reporting to stakeholders.

**Challenges of Attitudinal Change on Corporate Governance in an Organization: A Focus of Bank Industries in Awka, Anambra State Nigeria**

**A Review of the Revised Code of Corporate Governance in Nigeria**

The Securities and Exchange Commission (SEC), in September 2008, inaugurated a committee for the review of the 2003 Code of Corporate Governance for Public Companies in Nigeria to address its weaknesses and to improve the mechanism for its enforceability. In strengthening the regulation of corporate governance in Nigeria, I highlight the following weaknesses/proposed amends to the revised Code:

This new code of corporate governance states that unlike the previous code, it is intended to be fully enforceable by SEC; this is very ambiguous and does not clearly state if the code is mandatory/rule based or still persuasive/principles based. In relation, how does the SEC plan to enforce its provisions? What are the penalties for errant companies?

The minimum number of one non-executive director is too 'minimal'. Non-executive directors should constitute at least half of the board, to limit the powers/influences of executive management.

The Code's definition of an independent director has significant limitations, particularly in the Nigerian context. First, 0.1% shareholding representation may still constitute a material influence, particularly in very large companies. Second, there is need for some clarity in the term 'immediate family'. Also the terms 'significant supplier/customer' and 'significant contractual relationship' requires quantitative definitions.

In relation to multiple directorships, it is unclear if an independent director in a company can serve as an independent director in another company, if both companies are linked with each other. Adegbite (2011)

**I also recommend that the section- Governance/remuneration committee be split into:**

Nominations committee: to see to section 11.2 (a, b, c, d, g)

Compensations committee: to see to section 11.2 (e, f) + 14.1

Evaluation committee: to see to section 11.2 (h, i, j)

Given the inconclusive evidence on the impact of gender composition in corporate boards on firm performance and good corporate governance, the recommendation of section 13.2 that boards should pay attention to gender composition when appointing board members requires some justification.

In relation to the chairman's membership of committees, section 5.1 (IV) and (ix) seems to conflict with section 9.4.

In relation to section 14.6, incentives for non-executive directors significantly jeopardize their much desired objectivity. Why should non-executive directors be compensated beyond their salaries?

Section 28.3c: It is perhaps too much responsibility bestowed on the corporation if it has to see to the health of its workers outside of the work place/outside work-related activities. Adegbite (2011)

**Section 34.4: Why report about the strengths and not the weaknesses?**

Section 34.4 (k) corporations should not be saddled with the responsibility of having HIV-AIDS and CSR programmes. Corporations are private entities with, not formed for altruistic purposes! Shareholders should decide what they want their money to be spent on. Adegbite, (2011}

**The importance of Corporate Governance**

***Why do we have to take corporate governance seriously?***

The creators of this website have spent many years espousing the importance of corporate governance, as authors, lecturers and consultants. Even before the issue came to the forefront of business with the Cadbury Committee following the Maxwell pension's scandal, we recognized that it was not actually a new concept at all. As long as there has been large-scale trade people have recognized the importance of corporate governance - that is, responsibility in the handling of money and the conduct of commercial activities. We discuss the history of corporate governance and the definition of corporate governance in other areas of the website.

With globalization vastly increasing the scale of trade and the size and complexity of corporations and the bureaucracies constructed to attempt to control it, the importance of corporate governance and *internal regulation* has been amplified as it becomes increasingly difficult to regulate externally. Here we will explore four issues which in our view are key to understanding the importance of corporate governance:

- The issue of **integrity**: are the boards and management of companies carrying out their duties in an ethical way.

- Topicality - **the bonus culture**: could better corporate governance in financial institutions and their remuneration policies have prevented the credit crunch and resulting financial crisis?

- The **regulatory framework**: introducing *more* regulation has clearly failed - we need better regulation which ensures businesses recognize the importance of corporate governance as an integral part of management, not a box ticking exercise

- The importance of corporate governance in **Directors' training**: prevention is better than a cure, so including knowledge of the principles and practice of corporate governance in mainstream director training is essential.

**The Issue of Integrity**

Perception is in the eye of the beholder, and corporate governance, while a technical term for accountants, lawyers and the like, is known by the readers of the popular newspapers by names such as honesty, decency, and fairness. Similarly, what the professional would call questionable practice in this arena is criticized by the general public using words such as rip-off, cheating and crooked.

The central issue today therefore in the field of corporate governance is not whether most listed companies comply with the various provisions of the Combined Code, Sarbanes-Oxley, King, etc. The key point is whether the top management of large organizations especially, but actually of that of business in general, is seen as possessed of integrity in the eyes of the general public. This is the spirit that gave support to the principle of setting up the Cadbury Committee, not simply a desire to lay down some rules on the financial aspects of corporate governance to prevent innocent fund managers being misled by greedy directors. And it is this integrity - perceived and actual - which underlines the importance of corporate governance, as it is the tool by which integrity can be encouraged, measured and projected.

**The Bonus Culture**

The current financial crisis has brought into sharp focus the system of bonuses and remuneration operated by financial institutions. It is argued that it encouraged excessive risk taking and irresponsible lending. Combined with the complex financial instruments that the mainstream institutions constructed to move the risk off their books, this - highly simplistically stated - was, some say, what led to the so called 'credit crunch'. What is certainly true is that there was excessive risk and irresponsible lending and this led to the downfall of some of the world's biggest lenders and in turn the insurers insuring that risk.

The importance of corporate governance in this scenario is, in our minds, unquestionable. A better system of checks and balances (the core definition of corporate governance) would have picked up the warning signs that many people were sending that the level and criteria of lending was getting dangerous. The OECD have published lessons from the financial crisis, which also conclude that "the financial crisis can be to an important extent attributed to failures and weaknesses in corporate governance arrangements which did not serve their purpose to safeguard against excessive risk taking in a number of financial services companies

We strongly believe that our approach, which is different to the conventional, box ticking mechanisms, would have succeeded as it is not only places corporate governance and business ethics at the core of the organization not as a separate issue, but is based on *independent market research*. This is covered in our corporate section.

Directors' pay and the bonus culture are often seized upon by special interest groups and the media as a single issue, not in the context of business and society as a whole, and is therefore blinkered to the underlying factors causing and affecting remuneration. While the latter is an obvious manifestation of good or bad governance (if only because it exposes the quality of stakeholder communication!), it misses the basic point that companies should be run well and responsibly - in *every* way, not simply in how they pay salaries and bonuses. In a well run company, good performance is rewarded and rightly so - to attract talent and people dedicated to improving performance, not simply doing a job.

In its Principles of Corporate Governance, the OECD acknowledges that: "Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring." Clearly, it is not in the best interests of the company for it to go out of business or be bailed out by governments. So it is not the *principle* that should be debated here, but the *implementation*. As we said earlier, while the board, management - and even the shareholders - may feel that remuneration is fair, it is clear that current corporate policy is not in line with public perception.

**Challenges of Attitudinal Change on Corporate Governance in an Organization: A Focus of Bank Industries in Awka, Anambra State Nigeria**

In the US this is perhaps more evident than in more reserved UK society if the internet searches are anything to go by - Word tracker, the keyword research tool, reports nearly 8,500 searches over the last year relating to the AIG bonus payouts alone, the vast majority including the word 'outrage'.
So in spite of the bonus culture being hijacked at times to attack business generally, the issue does highlight the importance of corporate governance and the need to assess the quality of the system of checks and balances in all sizes of company (bearing in mind many of the "toxic mortgages" were sold by small local brokers).

**The Regulatory Framework - better not more regulation**
As we argue elsewhere, the importance of corporate governance could be restated as the *importance of good management*. Put in that simple way it seems obvious, but we see instances daily of a lack of recognition that good governance is actually just good management and a failure of governance is a failure of management. Awarding bank and insurance company bosses generous bonuses and pension packages after government bailouts of failing institutions, apart from being a huge public relations gaff is rewarding poor management and hence poor management itself.
But while reform is clearly needed, a knee-jerk reaction will always result in building a sledge hammer to miss a nut. The regulators have openly admitted that they did not understand the complex financial instruments that ultimately folded in on themselves and led to the collapse of the financial system. Constructing new regulations to try to control circumstances that have yet to emerge - every crisis has different causes - is a futile task. Restricting the range of products available to address the problem has major implications on innovation and consumer choice. Some of the knock-on effects of this are that products become more expensive; large providers will not take on certain sectors of society because they are not profitable; and niche providers providing those innovative products will cease to operate or be closed down by the regulators. That clearly represents a significant backward step in the financial services market.
The importance of corporate governance in the financial markets is particularly topical but the solution to bad governance is universal and any system of regulation needs to strike the right balance between encouraging innovation and customer choice and enforcing a minimum set of standards. Fundamentally, though, it should provide the incentives to go far beyond these minimum standards and try to demonstrate that, by changing the corporate culture, the long term rewards are actually greater (not least because it should result in less regulation!) Just as punitive tax regimes encourage evasion, avoidance or relocation; it has been proven that the regulatory burden, while in many cases adding cost and confusion, has caused people to invent more and more complex systems to avoid detection.
There is, of course, much excellent regulation which has indeed improved the consumers' lot by forcing companies to disclose information, reduce costs/charges and generally act in a fair manner. We need to build on those good aspects and not simply impose more box ticking exercises.

**The importance of corporate governance in directors' training**
A corollary to the focus on corporate behavior and the behavior of senior corporate employees is the attention increasingly being paid to the qualification of these senior people to carry out their responsibilities. There has never been any formal qualification required to run an organization, and none to be a director - although in recent years organizations like the UK Institute of Directors has introduced qualifications such as the Chartered Director to address the issue. In practice, of course, most large and well run organizations will look for suitable professional qualifications in their senior staff, and there is an increasing number of organizations offering non-executive director training and selection services.
In the last ten years or so, especially following the dot com boom and bust and the collapse of Enron and WorldCom, the role of direction has finally begun to be seen as a profession or at least a discipline requiring specific training and development. It is clear that it is the importance of corporate governance has been a major influence here and the IoD qualifications specifically mention corporate governance as a significant element - and benefit.
To make a real difference long term, it should start much earlier in professional development, and corporate governance is starting to filter down, with some MBA courses, especially in Australia, offeriics and Corporate Social Responsibility.
It is our sincerest hope that this trend continues and that the true importance of corporate governance is fully recognized and acted upon.

**African Journal of Management and Administration, Volume 6, Number 2, 2013**

Nwosu, (2012) opined that external Auditors and regulatory bodies must do their work with professionalism and integrity, all stake holders must take the issue of change of attitude very serious, punishment and reward must be used to spur employee to change their attitude as well as retaining the positive ones. Employees need to be aware on the need for effective corporate governance through training, awareness and good examples from their superiors, and shareholders must appoint qualified persons with integrity into their board and management.

**RESEARCH METHODOLOGY**

A mixed method approach which comprises of both a questionnaire and interview method was adopted. The population of the study is made up of some selected banks in Awka, Anambra State Nigeria. The sample for this study consists of the banks workers located at Awka, shareholders and customers. The questionnaires were delivered by hand to enhance the responses rate and collected by hand on the schedule date. The research questionnaire was administered to a sample of 336 persons which constituted the shareholders, employees, policy makers, board of directors and management of the under listed banks studied. The data was analyzed using percentages and chi-square method of analysis

| | |
|---|---|
| 1. First bank. | 110 |
| 2. Fidelity bank | 35 |
| 3. United Bank for Africa | 96 |
| 4. Zenith Bank | 29 |
| 5. Access Bank | 56 |
| **TOTAL** | **336** |

**DATA PRESENTATION AND ANALYSIS**
**RESEARCH QUESTIONS AND RESPONSES**

**RESEARCH QUESTION 1 (Table 1)**

Do you agree that attitude of the policy makers and management affect the implementation of corporate governance in an organization?

| **Responses** | | |
|---|---|---|
| | **FREQENCY** | **%** |
| Strongly agreed | 166 | 49 |
| Agreed | 114 | 34 |
| Undecided | - | - |
| Disagree | 36 | 11 |
| Strongly Disagreed | 20 | 6 |
| TOTAL | **336** | **100** |

**Source: Field Survey 2012**

**RESEARCH QUESTION 2 (Table 2)**

Do you agree that the behavior of the management to employees affect effective corporate governance?

| **Responses** | | |
|---|---|---|
| | **FREQUENCY** | **%** |
| Strongly agreed | 158 | 47 |
| Agreed | 142 | 42 |
| Undecided | - | - |
| Disagree | 36 | 11 |
| Strongly Disagreed | - | - |
| TOTAL | **336** | **100** |

**Source: Field Survey 2012**

**Challenges of Attitudinal Change on Corporate Governance in an Organization: A Focus of Bank Industries in Awka, Anambra State Nigeria**

**RESEARCH QUESTION 3 (Table 3)**
Do you agree that the character of the board of directors and shareholders affect the implementation of corporate governance in organizations?

| **Responses** | | |
|---|---|---|
| | **FREQUENCY** | **%** |
| Strongly agreed | 50 | 15 |
| Agreed | 230 | 68 |
| Undecided | - | - |
| Disagree | 40 | 12 |
| Strongly Disagreed | - | - |
| TOTAL | **336** | **100** |

**Source: Field Survey 2012**

**RESEARCH QUESTION 4 (Table 3)**
Do you agree that employees and customer's attitude to corporate governance affect the amount and quality of organizational productivity and also organizational objectives?

| **Responses** | | |
|---|---|---|
| | **FREQUENCY** | **%** |
| Strongly agreed | 236 | 70 |
| Agreed | 50 | 15 |
| Undecided | - | - |
| Disagree | 30 | 9 |
| Strongly Disagreed | 20 | 6 |
| TOTAL | **336** | **100** |

**Source: Field Survey 2012**

**TESTING OF HYPOTHESES**
**Using the formular** $\frac{X^2(0i - ei)^2}{ei}$

Where 0i = Observed frequency
ei = Expected frequency

**Decision Rule:** The hypothesis is accepted if the computed value of $X^2$ is less than the critical value of $X^2$ otherwise the hypothesis is rejected.

**Degree of freedom = 2-1=1**
**Level of significant = 0.05**

**HYPOTHESIS ONE**
**H1:** The implementation of corporate governance in banks industry is highly affected by the negative attitude of policy makers and management to the employees.

**H0:** The implementation of corporate governance in banks industry is not highly affected by the negative attitude of policy makers and management to the employees.

African Journal of Management and Administration, Volume 6, Number 2, 2013

**(Table 5)**

| Response | Observed frequency | Expected frequency | 0i-ei | $(0i\text{-}ei)^2$ | $\frac{X^2(0i - ei)^2}{ei}$ |
|---|---|---|---|---|---|
| Agreed | 280 | 168 | 112 | 12544 | 75 |
| Disagreed | 56 | 168 | -112 | 12544 | 75 |
| **Total** | 336 | 336 | 0 | 25088 | 150 |

**Decision:** Calculated Value is greater than the critical value the null hypothesis is rejected and the alternate hypothesis is accepted, which stated that the implementation of corporate governance in banks industry is highly affected by the negative attitude of policy makers and management to the employees.

**HYPOTHESIS TWO**

**H1:** Organizational objectives and productivity is affected by negative attitude of shareholders and customers to corporate governance.

**H0:** Organizational objectives and productivity does not affected by negative attitude of shareholders and customers to corporate governance.

**(Table 6)**

| Response | Observed frequency | Expected frequency | 0i-ei | $(0i\text{-}ei)^2$ | $\frac{X^2(0i - ei)^2}{ei}$ |
|---|---|---|---|---|---|
| Agreed | 286 | 168 | 118 | 13924 | 83 |
| Disagreed | 50 | 168 | -118 | 13924 | 83 |
| **Total** | 336 | 336 | 0 | 27846 | 166 |

**Decision:** Calculated Value is greater than the critical value the null hypothesis is rejected and the alternate hypothesis is accepted, which stated that Organizational objectives and productivity is affected by negative attitude of shareholders and customers to corporate governance.

**SUMMARY 0F FINDINGS**

**The research reveals as follows:**

Lack of motivation for positive attitude and punishment for negative attitude affect the implementation of corporate governance in organizations.

Negative attitude by employees, shareholders and customers towards corporate governance affect the attainment of organizational goals and level of productivity

The board of directors and management failed to correct the bad impression created by customers, suppliers and shareholders on the implementation of corporate governance in an organisati0n.

Attitude of the top-level managers towards the lower ones constitutes a very big hindrance in the implementation of corporate governance in every organization

**RECOMMENDATIONS**

***Based on the findings, the researcher recommends as follows:***

People should be motivated and rewarded when they choose to engage on good behaviors and punished equally when the behavior is not encouraged. By so doing, the person will perform the negative action less.

Robust policy that can inculcate attitudinal change in sustaining our organizations should be developed to intimate everybody and improve our organizations.

Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making.

The board needs sufficient relevant skills and understanding to review and challenge management performance. The rights of both shareholders and customers should be respected.

**Challenges of Attitudinal Change on Corporate Governance in an Organization: A Focus of Bank Industries in Awka, Anambra State Nigeria**

## CONCLUSION

Attitudes most commonly change in response to social influence, what other people do or say have a huge effect on our own cognitions. Organizations grow, survive, decline or become extinct depending on the behavior of the employees.

We need a paradigm shift in our understanding of human resistance to change and the consequences thereof. The organizations comprise of individuals and growth of the organization depends solely on the positive attitude of all the individuals working in the organization.

The goals of the organization are not necessarily the goals of the individuals and to achieve the goals a strong positive attitude and a positive approach to the affairs of the organization are needed

An individual with a negative attitude is usually hostile and indifferent and this attitude which he has developed is based on his/her past experience. Our experiences whether good or bad have a great effect on our attitude and attitudes are expected to change as a function of experience.

## REFERENCES

Agbite (2011) Review of the Revised Code of Corporate governance in Nigeria.

Dauhar (2004) Attitude Change: Journal of Personality & Social Psychology Vol. 4.

Ferguson (2010) A Theory of Cognitive dissonance Standford University Press. Hunt (2002) Corporate Attitude Change

Guire et al (1985) Attitude and Attitude Change. Handbook of social Psychology: Special Field and Applications.

Gulgeous (1997) Attitude Change persuasion and social change: Annual Journal of Revolutional Psychology 51:639-570

Ilorin (2012) Corporate Governance in Nigeria.

Kelvin (2011) Attitudinal Change: International Journal of Opinion and Attitude Research.

Mintroff (2004) Attitudinal Change: South Asian Journal of Management Articles Achievers.

Nwosu (2012) Corporate Governance and Attitudinal Change. First International Conference on Policy Reforms and Sustainable Development in Nigeria. Vol. 1

Shekhar (2011) Psychology for IAS: Attitude Values, and Interest.