



Book Review Symposium III: Corporate Governance in Africa, (Routledge 2025) - Beyond Legal Transplants: Rethinking Banking Corporate Governance Framework through an African Legal Lens

By:

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This paper provides a comprehensive scholarly and evaluative overview of Victor Edigbonya's *Corporate Governance in Africa*, highlighting its central arguments, methodological strengths, theoretical contributions, and significance as an important contribution to knowledge in corporate governance, banking regulation, and African political economy.

Overview and Purpose of the Book

Corporate Governance in Africa offers a timely, rigorous, and context-sensitive examination of corporate governance and banking regulation within African institutional environments. The book is motivated by a clear and well-articulated problem: despite the transplantation of Anglo-Saxon corporate governance frameworks into many African jurisdictions, particularly Nigeria and South Africa, banking failures, stakeholder harm, and governance breakdowns persist. The book sets out to interrogate why these failures endure and whether dominant shareholder-oriented models of corporate governance are suitable for jurisdictions characterised by weak institutions, systemic corruption, and underdeveloped markets. Rather than treating corporate governance as a universally transferable set of principles, the book adopts a contextualist approach. It argues that corporate governance models are deeply embedded in institutional, legal, political, and socio-economic contexts. Consequently, the uncritical adoption of governance frameworks developed in advanced economies risks exacerbating governance failures when transplanted into developing and emerging markets. The book's overarching objective is therefore twofold: first, to critically evaluate the effectiveness of existing corporate governance and banking regulation frameworks in Africa; and second, to develop an alternative model that better reflects the realities of African institutional environments.

Conceptual and Theoretical Foundations

The book is grounded in a sophisticated engagement with corporate governance theory. It provides a clear exposition of the dominant theoretical frameworks that underpin modern corporate governance discourse, including agency theory, stewardship theory, shareholder primacy theory, enlightened shareholder value, institutional theory, and stakeholder theory. Importantly, the book does not treat these theories as abstract or interchangeable. Instead, it interrogates their assumptions, normative commitments, and practical implications, particularly when applied in challenging institutional contexts.

A key contribution of the book lies in its critique of shareholder primacy and enlightened shareholder value models as they operate within African banking sectors. While acknowledging the theoretical appeal and relative success of these models in developed economies, the book persuasively argues that their effectiveness is contingent upon the presence of strong institutions, effective

legal enforcement, active markets for corporate control, and organised civil societies. In contexts where these conditions are absent or weak, shareholder-focused models may incentivise insider abuse, regulatory arbitrage, and the marginalisation of key stakeholders such as employees, customers, and depositors. By contrast, the book draws on institutional and stakeholder theories to foreground the role of legal systems, regulatory capacity, political settlements, and informal norms in shaping corporate behaviour. This theoretical orientation allows the author to move beyond formal legal rules and to examine how governance operates in practice. In doing so, the book makes a strong case for understanding corporate governance not merely as a set of compliance obligations, but as an institutional arrangement that structures power, accountability, and resource allocation.

Corporate Governance and Banking Regulation

The book has several strengths, and these will be explored in the subsequent sections. One of the strengths is its detailed analysis of the relationship between corporate governance and banking regulation. Recognising the distinctive nature of banks as highly leveraged, systemically important institutions, the book convincingly argues that corporate governance is an integral component of prudential regulation. Weak governance in banks does not merely affect shareholders; it poses risks to depositors, employees, financial stability, and the wider economy. The book engages critically with theories of banking regulation, including public interest and private interest theories, and clearly articulates its preference for a public interest approach. This normative stance is justified on the basis that banks operate with public guarantees, access to depositors' funds, and implicit state support. Accordingly, their governance frameworks should reflect broader stakeholder interests rather than narrow shareholder value maximisation. The discussion of regulatory strategies command and control, self-regulation, and responsive regulation is particularly effective. The book's endorsement of responsive regulation reflects an appreciation of regulatory complexity and the need for flexibility in enforcement. This discussion further reinforces the book's central argument that regulatory effectiveness depends not only on formal rules, but on institutional capacity, enforcement culture, and regulatory legitimacy.

Empirical Case Studies: Nigeria and South Africa

The empirical heart of the book lies in its detailed examination of corporate governance and banking regulation in Nigeria and South Africa. These jurisdictions are carefully chosen as illustrative case studies of developing and emerging African economies with shared colonial legacies but distinct institutional trajectories. The analysis of Nigeria provides a comprehensive account of the historical development of corporate governance, from colonial legal transplants to contemporary regulatory frameworks. The book demonstrates how corporate law and governance codes in Nigeria remain firmly rooted in shareholder primacy, despite repeated banking failures and persistent stakeholder harm. The discussion of regulatory institutions, including the Securities and Exchange Commission and the Central Bank of Nigeria, highlights the limitations of formal compliance mechanisms in the absence of effective enforcement and institutional integrity. Similarly, the South African case study offers a nuanced exploration of corporate governance reforms, including the King Codes and their emphasis on corporate social responsibility and stakeholder engagement. While acknowledging South Africa's relatively more developed institutional environment, the book shows that shareholder dominance and structural inequalities continue to undermine effective stakeholder protection in the banking sector. The comparative analysis between Nigeria and South Africa is particularly effective in illustrating how different institutional configurations shape governance outcomes, even within broadly similar legal frameworks.

The Functional Stakeholder Model (FSM)

Perhaps the most significant original contribution of the book is the development of the Functional Stakeholder Model (FSM) of corporate governance. The FSM is proposed as an alternative governance framework tailored to the realities of African banking sectors and other developing and emerging markets. Unlike abstract stakeholder models that often lack operational clarity, the FSM is explicitly designed to address institutional weaknesses. It identifies critical stakeholders whose interests are essential to the stability and legitimacy of banks and proposes concrete mechanisms for their inclusion and protection. These include reforms to board composition, enhanced stakeholder representation, strengthened enforcement mechanisms, and the integration of corporate social responsibility into governance structures.

The FSM is grounded in institutional theory, recognising that governance reforms must align with existing political, legal, and socio-economic conditions. At the same time, it is forward-looking, offering a pragmatic framework for incremental reform rather than wholesale institutional transformation. This balance between realism and normative ambition significantly enhances the model's practical relevance.

Contributions to Scholarship and Practice

Corporate Governance in Africa makes several important contributions to the literature. First, it advances corporate governance scholarship by challenging universalist assumptions and demonstrating the centrality of context in governance design and effectiveness. Second, it enriches debates on banking regulation by foregrounding governance as a core component of financial stability and stakeholder protection. Third, it contributes to African legal and political economy scholarship by providing a detailed, empirically grounded analysis of how legal transplants interact with institutional environments. Beyond academia, the book has clear relevance for policymakers, regulators, practitioners, and international institutions engaged in governance reform. Its recommendations are carefully calibrated to institutional realities and offer valuable guidance for designing governance frameworks that are both effective and legitimate.

Overall Assessment and Recommendation

This book is a substantial, original, and timely contribution to the study of corporate governance and banking regulation in Africa. Its theoretical rigour, empirical depth, and normative clarity make it an important resource for scholars and practitioners alike. By moving beyond cultural or essentialist explanations of governance failure and instead situating corporate governance within institutional and political economy frameworks, the book offers a compelling and constructive pathway for reform. *Corporate Governance in Africa* should be regarded as essential reading for academics working in corporate law, banking regulation, development studies, and political economy, as well as for regulators and policymakers seeking to improve governance outcomes in developing and emerging markets. It not only diagnoses enduring problems with clarity and precision but also offers a credible and innovative

framework for addressing them. In doing so, the book makes a lasting and valuable contribution to the body of knowledge.

Methodological Approach and Use of Sources

A further strength of *Corporate Governance in Africa* lies in its careful and transparent methodological approach. The book combines doctrinal legal analysis with comparative institutional inquiry, drawing on statutes, regulatory instruments, governance codes, policy documents, and case law from multiple jurisdictions. This methodological pluralism enables the author to move beyond purely formal legal analysis and to capture how corporate governance rules function in practice. By situating black-letter law within its political, economic, and regulatory context, the book avoids the common pitfall of assuming that legal transplantation automatically yields functional equivalence across jurisdictions. The author's engagement with secondary literature is similarly robust. The book draws on a wide range of interdisciplinary scholarship spanning corporate law, financial regulation, development studies, political economy, and institutional theory. This breadth strengthens the analytical framework and ensures that the discussion of African corporate governance is firmly embedded within global academic debates rather than treated as a niche or exceptional field of study. The careful synthesis of this literature demonstrates both mastery of the field and originality in its application to African contexts.

Normative Orientation and Reform Implications

In addition to its analytical contributions, the book is notable for its clear and coherent normative orientation. It does not merely diagnose governance failures but advances a principled argument about how corporate governance systems in Africa ought to be designed. This normative dimension is grounded in the recognition that banks and other systemically important firms perform public functions and therefore generate obligations that extend beyond shareholders. The book's emphasis on depositor protection, financial stability, and social welfare reflects a broader conception of corporate purpose that is particularly compelling in developing and emerging economies. The reform proposals advanced throughout the book are pragmatic rather than utopian. Rather than advocating wholesale institutional redesign, the author

acknowledges the constraints imposed by political realities, regulatory capacity, and historical legacies. The Functional Stakeholder Model is thus presented as an adaptive framework capable of incremental implementation. This emphasis on feasibility significantly enhances the book's policy relevance and distinguishes it from more abstract or idealised governance models.

Broader Significance and Interdisciplinary Impact

While the book's primary focus is corporate governance and banking regulation, its implications extend well beyond these fields. The analysis speaks directly to broader questions concerning state capacity, regulatory legitimacy, and economic development in Africa. By demonstrating how governance failures in the banking sector can exacerbate inequality, undermine public trust, and destabilise economies, the book underscores the interconnectedness of legal regulation and socio-economic outcomes. Moreover, the book makes an important contribution to debates on law and development. It challenges simplistic narratives that attribute governance failures to cultural deficiencies and instead foregrounds the role of institutional design, power relations, and historical contingencies. In doing so, it aligns with and enriches critical political economy scholarship that seeks to understand development outcomes through structural rather than essentialist explanations.

Conclusion

Corporate Governance in Africa represents a substantial and original contribution to the study of corporate governance, banking regulation, and African political economy. Its combination of theoretical sophistication, empirical depth, and normative clarity sets it apart from existing literature in the field. By offering a context-sensitive critique of dominant governance models and advancing a carefully constructed alternative, the book provides both an incisive diagnosis of enduring problems and a credible pathway for reform. The book will be of considerable interest to scholars across disciplines, including corporate law, financial regulation, development studies, and political economy. It will also be valuable to regulators, policymakers, and international organisations engaged in governance reform in Africa and other emerging markets. Ultimately, the book succeeds not only in advancing academic understanding but also in contributing meaningfully to ongoing debates about how corporate governance can be reimagined to promote stability,

accountability, and inclusive economic development. In this respect, it stands as an important and timely addition to the body of knowledge.

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