Corporate Governance and National Culture are Siamese Twins: The Case of Cadbury (Nigeria) Plc

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Abstract

Recent corporate failures especially in the developed economies like the USA and the UK have infected the developing economies like Nigeria and brought the efficacy of corporate governance into the front burner. This study investigates the role of national culture on this efficacy relying on the recent financial failures at the Cadbury (Nigeria) Plc. The study employing the face-face interview research technique and relying on narrative/discourse analyses investigates the role of culture in the November 2006 financial failures which led to a loss of over USD25 billion and the removal of all the Board of Directors. The study concludes that national culture plays a vital role in the efficacy of corporate governance.

Keywords: Corporate Governance, National Culture and Cadbury (Nigeria) Plc

Introduction

Public interests in corporate governance have grown enormously worldwide as a result of corporate scandals such as the ones at Enron or WorldCom (Plender, 2003; Machold, 2004); same has happened in Nigeria as a result of the financial failures at Cadbury (Nigeria) Plc (Amao and Amaeshi, 2008). Scholars have also reacted in almost the same vein; Douma, (1997); Jacoby, (2000), Kay & Silberston (1995) and Maignan, & Ferrell (2003) investigated the corporate governance models; Westphal & Zajac (1998) looked at governance reforms; Kose & Senbet, (1998) and Pettigrew & McNulty, (1995) investigated board behaviour and effectiveness. Conyon & Schwalbach, (2000) examined executive compensation. A long list of scholars examined governance issues from the perspective of stakeholders (Frooman, 1999; Hillman et al., 2001; Luoma & Goodstein, 1999; Ogden & Watson, 1999). This is to suggest that the issues of power, influence, rights and duties are the central themes around which scholars built their arguments (Gilligan, 1982; Wicks et al., 1994; Dobson & White, 1996). This paper is an attempt to look at the cause of the efficacy or non-efficacy of corporate governance from the fundamental perspectives; thus the investigation of the impact of culture.

Stakeholders have conflicting interests in today’s business enterprises. Corporate governance ensures that these interests are well protected by ensuring that managers and other insiders strictly adhere to policies that will safeguard the interests of all the stakeholders (Sanda, et. al., 2005). Corporate governance is therefore located on the principle of conflicts of interest in a very competitive game engaged in by the various stakeholders (Machold, 2004). According to Hurst (2004:7) corporate governance is the ‘broad range of policies and practices that stockholders, executive managers, and boards of directors use to (1) manage themselves and (2) fulfil their responsibilities to investors and other stakeholders’. This paper will therefore be grounded on the following theories: Freeman’s (1984, 1999) corporate stakeholding and stakeholder salience and Hofstede’s (2001; 2005:3) culture as ‘software of the mind’.
Culture has been variously defined as the way of life of a group of people (Akporherhe, 2002; Becker (1986:13) suggests that culture ‘explains how people act in concert when they do share understanding.’ quoting Taylor (1921), Olurode (1994) suggests that culture is that whole, which includes knowledge, belief, art, moral, law, custom and other capabilities and habits acquired by man as a member of the society. Geertz (1973a) suggests that culture is the entire way of life of a people, including their technology and material artefacts. Rugman & Hodgetts (2000) quoting Joyn and Warner (1996) suggest that culture is the acquired knowledge that people use to interpret experience and to generate social behaviour, they (Joynt and Warner, 1996) further suggested that culture is shared by members of a community, organisation or a group and that through culture, values and attitudes are formed which invariably shape individuals as well as group behaviour. Culture to them (1996) is learned through education, socialisation and experience and passed from one generation to another; therefore it can be said to be enduring.

This is not to overlook the fact that cultures do undergo constant changes as people are more or else forced to adjust to new environments and new ways of doing things (Barney, 1968; Steward, 1972). Swindler (1986) sees culture as consisting of such figurative vehicles of meaning, including beliefs, ritual practices, art form and ceremonies, as well as informal cultural practices such as language, gossip, stories and rituals of daily life. Culture to Hofstede and Hofstede (2005) and Hofstede (2001:9) is the ‘collective programming of the mind that distinguishes the members of one group or category of people from another’. Hofstede and Hofstede (2005:19-20) concluded that national culture is embedded deeply in everyday life, and although it is relatively impervious to change, this programming does evolve from generation to generation. This stand is supported by Ralston et al (1997) as well as Newman and Nollen (1996).

Kluckhohn (1951: 865) summarises all the above by defining culture as the ‘patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values’. Hofstede (2001:1) defines culture as the ‘collective programming of the mind’. These patterns of thinking, feeling and acting or Hofstede (2005:3) ‘mental programs (software of the mind)’ are usually well established within a person’s mind that these patterns must be unlearned ‘before being able to learn something different, and unlearning is more difficult than learning for the first time’ (Hofstede and Hofstede, 2005:3). Hofstede’s (2001; 2005) definitions of culture will be adopted in this paper.

Conceptual/theoretical background

Freeman’s (1984, 1999) Corporate stakeholding and stakeholder salience

Freeman (1984:246) defines stakeholders as “those groups and individuals who can affect, or are affected by the achievement of an organisation’s purpose.” These group’s and individuals are the shareholders, employees, suppliers, government, competitors, local communities and the environment. Freeman (1999: 234) suggested that ‘if organizations want to be effective they will pay attention to all and only those relationships that can affect or be affected by the achievements of the organization’s purposes.’ This is to say that it is very important for organizations (in this study, Cadbury (Nigeria Plc) to pay attention to the entire stakeholder (in this study the investors including Cadbury Worldwide, the workers, the suppliers etc.). Dore (2000) while agreeing with Freeman (1984, 1999) suggested that business organizations must be stakeholder oriented.

Corporate governance: shareholder versus stakeholder debates

The issue of separation of ownership and control in have been an issue since the end of industrial revolution in the UK (Fama and Jensen, 1983). This according to Denis (2001) was as a result of large scale production and the continuous growth of corporations. This issue was also addressed by Smith (1776;1970), Berlex and Means (1932) and Jensen and Meckling (1976), they all agreed that self-interested managers are likely to pursue their own utility to the detriment of shareholders of the company and this is why the issue of corporate governance must be taken seriously. Jensen and Meckling (1976) relying on the Principal-Agent theory examined the conflicts of interest between shareholders and managers and concluded that as soon as the management of companies to agents (managers), the owners (principals) must create mechanisms to align the agent’s interests with their own. Unfortunately they (1976) concluded that this will give rise to agency costs in the form of monitoring costs, bonding costs and potential residual losses.
Freeman (1984) developed an alternative perspective on corporate governance in the wake of developments in stakeholder theory. Freeman and Evan (1990) suggested that a conceptualisation of firms in terms of bilateral contracts, as hypothesised by the principal-agent theory, is insufficient as it does not sufficiently account for the interconnectness of bilateral contracts or the influence of external agencies (stakeholders) on the management-shareholder contracts. Freeman and Evan (1990) therefore opted for a multilateral contractarian conceptualisation of the firm, which is a complex system of bargaining between managers (agents) and multiple contractual parties (stakeholders); this hypothesis unfortunately brought about a number of problems. Goodpaster (1991) looked at the danger of confusing fiduciary and non-fiduciary obligation to stakeholders (as in Marcoux, 2003). Goodpaster (1991) later suggested that managers should have a special fiduciary duty to shareholders, and that stakeholders (especially management) should not be seen as an extension of fiduciary obligations to a wider stakeholder group (multi-fiduciary) but rather as an extension of non-fiduciary obligations. Corporate governance therefore from a stakeholder perspective should not be perceived as ‘------- an expansion of the list of principals, but a gloss on the principal-agent relationship itself’ (Goodpaster, 1991:68).

Another issue coming from the stakeholder perspectives on governance is what Child and Marcoux (1999:218) referred to as ‘too many cooks, too many stews’. Going by Child and Marcoux’s (1999) governance mechanisms (such as stakeholder representation on boards), a stakeholder orientation would create a dissonance of noise which might even lead to conflict that could prevent any sensible or effective decision-making. This will further create the problem of which stakeholder groups are or should be heard and taken account. This issue on its own has been the offspring of a vast of literature all to identify and categorise stakeholders (Carroll, 1993; Starik, 1994; Clarkson, 1995). Some scholars including Mitchell et al., (1997) tried to come up with models of how managers may prioritise stakeholders. As time went by, stakeholder theory was perceived as convincing alternative to principal-agent (or stockholder) theory, which might even replace it if care is not taken (Freeman, 1994; Hasnas, 1998). It must be stated that despite the differences in focus and scope, stockholder and stakeholder theories share some common grounds in their interpretation based on some normative foundation (Freeman and Evan, 1990). Not surprisingly, a vast number of the literature on corporate governance concentrates on terms of competing and conflicting claims, the position of rules and laws in settling the conflicts, and rights and obligations measured rationally on the scales of legitimacy and power. This study will cue with the above mentioned theorist.

**Culture defined and explained: Hofstede’s (1980, 2001) ‘five cultural dimensions’**

Hofstede (2001: xv) recognises that ‘the survival of mankind will depend to a large extent on the ability of people who think differently’ and that ‘-------. International collaboration presupposes some understanding of where others people differ from us’. There is therefore a need to understand that there exists ‘invisible cultural differences’ which will go a long way in helping ‘policy makers in governments, organizations, and institutions’. With this fact in mind, Hofstede (2001: xix) explored the ‘differences in thinking and social action that exist among members of more than 50 modern nations’ and he argues that people ‘carry mental programs that are developed in the family in early childhood and reinforced in schools and organizations, and that these mental programs contain a component of national culture’; these ‘mental programs’ are usually ‘expressed in the different values that predominate among people from different countries’ (Hofstede 2001: xix).

He (1980:2001: xix-xx) identified at first four main areas of differences of national cultures, they are: (1). Power distance: this has to do with the degree to which the less powerful members of the organisation accept and expect that power is distributed unequally. The main issue is the degree of human equality that underlies the functioning of each society. (2). Uncertainty avoidance: this is the degree to which a culture programs its members to feel either uncomfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. The main problem has to do with the extent to which a society tries to control the uncontrollable (3). Individualism versus Collectivism: this is the extent to which individuals are expected to look after themselves or remain integrated into groups; usually around families. This is usually problematic. (4). Masculinity versus femininity: this has to do with how emotional roles are distributed between genders; it is usually problematic for most society to find a solution if it goes by the theme of ‘tough’ masculine and ‘tender’ ‘feminine’.

He (2001: xx) later added the fifth cultural dimension which is: Long-term versus short-term orientation: this demotes the degree to which a culture programs its members to accept delayed gratification of their material, social, and emotional needs.
It should be noted that Inkeles and Levinson (1954/1969) had predicted the first four cultural dimensions before it was empirically identified by Geert Hofstede and his team who worked with him on the IBM survey between late 1973 to the end of 1978 (Hofstede, 2001:xv, 1).

Methodology and methods

This study will rely on the secondary sources of data collection as it traces the history of how economic democracy came to Nigeria from the United Kingdom. Secondary data are data collected and recorded by someone else prior to and for purposes other than the current needs of the researcher (Harris, 2001). Secondary data are usually historical and already collected data that does not necessitate access to respondents or subjects (Ember and Levinson, 1991). The major advantage of this source of data collection is in the fact that it is less expensive than the primary source of data collection; since it has already been collected (Zikmund, 1984).

The major disadvantage is in the fact that a lot of care must be taken in using secondary sources because the data were not collected with the present study in mind, so it might not specifically meet the present researcher’s needs; care must therefore be taken before making inferences and conclusions or else a lot of errors might be committed (Cowton, 1998). The descriptive and historical method has been resulted to because Hopf (1944) (cited by van Fleet and Bedeian, 1977) observes that descriptive and historical method are beneficial because the historical point of view which is the point of view of change will enhance the understanding and extend the horizon. It will be difficult to find a more confident and clearer statement in support of descriptive and historical methodology than this. This is because Hopf’s (1944) statement is based on the belief that the changing events and developments of the past provided understanding of the dynamics of ordered human enterprise (Whiting, 1964).

The Case study: Cadbury (Nigeria) Plc

Joseph (1978) describes Nigeria as the investor’s heaven. This is because of the population which is about 150,000,000 people,( 2006 census), the enormous expanse of land, -the country has a total land area of 4047 km, more than twice the size of California and 923,768 sq km land area, a the land area comprising of 13,000sq km of water and 910,768 sq km of land- her large reserves of crude oil and natural gas (Nigeria is among the top six crude oil exporters in the World) as well as the availability of other mineral and natural resources (Schatzl,1969; Sachs and Warner, 2001 ).

George Cadbury in 1902 turned down an offer to purchase high quality cocoa beans from Sao Thome (an island in West Africa); on the ground that it once used slave labour on the cocoa beans plantations (Gardiner, 1923). He eventually turned to the then Gold Coast (now known as Ghana) - Nigeria’s neighbour - to rather purchase low quality cocoa beans; one would have expected that Cadbury should have in no long time come to Nigeria, but nothing was heard of Cadbury until 1950 when the company came to Nigeria with an initial objective of sourcing for cocoa beans and to prospect for a market for manufactured goods (Chukwu, 2005).

Between 1950 and 1965 the company - Cadbury, Nigeria Ltd. - was involved in packaging operations; to re-package imported bulk finished products of the then Cadbury Pty. Ltd from the United Kingdom into small tins which are sold in Nigeria. Cadbury established a manufacturing facility in Ikeja, North of Lagos. Cadbury (Nigeria) Limited was incorporated in Nigeria on 9 January 1965 -about five years after the independence of the country - as a 100% owned subsidiary of Cadbury with ‘Bournvita’ as its only product; it engaged in the package and sales of the product (Chukwu, 2005).

In 1976, 40% of the business was sold to private Nigerian investors through a listing on the Nigerian Stock Market; Cadbury Schweppes (as it was then known) was still the majority shareholder with 60% shareholding. The Company was listed on the Nigeria Stock Exchange in 1976, with N 750,000,000.00 as the authorised share capital; the paid up capital was N 500, 424,423.00 (Nigerian Stock Exchange, Nov/Dec. 1976). In the same year (1976), Cadbury Schweppes’ holding was first reduced to 80% from the former 100% holding. The shareholding was further reduced to 40% in 1978, but following the changes to foreign company ownership regulations in Nigeria in 1995, the Group, Cadbury Schweppes tried to increase its shareholding in Cadbury Nigeria as part of a long term strategic aim of growing its confectionery business in Africa as Nigeria was seen as a base for further expansion in West Africa. This was achieved in 2006 when Cadbury Schweppes increased its shareholding to 50.2% to become the majority share holder (Akintoye, 2008).
The company has grown over the years to move from a mono-product company to become a multi-product company and from a packaging company to a manufacturing company (Amao and Amaeshi, 2008). The manufactured products of the Company as at 2005, include: ‘Tom Tom’, ‘Bournvita’, ‘Bubba Gum’, ‘Cadbury Chocki’, ‘Trebor Mints’, ‘Halls Take 5’ (vitaminised candy, ‘Crème Rollers’ and it also owns a Cocoa processing plant—Stanmark Cocoa Processing Company. The staff strength then - in the 1950s - was 50 with a turnover of about £120,000 and by 2005 this had grown to about £200 million or about 29 billion Nigerian Naira and the staff strength has grown to about 2,429 as at 31 December 31 2005 (Cadbury (Nigeria) Plc ‘Handbook’, 2006). The Company went into full-fledged manufacturing in 1965 from the former packaging activities; this was also in line with the government’s policy after independence to encourage manufacturing locally and reduce the economic dependence on Britain (Chukwu, 2005).

Nigeria has grown to become an important market for the Cadbury Schweppes Group within its fast - growing operations in Africa and the Middle East. Cadbury (Nigeria) Plc contributed £6 million profit to the Cadbury Schweppes Group in 2005. Cadbury (Nigeria) Plc has grown to become the second largest business within the Group’s AMET (African regional grouping of Cadbury Schweppes) after South Africa and the joint 4th largest with Ireland in EMEA (African and European regional grouping of Cadbury Schweppes). Without any doubt Cadbury (Nigeria) Plc has become a key production hub for the Group in West Africa (Cadbury (Nigeria) Plc Handbook, 2007).

This will obviously go a long way in enhancing Cadbury Nigeria’s Plc capabilities through better access to the Group technology and expertise (Cadbury, 2008). By the year ended in January 2006, the company’s net sale was £102 million with an underlying operating profit of £20 million. This was about £5 million of the Group’s share result. (All figures are pro-forma, excluding a licensed business which was terminated in November 2005). The value of Cadbury (Nigeria) Plc on the Cadbury Schweppes Balance sheet as at 30 June 2006 was £70 million (Cadbury (Nigeria) Plc Handbook, 2007). The Company intends by 2010-2012 to have carried out an ambitious growth agenda, codenamed Project Marathon which will among other things allow for an extensive modernisation of the company’s production plants and corporate headquarters in the relentless pursuit of higher productivity and superior performance, progressed integration of the West Africa operations of Cadbury Schweppes and significant inroads into the ECOWAS (Economic Community of West African States) market of 250 million people (Cadbury (Nigeria) Plc Handbook, 2008).

The thorn in the roses of Cadbury (Nigeria) Plc emerged on 16th of November, 2006 when it was announced that: ‘Today, (16th of November, 2006) ----- a preliminary report from the investigating accountants into the accounting irregularities. -----, has confirmed a significant and deliberate overstatement of the company’s financial position over a number of years. The CEO (Bunmi Oni) and Finance Director (Ayo Akadiri) have been relieved of their positions. A complete review of the business has been initiated by the Board of Cadbury Nigeria.’ (Amao and Amaeshi, 2008) The company went further to state that it expected to make an operating loss of between £5 and £10 million in 2006. The two Nigerian directors were quickly replaced by expatriates. It should not be forgotten that by now Cadbury Schweppes Plc has become the majority shareholder with 50.2% shareholdings. International interests no doubt “have been attracted to Nigeria --- due to the discovery of Enron like Scandal in the subsidiary of Cadbury Schweppes in Nigeria: Cadbury Nigeria Plc” (Amao & Amaeshi, 2008).

On 12 December 2006 the company released a statement stating inter alia that: ‘We are now able to inform all stakeholders of Cadbury (Nigeria) Plc that the independent investigator of our financial statement -- PricewaterhouseCoopers -- has submitted a report of their findings. The investigation has confirmed a significant and deliberate overstatement of the Company’s financial position over a number of years. On account of this, Cadbury (Nigeria) Plc will report an underlying operating loss of between N1 and 2 billion. We are also expected to make one-time exceptional charges in 2006 of between N13 billion and N15 billion in respects of the profit and balance sheet overstatements, which will considerably diminiish Company reserves’ (Ibid. 2008).

As is to be expected, ‘investors, including pension fund managers, have since the revelation lost a lot of money. Since the exposure of the company’s misrepresentation of their financial statements, the share of the company declined from its high N70 on the 18th of August, 2006 to N32.46 – a reduction of 46% - on December, 2006’ this translated into a loss estimated to be in the region of N 41.3 billion in shareholders equity (Amao & Amaeshi, 2008).
They (2008) conclude that ‘The state of affair in Nigeria, a country which is striving to gain the confidence of investors both foreign and local is further undermining investor’s confidence in the economy. The shareholders are not the only persons who stand to lose in this scenario as such developments could lead to job losses in an economy dogged by chronic unemployment’.

So many questions do come to mind, some of which are: are Nigerian managers not competent to manage multinational companies? Or are the expatriates desperate to take over the management of their companies? It is important to answer these questions because the same Bunmi Oni-led management was said to have increased the company’s turnover to N29 billion in 2005 from N13 billion, while the company’s assets base increased from N3.3 billion to over N12 billion. Only in October 2006 the company won all the awards that are available at the National Marketing Awards, and also won nearly all the awards in the cocoa beverages category (Cadbury (Nigeria) Plc Financial Review, 2005). In the early part of 2006 Cadbury Schweppes increased its stake in Cadbury (Nigeria) Plc from 46.6% to 50.2% and by November 2006 Bunmi Oni’s led- management was accused of financial overstatement. On the other hand, Bakre (2007) states that as a result of unethical practices by accountants and auditors, which have resulted in the distress or occasionally the closure of companies, some indigenous Nigerian Managing Directors of multinational corporations such as Lever Brothers and Cadbury Nigeria Plc have been sacked and replaced with expatriates.

Moreover, Cadbury (Nigeria) Plc will not be the first multinational company headed by Nigerians that will be alleged of financial overstatement or what the Nigerian press referred to as cooked up financial reports. Afribank (Nigeria) Plc, Lever Brothers Nigeria Limited (now Unilever (Nigeria) Plc) had their Nigerian senior managers sanctioned in the past. It is therefore very difficult to take a stand on the Financial Overstatement of Cadbury (Nigeria) Plc. This issue created bad publicity not only for Cadbury (Nigeria) Plc but the Group as a whole. This made Todd Stitzer, CEO of Cadbury Schweppes Plc to address it in his 2007 speech. He said, 2006 had been a demanding year for Cadbury Schweppes Plc with strong performances across largely most of the businesses but was to a degree offset by events in the UK and Nigeria (Cadbury (Nigeria) Plc Handbook, 2008). There is no doubt that a company that started in 1950 as a packaging company with only 50 staff and with a turnover of only £120,000 now today (2008) employs over 2,000 people, with a turnover of about $200million in 2005-(Cadbury (Nigeria) Plc Financial Review, 2005), has performed very well. These achievements in less than 50 years are worth celebrating; the company is therefore worth studying.

**Corporate governance and culture as Siamese twins**

Nigerian Personnel Managers according to Ubeku (1984) employ people from their clans or even family members (both immediate and extended family members); so to plan to or even think about going on strike is like biting the finger that feeds one; which culturally is not acceptable. Management of Cadbury (Nigeria) Plc under Bunmi Oni capitalised on this and failed to inform the workers in good time as regards what was happening to the board of directors during the scandal. The workers were only informed after the Nigerian Press published all the facts and figures, it was then that management felt that there was nothing to hide anymore. Even at this stage management from the UK claimed not to be aware of the magnitude of the crisis; unfortunately some workers had all the facts and figures and one is not even sure if the press did not get their facts and figures from some of the workers or even the union. The table below demonstrates this

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<tr>
<th>Responses from Cadbury (Nigeria) Plc</th>
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<tr>
<td>Question: (1) Do you fear your manager Or respect him/her?</td>
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<td>(2): Do you disagree with your managers?</td>
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<td>20 of the 20 response ‘fear’ the manager; and also ‘Respect’ the managers because the Bible and the Koran both instructed them to.</td>
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<tr>
<td>20 of the 20 respondences have no reason to disagree with the managers.</td>
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**Interpretation:** All the workers interviewed at Cadbury (Nigeria) Plc confirmed that they ‘fear’ and respect their managers in line with the Biblical and Koranic injunctions which stated that those in authority must be obeyed as their have been put in their positions by God who is the only one that can remove them.
We knew something was wrong as the body – language of management was not right they all looked tensed - up every time. The management do not handle it - the crisis -well (Kunle Babalola, Chairman Food Beverages& Tobacco Senior Staff Workers Association (Cadbury Nigeria Plc)

Oga wetting be my own even if all the directors are expatriates I no care , I just want my gratuity by 2015 (a worker at Cadbury (Nigeria) Plc speaking in pidgin English)

English language interpretation: Boss, I just want my gratuity to be safe by 2015, I am not bothered about who the directors are even if they are all expatriate.

I am not interested in who is the director, although I prefer the ‘oyinbos’ (expatriates) they will make sure that my gratuity is paid (a worker at Cadbury (Nigeria).

The above quotations support the fact that workers at Cadbury (Nigeria) Plc were aware of the fact that there was a problem with the Bunmi Oni led- management but there was no avenue created to express their fears. The quotations also show the pride of working at Cadbury (UK) Plc.

When the crisis was at its pick the workers were asked how they reacted

Me I went to my Pastor and him tell me say make I go pray (a Cadbury (Nigeria) Plc Worker)

Interpretation: I went to my Pastor and he told me to pray and fast

My life no day for any man hand, but dey for my creator, I dey pay my tittles ( a Cadbury (Nigeria) Plc worker

Interpretation: My life is not in the hands of any man, moreover I pay 10% of my earnings as directed by the Scriptures (Holy Bible)

We declared seven days of fasting and we pray after 6 p.m; after the seventh day a vision came that we are not going to be sacked and that the company will get out of the crisis stronger (Union leader Cadbury (Nigeria) Plc

We go mosques and the Imam dey pray for us (a Cadbury (Nigeria) Plc worker

Interpretation: We went to our mosques and the Imam prayed for us

Wetin man go do than pray and fast and HE will protect our jobs

Interpretation: What can we do than pray, and we are sure that He will answer our prayers

Ethnicity also played a major role in the ‘board politics’ because Dr. Kolade is a Yoruba man from the South West of Nigeria same as Bunmi Oni as well as his Sales and Marketing Director Biodun Jaji, same with the Financial Director, Ayo Kadiri. While the then Non-Executive Chairman, Chief Onasode is from the South-South part of the country. In all the above the spirit of ‘Federal Character’ was invoked as merit has to give way to state of origin.

Another major socio-cultural factor which contributed to the problems at Cadbury (Nigeria) Plc during Bunmi Oni’s tenure was religion. Before the advent of Christianity by the former colonial masters, Nigerians worshipped some gods who performed spectacular ‘miracles’ (Lucas 1948). For example the Yoruba’s worshipped Sango, Ogun and Oya apart from other family ‘gods’ inherited by various families. Sango was regarded as the god of thunder and a renowned warrior who was thought not to have died but disappeared into the earth with a chain that could be pulled during wars and would surface to fight for his people (Salami, 2006).

With the advent of Christianity, which was introduced by the colonial masters, Jesus was likened to those ‘gods’. In the Christian Bible, Jesus was quoted in the book of John 14:12 to have said that ‘Verily, verily, I say unto you, He that believeth on me, the works that I do shall he do also; and greater works than these shall he do’. Most churches in Nigeria interpret this to mean an authority given to them by Jesus to carry out spectacular miracles like Jesus and of their own Sango and even greater miracles than that of Jesus are expected to be performed (George, 2004).

Bunmi Oni – the Former MD of Cadbury (Nigeria) Plc – is a prominent member of the Deeper Life Bible Church which is led by Pastor W.F. Kumuyi; the church is in the forefront of the ‘faith’ that Christians can perform ‘greater’ miracles than Jesus.
Bunmi Oni was probably expecting a ‘spectacular miracle’ or else how does one justify the fact that a senior manager in a company like Cadbury (Nigeria) Plc could continue to produce when the products were not selling and destroying expired products and still continue to loan money at exorbitant interest rates to produce and hire warehouses to store and produce to destroy? It is interesting to know that during all these financial problems Bunmi Oni was still paying dividends to the shareholders; obviously from the bank loans secured at exorbitant interest rates.

This author was reliably informed that all the warehouses were ‘anointed with oil’ – the Nigerian Christian spiritual ritual - based on wrong interpretation of John 5:14-15 (George, 2004). Bunmi Oni was probably assured that a miracle would occur and that the products would be sold at very high prices and very soon too. Unfortunately, this never happened and what started as a publication by one of the ‘unruly press boys’ consumed all the senior management staff with various sanctions imposed on them by the Nigerian Stock Exchange and also brought back the expatriates ‘to run their businesses’ (a worker at Cadbury (Nigeria) Plc).

Discussions

From the above discussions, it is obvious that from the appointment of Bunmi Oni to the board up till the time he was disgraced out of office socio-cultural factors have been in action. The cause and the handling of the financial failure crisis were also socio-culturally influenced and determined. As soon as he (Bunmi Oni) became the MD/CEO he saw himself as a god that cannot be approached while the workers also saw him as a lord that must be worshipped and can do no wrong, all in line with the Yoruba’s cultural values.

Conclusion

Corporate governance like other management practices originated from the West based on their socio-cultural realities; it’s importation to other parts of the world with different socio-cultural realities is bond to be problematic. In Nigeria for example, the definition of corruption is definitely different from what it is in the United Kingdom. The ‘Federal Character’ for example states and operates on the principle of giving the Federal Government (including the Presidency) jobs not to the most qualified person but based on his/her state of origin; in the states it is based on the local government of origin. Corporate governance in Nigeria must therefore be re-defined based on the socio-cultural realities on the ground.

References


