Book Review Symposium II: Corporate Governance in Africa, (Routledge 2025) - The Shareholder Model in all its Glory? A Rethink of Corporate Governance for Africa

By:

Anna – Mari Antoniou

July 02, 2026

Introduction

Research on corporate governance is frequent and covered by many disciplines including of course law and, in many cases, interdisciplinary. What is not frequent however, is an investigation into corporate governance in the African region specific to industry sectors. This is an important gap that needed to be filled, and Dr Ediagbonya is one of the first scholars to commence filling it. His book, *Corporate Governance in Africa*, is a region specific and industry specific

investigation on an appropriate and reliable corporate governance framework which is both stable, yet adaptable for the peculiarities of the region. The investigation takes place in three parts. Part A analyses the background concepts including corporate governance theories and models. Part B delves into more specifics and analyses corporate governance in the African region, specifically in the banking sector of South Africa and Nigeria. Part C is then where we find the proposals for a redefinition of *Corporate Governance in Africa* . This review will focus on Part C which provides welcomed commentary on corporate governance in general, but also original recommendations for corporate governance of African banks, on which there is limited scholarship. it should be noted that Dr Ediagbonya focuses the investigation on Nigeria, though the similarities with other countries in Africa is evidenced and thus suggestions made refer to the region as a whole.

Chapter 7

It is inevitable that one of the foundations upon which the book is built, is the evaluation of the Anglo-Saxon shareholder model which dominates corporate governance in Africa. The appraisal by the author is that while the mode may work successfully in countries such as the UK: “To thrive, [the] shareholder primacy model requires functioning and enabling institutional arrangements…a strong legal system, robust capital markets and active participation by civil societies”, it is less successful in countries such as Nigeria which have challenging institutional settings such as: “issues of faulty legal transplantation, multiplicity of regulations, systemic corruption, nepotism, tribalism, gender imbalances and inadequate enforcement mechanisms”. Further, there is an evaluation of the shareholder vs. stakeholder theories. The author addresses the literature presenting the stakeholder model as a normatively attractive alternative but supports the argument that because of its focus on remedying the criticisms of the shareholder model, the theoretical framework itself then seems confusing and impracticable. Moreover, the author notes that the stakeholder model itself is “inadequate for promoting effective corporate governance in the Nigerian banking sector because of its many criticisms and Nigeria’s challenging and non-enabling institutional environment”. The conclusion therefore is that both theories are inadequate for promoting effective corporate governance for the business sector in Nigeria. Consequently, at the end of chapter 7, a need for another alternative corporate

governance model is evidenced; a model which recognises stakeholders and protects their interests, leading the author to the Functioning Stakeholder Model (FSM). The author concludes that corporate governance in Nigerian banks is still primarily focused on the interests of shareholders, but this is at the expense of other stakeholders, which, in the case of banks, consists of debtholders and employees which are essential to ongoing operations and success. Although current legislation gives the directors of a company the discretion to consider stakeholders, there is no regulatory framework to hold them accountable if they fail to do so; it is a discretion. Dr Ediagbonya therefore attempts to re-balance these interests through the proposal of the FSM in chapter 8.

Chapter 8

The essence of this chapter is to propose an alternative corporate governance framework specifically tailored to the Nigerian banking sector. There are several factors at play: corporate governance models generally, the challenging institutional environment in Nigeria and the individualities of the banking sector. The argument is clear: adopting the functional stakeholder model balances these factors, allowing recognition of stakeholders and protection of their interests but within the country and industry specific environment. Also of relevance is establishing an appropriate enforcement mechanism which has been lacking in the region, with the author proposing an alternative enforcement regime through the FSM by engaging key stakeholders who will supervise enforcement of the framework. Within Nigeria, the following issues are identified: “multiplicity of codes, multiple regulatory agencies, lack of effective sanctions, lack of accountability, ineffective boards of directors, poor judicial administration system, inadequate enforcement regimes and corruption”.

First, the author clarifies the functions and components of the FSM framework. They start by acknowledging the importance of international standards for effective corporate governance and banking regulation, for example from the OECD guidelines to the BASEL principles. Particularly the notions of transparency, responsibility, accountability, stakeholder’s engagement and financial and non-financial disclosures in the banking sector. There is then a recognition that, given the challenging institutional environment of Nigeria,

these international guidelines must be modified. For example, to ensure an effective board of directors, measures requiring the inclusion of stakeholder representatives or measures to ensure engagement with stakeholders such as customers, auditors and banker's associations. The author argues that the FSM is a framework which ensures that the board and management of banks are accountable to all other stakeholders but also balances these interests with shareholder interests. It is also argued that the FSM provides adequate enforcement mechanisms, making the company accountable with consideration to the institutional voids existing in Nigeria. Moreover, a great benefit of the FSM is its recognition of the importance of corporate social responsibility (CSR). The model suggests integration of CSR within the corporate governance framework for example, via mandatory CSR training or a certain proportion of post-tax profits being dedicated to CSR initiatives. Based on the above benefits, Dr Ediagbonya proposes that the functional stakeholder model is the appropriate corporate governance model for the Nigerian banking sector.

The discussion then turns to defining 'stakeholder' for this model. A broad definition of stakeholders is considered: "any group or individual who can affect or is affected by the organisations objectives" as per Edward Freeman. However, consideration is also given to a narrower approach to stakeholders, those that are instrumental or critical to the overall corporate objective of the business. The author clarifies that under FSM, the definition adopted is that by Rodriguez, Ricart and Sanches (Creativity and Innovation Management, 2022) who divide stakeholders into consubstantial (essential for the company to exist e.g. shareholders, employees), contractual (those with whom company has a contract e.g. suppliers) and contextual (the social and natural system in which the company operates e.g. society, environment etc).

Final thoughts

After looking at the three main benefits of FSM (board composition, CSR and enforcement mechanisms) the conclusion is clear, that the most appropriate model for successful corporate governance in African banks is not the shareholder model currently prevalent, nor is it the stakeholder model. It is indeed the FSM. What is original about this contribution to the literature, is its focus on the African region and its focus on a particular sector, in this case, banking. There is plenty of literature on corporate governance models and on the elements to be considered (for example, CSR) but what is unique here is

the recognition of the individualities affecting Nigeria (and through similarity, other African countries) and the adaptation of the corporate governance models to these individualities. There is also advancement of knowledge for corporate governance in general, but it is far more interesting to see how these elements play out in the specific region, which, as an emerging economy and its fast developing legal landscape, it truly a significant area to investigate. Dr Ediagbonya has made an excellent contribution to the literature and his book is both easy to read and thought provoking, accessible no doubt to various scholars, from students to academics and legal professionals.

View online: Book Review Symposium II: Corporate Governance in Africa, (Routledge 2025) - The Shareholder Model in all its Glory? A Rethink of Corporate Governance for Africa

Provided by Afronomicslaw