Corporate Governance and Productivity in Nigerian Manufacturing Industries

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Abstract

Given the role of manufacturing industries as the engine of economic growth and development on one hand and the current downturn in industrial production, this study was designed to explore the economic rejuvenating capacity of corporate governance. It also examined the individual and collective roles of management structure and corporate governance in enhanced industrial productivity in Nigeria. One hundred and nineteen manufacturing firms were selected by systematic random sampling from the 471 firms existing in Oyo state, the industrial hub of southwestern Nigeria. The actual participants were selected by purposive sampling from top management, middle level and junior staff cadres who must have spent at least five years in service of each of the firms. Data were collected through a self-constructed questionnaire adapted for the different cadres in the study sample and was treated with factorial validation and expert judgment. It yielded a test-retest reliability of 0.724 and an internal consistency validity (Cronbach's Alpha) of 0.89. The data collected were analyzed using Relative Significance Index (RSI) and simple percentages as well as Multiple Regression and Analysis of Variance (ANOVA). The result showed that an improved corporate governance policies and implementation are needed for the development of the manufacturing sector in Nigeria if this sector would be able to play its role as the engine of growth.

Keywords:

Manufacturing industries, corporate governance, productivity, management structure.

Introduction

Manufacturing is commonly known to deal with the production of goods for use or sale, using labour and machines, tools, chemical and biological processing, or formulation. It may also include a range of human activity, from handicraft to high tech, but is most commonly applied to industrial production, in which raw materials are transformed into finished goods on a large scale. Such finished goods may be used for manufacturing other, more complex products, such as aircraft, household appliances or automobiles, or sold to wholesalers, who in turn sell them to retailers, who then sell them to end users – the "consumers".

Kaldor's first law posited that the growth of the GDP is positively related to the growth of the manufacturing sector and succinctly put, Libanio and Moro (n.d.) stated that Kaldor's first law can better be understood as "manufacturing is the engine of economic growth". Also, Elhiraika (2008) demonstrated that economic transformation through increased share of manufacturing value added to aggregate output has the potential to accelerate growth and reduce growth volatility. Consequently, this sector deserves research attention particularly in developing economies like Nigeria. It should be noted that, manufacturing activity can only flourish in a good investment climate. Features of the investment climate such as physical infrastructure, financial markets, and governance conditions create the enabling environment for investment and determine the opportunities and incentives for firms to invest productively, create jobs and expand (Malik, Teal and Baptist, 2006).

In Nigeria today, many organizations are characterized by deficiencies in accounting standards, poor financial reporting, financial impropriety, poor compliance with code of best practices with its adverse effects on return on investment and productivity. Other corporate problems of Nigerian companies include lack of transparency and accountability, ineffective control and monitoring which greatly reduces investors' confidence in the management. For example, in UAC's audit report for 1998, attempt by the directors to sell the company's properties to themselves was rejected by shareholders. Also in Guinness Annual General Meeting in 1999, an attempt by the chairman of the Board to bring about change of auditors without due process was rebuffed. The banking sector is not excluded from this mess (Shonubi, 2003). So also is the recently discovered financial scandal and corporate collapse in the Banking sector with its attendant adverse effect on the manufacturing sector in particular and the economy in general.

Although the Companies and Allied Matters Act (1990) expressly made enough provisions to take care of many of these investors' grievances, the shareholders remain inactive and unwittingly leave the governance of their firms to a few but shrewd people who manipulate corporate policies with its attendant impact on productivity. There have been a number of high profile corporate collapses that has arisen despite colourful annual report and accounts but which seemed to have an adverse effects on many people: shareholders who have seen their financial investment reduced to nothing, employees who have lost their jobs, suppliers of goods or services to the failed firms and the economic impact on the local and international communities in which the failed firms operated. (Ogbonna and Harris, 2002).

Other scholars have also concentrated on financial sector of the economy such as financial institutions (e.g. Mehran and Mollineaux, 2012; Bubbico, Giorgino and Monda, 2012; Rehman and Mangla, 2010) and other service industries leaving other sectors like the manufacturing sector groaning under inappropriateness or non-implementation of corporate governance (Egwuatu 2003, Khanka 2005, Doucouliagos and Hogue, 2005). This situation may explain why many manufacturing firms are not surviving in this part of the world, especially in Nigeria. Existing studies have only focused on corporate governance issues in the financial sector with little attention on how compliance or otherwise affect other sectors, particularly the manufacturing sector.

Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance (OECD, 1999). It is concerned with the processes, systems, practices and procedures as well as the formal and informal rules that govern institutions, the manner in which these rules and regulations are applied and followed, the relationships that these rules and regulations determine or create, and the nature of those relationships. It implies that firms not only maximize shareholders wealth, but balance the interests of shareholders with those of other stakeholders, employees, customers, suppliers, and investors so as to achieve long–term sustainable value (Okeahalam and Akinboade, 2003). It also includes the structure, process, cultures and systems that engender the successful operation of the organizations.

Good corporate governance therefore embodies both enterprise (performance) and accountability (conformance) (Fan, 2004). Through such structure, processes and mechanisms, the well-known agency problem, that is, the separation of ownership (by shareholders) and control (by managers) which gives rise to conflict of interest within a firm may be addressed such that the interest of the managers are more aligned with that of the shareholders.

The importance of high productivity in boosting economic growth and the standards of living of the people has been severally canvassed (e.g. Anyawu, 2000). According to Anyawu (2000), there is no universal definition of the term, productivity. However, it has been defined by economists as the ratio of output to input in a given period of time. In other words, it is the amount of output produced by each unit of input. Business managers, on the other hand, see productivity not only as a measure of efficiency, but also as a measure of effectiveness and performance of individual organisations. For them, productivity would incorporate quality of output, workmanship, adherence to standards, absence of complaints and customer satisfaction (Udo-Aka, 1983). Productivity can be computed for a firm, industrial group, the entire industrial sector or the economy as a whole. It measures the level of efficiency at which scarce resources are being utilised. Higher or increasing productivity will, therefore, mean either getting more output with the same level of input or the same level of output with less input (Anyawu, 2000).

Although Nanka-Bruce (2006) argued that there is no established relationship between corporate governance and capacity utilization, sustainable maximum capacity utilization should lead to better firm performance and growth. However, Lin and Chiang (2008) found positive and significant relationship between corporate governance and productivity in Taiwan's manufacturing firms. According to them, family-controlled companies have lower productivity than non-family-controlled and widely-held companies; that smaller boards are associated with better firm performance and independent directors and supervisors as they are more likely to monitor and provide expertise to firms and further increase a firm's productivity. It is in the view of the foregoing that this study was designed to examine the impact of corporate governance on organizational productivity in selected manufacturing firms in Oyo State, Southwest Nigeria. Specifically, the study strived to:

(i) examine the corporate governance culture of selected manufacturing firms in Oyo State;

(ii) investigate the effect of management structure level of productivity of the firms and;

(iii) assess the effects of differences in corporate governance cultures on organizational productivity among the manufacturing firms.

(iv) examine the corporate governance factors that influence level of productivity in the firms

In other to achieve the objectives stated above, this study addressed the following research questions in respect of each objective.

1. What are the corporate governance cultures of selected manufacturing firms in Oyo State?
2. How does management structure of manufacturing firms affect their level of productivity?
3. How does corporate governance affect the level of productivity of the organizations?
4. What are the corporate governance factors that influence level of productivity and to what extent?
5. To what extent do the influencing factors affect level of productivity?
6. What issues and to what extent do they constitute challenges to development of effective corporate governance in Nigeria?

Procedure

This study adopted a descriptive survey research design. It examined the corporate governance culture in selected manufacturing firms based on the data collected. It also investigated the relationship between corporate governance techniques in use and organizational productivity of the manufacturing firms under study. The study was conducted in selected manufacturing firms in Oyo state which is made up of thirty three (33) local governments in the Southwestern part of Nigeria. Oyo state was chosen being a principal industrial and economic centre; and one of the most highly populated amongst the states in Nigeria. The population for this study consisted of the entire four hundred and seventy one (471) manufacturing firms located across Oyo state (National Bureau of Statistics, 2010). Twenty five percent (25%) of the population were selected by systematic sampling technique resulting in one hundred and nineteen (119) firms. Purposive sampling technique was used to select one (1) top management staff, one (1) middle level staff and one (1) junior staff who must have spent at least five years in service to respond to the questionnaire from each selected firm totalling three hundred and fifty seven (357) respondents. Only 340 respondents (110 top management staff, 115 middle level staff and 115 junior staff) provided responses that were analyzed in this study. The responses of the junior staff members were only used in research question 6. The manufacturing firms involved in this study include small, medium and large scale, and multinationals whose features are presented in Table 1 (p.40).

Data were collected through primary source consisting of two types of questionnaires, one type for the management and the other type for other categories of staff members titled "Questionnaire on corporate governance". The questionnaires contain four sections. Section A sought general information like demographic and socio-personal information. Section B sought information on corporate governance practices and culture. The items were measured on 5-point Likert scale while section

Sub sectors	Population	Sample size	Sample %
Building Materials	42	11	26.19
Chemical and Pharmaceuticals	11	3	27.27
Domestic	8	2	25
Food and Beverages	104	26	25
Iron and Steel	46	12	26.08
Paper products, Prints and Publishing	45	11	24.44
Textile, Wearing apparels and Leather products	116	29	25
Wood Industries	99	25	25.25
Total	**471**	**119**	**25.26**

Source: National Bureau of Statistics

Table 1: Distribution of Sample by Sub-Sectors

C sought information on the level of organisational productivity of the firm and was measured on 5-point Likert scale. Section D sought information on the effect of corporate governance on productivity and was also measured on 5 –point Likert scale. To validate the questionnaire, construct validation was carried out using factorial validation on one hand and expert judgement on the other. A test-retest reliability was conducted via a pilot study using thirty (30) questionnaires and this yielded a reliability co-efficient of 0.724 and an internal consistency validity (Cronbach's Alpha) of 0.89. The copies of the questionnaires were administered by the researcher with the help of two research assistants. The data collected were analysed using descriptive statistics such as Relative Significance Index (RSI) and simple percentages as well as inferential statistics such as Multiple Regression and Analysis of Variance (ANOVA) to achieve its objectives. All the items in the questionnaire were scored in such a way that a "strongly agree" response was allotted 5, Agree, 4; Undecided, 3; Disagree 2 and Strongly disagree, 1.

Results

Research Question 1: What are the corporate governance cultures of selected manufacturing firms in Oyo state? To answer this research question, the responses provided by senior and middle level staff members (n = 225) to items designed to explore ethical and corporate governance guidelines of selected manufacturing firms in Oyo state such as B1, B2, B3, B4, B5, B9, B10, B11, B12, B15, B16, B18, B19, B20, B21, B22 and B23 of the staff questionnaire was given a descriptive analysis and the result is presented in Table 2 (p.41).

Table 2 shows the descriptive analysis of established ethical and corporate governance guidelines commonly adopted in companies. It can be seen from the table that the most popular ethical/corporate governance guidelines adopted in the companies is "*Your company always get feedback from customers*" with an RSI value of 0.8409 closely followed by "*There is code of corporate governance in your organization*" and "*The company has formal values and supporting standards of behaviour that are consistent with its mission strategy, operating policies and performance objectives*" with RSI values of 0.8347 each and "*There is compliance with the best practices in your organization*" with an RSI value of 0.8302. The least popular of such ethical/corporate governance guidelines adopted in the companies is "*The company's corporate governance structure and practices have been subject to comments and observation by outside parties.*" with an RSI value of 0.7733 and is closely followed by "*In your organization, the CEO is responsible for progress or lack of it*" with an RSI value of 0.7787.

Research Question 2: How does management structure of manufacturing firms affect their level of productivity? To answer this research question the middle level staff (n = 115) responses to items dealing with management structure (Section B items 1 to 15 c) of the Management questionnaire was scored in such a way that a "strongly agree" response was allotted 5, Agree, 4; Undecided, 3; Disagree 2 and Strongly disagree, 1. The resulting scores were cumulated to constitute a measure of management structure. These scores were categorized into four and use in reference to approach adopted from BPR (Business Process and Re-engineering, 2000). Any score less than 34 were said to belong to "Self-Management" management structure, scores between 35 to 51 were said to make use of "Task" Management structure, score of 52 to 68 were referred to as "Directive" management structure and scores above 68 were said to constitute "Role" Management structure. The productivity levels as reported by the respondents were subjected to cross tabulation. The result is presented in Table 3 (p.41).

In Table 3, none of the companies under study adopted the self-management structure such that their level of productivity could not be compared. However, it appears the more complex their management structure the more productive the companies appear to be. For instance the only company that adopted the "Task" management structure appears to be highly productive in the remaining 2 categories of management structure the number of companies with increased productivity increased from the "Directive" management structure to the "Role" management structure and conversely the number of companies with low and very low levels of productivity decreases from the "Directive" management structure to the "Role" management structure. It can then be concluded that the management structure will have effect on the level of productivity

Research Question 3: How does corporate governance affect the level of productivity of the organizations? The productivity levels as reported by the middle level staff (n = 115) were subjected to cross tabulation with the corporate governance score categories. The result is presented in table 4 (p.42).

In Table 4, only very few of the organizations under study adopted ineffective corporate governance and were reported as experiencing low and very low productivity. However, some of the organizations found to adopt moderately effective corporate governance policies were reported to experience moderate and high level of productivity, there is an increasing number of organizations in the high level and very high level of productivity as we move from moderately effective to very effective corporate management policy adopters. Hence this suggest that corporate governance will impact positively on the productivity level of an organization.

Research Question 4: What are the corporate governance factors that influence level of productivity and to what extent? In order to answer this research question, a stepwise multiple regression was conducted to determine the significant predictors of productivity among the component factors of corporate governance, the management structure (MS), the Strategy and Planning techniques (SaP) and the Financial Control (FC). The preliminary models were tested for significance and the result is presented in Table 5 (p.42).

S/N	Ethical and corporate governance guidelines adopted in companies	SA		A		Un		D		SD		NR		RSI
		F	%	f	%	f	%	F	%	f	%	f	%	
B1	There is code of corporate governance in your organization	67	29.8	143	63.6	9	4	1	0.4	3	1.3	2	0.9	0.8347
B2	There is compliance with the best practices in your organization	71	31.6	135	60	10	4.4	2	0.9	5	2.2	2	0.9	0.8302
B3	The company's corporate governance structure and practices have been subject to comments and observation by outside parties.	63	28	119	52.9	21	9.3	3	1.3	10	4.4	9	4	0.7733
B4	The company has formal values and supporting standards of behaviour that are consistent with its mission strategy, operating policies and performance objectives	80	35.6	126	56	10	4.4	2	0.9	1	0.4	6	2.7	0.8347
B5	The company has a code of conduct or policy statement regarding dealing with suppliers, consultants and customers	67	29.8	134	59.6	9	4	7	3.1	3	1.3	5	2.2	0.8133
B9	Your company has safety policy for workers	68	30.2	124	55.1	19	8.4	4	1.8	5	2.2	5	2.2	0.8053
B10	The company provides services/benefits such as day care management, financial planning for dependent care family care, resource centre	61	27.1	134	59.6	14	6.2	8	3.6	6	2.7	2	0.9	0.8044
B11	The company has policy that maintains employees' morale and incentives for growth.	60	26.7	129	57.3	15	6.7	4	1.8	9	4	8	3.6	0.7804
B12	There is an ongoing programme for continuous productivity improvement in your organization	56	24.9	142	63.1	19	8.4	2	0.9	5	2.2	1	0.4	0.8124
B15	The company ensures quality customer service	71	31.6	130	57.8	13	5.8	2	0.9	2	0.9	7	3.1	0.8178
B16	Your company always get feedback from customers	80	35.6	131	58.2	5	2.2	2	0.9	3	1.3	4	1.8	0.8409
B18	The company's code of conduct requires that the board of directors/officers/senior management to submit written statement of compliance annually	61	27.1	120	53.3	28	12.4	6	2.7	5	2.2	5	2.2	0.7876
B19	The organization is making progress towards the stated mission and goals	70	31.1	135	60	10	4.4	2	0.9	4	1.8	4	1.8	0.8249
B20	In your organization, the CEO is responsible for progress or lack f it.	58	25.8	123	54.7	27	12	5	2.2	3	1.3	9	4	0.7787
B21	The actions of the CEO in your organization are consistent with the stated values and beliefs	63	28	119	52.9	28	12.4	2	0.9	6	2.7	7	3.1	0.7867
B22	Your personal relationship with the company is cooperative.	81	36	116	51.6	13	5.3	4	1.8	6	2.7	6	2.7	0.8196
B23	The CEO's compliance with the policies concerning employee's treatment is satisfactory	56	24.9	137	60.9	16	7.1	5	2.2	6	2.7	5	2.2	0.7929

SA-strongly agree, A-agree, U-undecided, D-disagree, SD-strongly disagree, NR-no response, RSI-relative significance index

Table 2: Descriptive Analysis of Ethical and Corporate Governance Guidelines Adopted in Companies

Management Structure	Level of Productivity					Total
	Very Low level	Low level	Medium level	High level	Very high level	
Self Management	0	0	0	0	0	0
Task	0	0	0	1	0	1
Directive	1	2	17	23	8	51
Role	0	0	10	32	21	63
	1	2	27	56	29	115

Table 3: Descriptive Analysis of the Relationship between Management Structure and Level of Productivity

	Ineffective Corporate Governance	Moderately Effective Corporate Governance	Very Effective Corporate Governance	Total
Very Low level of productivity	1	0	0	1
Low level of productivity	1	1	0	2
Moderate level of productivity	12	13	2	27
High level of productivity	19	35	2	56
Very High level of productivity	4	14	11	29
Total	37	63	15	115

Table 4: Descriptive Analysis of the Impact of Corporate Governance on the Productivity Level of the Organizations

ANOVA[d]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1172.124	1	1172.124	10.141	.002[a]
	Residual	13060.798	113	115.582		
	Total	14232.922	114			
2	Regression	3286.670	2	1643.335	16.814	.000[b]
	Residual	10946.252	112	97.734		
	Total	14232.922	114			
3	Regression	3287.530	3	1095.843	11.113	.000[c]
	Residual	10945.392	111	98.607		
	Total	14232.922	114			

a. Predictors: (Constant), MS
b. b. Predictors: (Constant), MS, SaP
c. c. Predictors: (Constant), MS, SaP, FC
d. Dependent Variable: LP

Table 5: Test of Significance of Models for Predicting the Level of Productivity

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.287[a]	.082	.074	10.75092	.082	10.141	1	113	.002
2	.481[b]	.231	.217	9.88607	.149	21.636	1	112	.000
3	.481[c]	.231	.210	9.93011	.000	.009	1	111	.926

a. Predictors: (Constant), MS
b. Predictors: (Constant), MS, SaP
c. Predictors: (Constant), MS, SaP, FC

Table 6: Stepwise Model Summary for Predicting the Level of Productivity from the Components of Corporate Governance.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	15.289	8.718		1.754	.082
2	MS	.057	.144	.039	.395	.694
	SaP	.669	.144	.458	4.651	.000

a. Dependent Variable: LP

Table 7: Coefficients of the Stepwise Multiple Regression

Table 5 shows the significant predictors of productivity among the component factors of corporate governance, the management structure (MS), the Strategy and Planning techniques (SaP) and the Financial Control (FC). From the table it can be seen that the step wise Multiple regression generated three models 1, 2 and 3 the significance values generated in the three models (last column) were all less than 0.05. it can then be concluded that all the models generated are significant in predicting the level of productivity. The models were explored one after the other to determine which of them will be best in predicting level of productivity from the components of corporate governance. The model summary is shown in table 6.

In Table 6, a careful look at the column of the significance of F change (last column), will show that although the R-square value (which shows the proportion of the variance in the productivity level that can be accounted for by the components in the model) are the same in models 2 and 3 but very low in model 1. Therefore Model 1 can be eliminated from the prediction as the model will at best account for only 7.4% of the observed variance in the level of productivity. However, in model 3, the p-value is greater than 0.05, hence adjusted R-square change is not significant and by so doing model 3 cannot significantly predict the level of productivity of the organizations. However in model 2, the significance level was less than 0.05 and the adjusted R-square value is the greatest 0.217 meaning that the model can account for 21.7% of the observed variance in the level of productivity. Hence the best model for predicting level of productivity is Model 2 and the best predictors are Management structure and Strategy and planning.

Research Question 5: To what extent do the influencing factors affect levels of productivity? To answer this research question, the coefficient table of the stepwise multiple regression analysis was explored and the result is presented in Table 7.

Table 7 shows the coefficients of the factors which influence the levels of production. It can be seen from the table that the B-values for Management structure is 0.057 while that of the strategy and planning is 0.669. it can therefore be concluded from the foregoing that the impact of strategy and planning

		SA	A	U	D	SD	RSI	Rank
1	Culture of corruption	34.0	43.2	12.0	9.2	1.6	0.7976	1
2	Lack of institutional capacity to implement corporate governance codes.	34.2	5.8	15.6	7.6	31.8	0.5760	7
3	Limited opportunities for institutional investors	24.8	32.8	24.0	12.0	6.4	0.7152	5
4	Recent collapse of the Nigerian stock exchange market	34.4	28.0	21.6	14.0	2.0	0.7576	2
5	Lack of effective yardstick to evaluate board and management processes and performance	32.8	6.5	7.4	6.2	39.5	0.5282	10
6	Auditors and audit committees are always ready to cover up corrupt practices for kick-backs and retention of engagement of big clients	29.2	23.6	30.4	14.0	2.8	0.7248	4
7	Relocation of Nigerian companies to more stable and vibrant neighbouring countries	34.3	5.3	10.8	6.4	38.3	0.5524	8
8	Lack of managerial training and capacity development among Nigerian executives	36.5	5.2	7.0	5.1	40.0	0.5490	9
9	Failure of directors as a monitoring device to minimizing agency problems	29.6	32.4	21.2	14.4	2.4	0.7448	3
10	Disregard of policies and procedures required to ensure efficient internal controls	22.0	26.0	30.4	18.4	3.2	0.6904	6

Table 8: Challenges to Development of Effective Corporate Governance in Nigeria

on productivity is greater than that of management structure. It therefore follows that no matter how good a management structure is, strategy and planning techniques adopted by the organization will produce far greater effect on level of productivity. This equation can therefore be employed to determine the level of productivity of the organization.

$$LP = 15.289 + 0.057MS + 0.669SaP$$

Where: LP is Level of Productivity; MS is Management Structure; SaP is Strategy and Planning; 5.289 is Constant; 0.057 is B value for MS; 0.669 is B value for SaP

Research Question 6: What issues and to what extent do they constitute challenges to development of effective corporate governance in Nigeria? To answer this research question the responses of all the research participants (n = 340) were given descriptive analysis as presented in Table 8.

Table 8 shows the responses of the research participants to challenges of developing effective corporate governance in diverse sectors of the Nigerian economy. It can be seen from the table that the respondents considered the greatest challenges to be the "culture of corruption" that has permeated the society with an RSI value of 0.7976. Other important challenges as identified by the respondents are "Recent collapse of the Nigerian stock exchange market", "Failure of directors as a monitoring device to minimizing agency problems" and "Auditors and audit committees are always ready to cover up corrupt practices for kick-backs and retention of engagement of big clients" with RSI values of 0.7576, 0.7448 and 0.7248 respectively. However, they considered some challenges to be of least importance to the effective development of corporate governance in Nigeria. These include "Lack of effective yardstick to evaluate board and management processes and performance" and "Lack of managerial training and capacity development among Nigerian executives" as these have the lowest RSI values of 0.5282 and 0.5490 respectively.

Discussion

Several issues have been raised concerning the operation, management and effectiveness of manufacturing firms in Nigeria, particularly with regard to their productivity. Corporate governance has been linked to the survival and productivity of the firms. Different firms in the study area were found to adopt selected corporate governance provisions to different extents, resulting in different firms developing its own corporate governance cultures and traditions. Therefore, research question 1 was posed to explore the ethical and corporate governance cultures of selected manufacturing firms in Oyo state. The result showed that the most popular ethical/corporate governance guidelines adopted in the companies is the fact that companies always get feedback from customers, that organizations have their own ethical and corporate governance codes and that the companies have formal values and supporting standards of behaviour that are consistent with its mission strategy, operating policies and performance objectives. They also claimed to possess compliance with the best practices in the organizations. It can be seen that these cultures are not central (core) codes of ethical and corporate governance practices. In fact they confirmed that core practices like holding the CEO responsible for progress of the company or lack of it is not a popular corporate governance practice. These findings are in agreement with other researches carried out in this area. For instance Wilson (2006) stressed that prior to the introduction of the new code of corporate governance by the CBN there were existence of disparate codes of corporate governance and even the one that was so introduced was mainly for banks and even then could not be said to be sufficient in itself or in combination with other existing codes to address issues of corporate governance that will inevitably arise later. Okpara (2006) also stated that corporate governance culture in Nigeria is generally weak. He further argued in agreement with Oyejide and Soyebo (2001) that some board directors are able to get away with not being independent and consequently could not be held responsible for the success or other wise of their companies because the law mandates that they have political connections.

The managerial hegemony theory of corporate governance emphasizes the role of the management structure in productivity and effectiveness of the company. In fact, it advocates that boards of directors are just statutory additions which are dominated by the management; boards play only a passive role in strategy or directing the corporation (Okpara, 2006). Consequently, research question 2 was posed to find out if the companies' management structure would have any effect on their level of productivity. Four different management structure described by Business Process and Re-engineering (2000) for manufacturing industry were employed as the framework for categorizing the companies into management structures. The result shows that none of the companies under study adopted the self-management structure such that their level of productivity could not be compared. However, it appears that the more complex their management structure the more productive the companies appear to be. For instance the only company that adopted the "Task" management structure appears to be highly productive; in the remaining 2 categories of management structure the number of companies with increased productivity increased from the "Directive" management structure to the "Role" management structure and conversely the number of companies with low and very low levels of productivity decreases from the "Directive" management structure to the "Role" management structure. It follows that the companies with role management structure akin to the application of corporate governance were most productive. This may be in agreement with the Ultimate Business Dictionary (2003) as it defines corporate governance as the managerial control of an organization, which can reduce the risk of fraud, improve company performance, leadership, and demonstrate social responsibility. To confirm this a research hypothesis was tested to see if a significant difference will be produced in companies' productivity across the management structures under study. The results indicated that there is a significant difference in the levels of productivity of the company on the basis of their management structure in agreement with the findings of Wintrobe and Breton (1986) who gave the reason for this to include the fact that it is effective organization which makes possible, and ineffective organization which impedes, the rapid accumulation of capital inputs, the successful adaptation to newer technology, and the efficient use of labour.

Research question 3 was posed to investigate if there is any direct impact of corporate governance on the productivity level of an organization. The results showed that corporate governance had a positive influence on the productivity level of an organization as only very few of the organizations under study adopted ineffective corporate governance and were reported as experiencing low and very low productivity. However, there is an increasing number of organizations in the high level and very high level of productivity as we move from moderately effective to very effective corporate management policy adopters. Hypothesis one was also tested to confirm this assertion. This is in agreement with findings of Earle (1998) and Crisuolo (2011). While Earle (1998) found an improved productivity when the structure of ownership of manufacturing industries in Russia changed to corporate governance culture, there was an increased productivity in the firms, Crisuolo (2011) found a similar result but found that the presence of financial institutions as large block-holder has an additional positive effect on the productivity of the manufacturing firms.

Research question 4 was posed to examine corporate governance factors that may influence level of productivity and to what extent. The result showed that although, only very few of the organizations under study adopted ineffective corporate governance and were reported as experiencing low and very low productivity. However, some of the organizations found to adopt moderately effective corporate governance policies were reported to experience moderate and high level of productivity. This result is in agreement with the findings of DukeII and Kankpang (2011) who found strong relationships between a number of corporate governance variables and firm performance measures (one of which is productivitiy) in Nigeria. Similar result was obtained from different parts of the world. For instance, Besedina (2012) also found that in Ukraine, firms with better corporate governance experienced increased productivity.

The result also showed that all the models generated to predict productivity from different components of corporate governance were significant in predicting the level of productivity. These models were explored one after the other to determine which of them will be best in predicting level of productivity from the components of corporate governance. The result showed that management structure and strategy and planning were the best predictors of corporate governance. This has also been alluded to, by Duke II and Kankpang (2011).

The last research question was raised to examine issues in the development of effective corporate governance in Nigeria and to what extent they constitute such challenges. The result of the analysis showed that the most important issues were "culture of corruption" that has permeated the society, "Recent collapse of the Nigerian stock exchange market", "Failure of directors as a monitoring device to minimizing agency problems" and the fact that "Auditors and audit committees are always ready to cover up corrupt practices for kick-backs and retention of engagement of big clients". This is also in agreement of findings by Oyejide and Soyebo (2001) in a study of corporate governance in Nigeria.

From the foregoing, it can be concluded that if the issues influencing the effective operationalization of corporate governance principles in Nigeria can addressed, the productivity of manufacturing firms in the country will be on the rise thereby putting the national economy on a stronger footing than otherwise.

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