Book Review Symposium IX: Corporate Governance in Africa, (Routledge 2025) - Corporate Governance Challenges in Africa's Banks: Towards a Contextual and Institutional Framework

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In Corporate Governance in Africa, Victor Ediagbonya embarks on a critical examination of the corporate governance landscape within the African banking sector, offering a well-reasoned and empirically grounded challenge to the wholesale transplantation of the Anglo-Saxon model into sub-Saharan Africa. Drawing from institutional and stakeholder theories, Ediagbonya proposes a 'Functional Stakeholder Model' (FSM) as a context-sensitive alternative governance framework. This book stands as a significant contribution to both comparative corporate governance and the broader discourse on institutional reform in developing economies.

The book offers a clear and compelling central thesis: the failure of corporate governance frameworks in many African countries, particularly in the banking sector, stems from the direct importation of models from developed economies – especially the UK – without accounting for the weak institutional environments that characterise much of Africa. Ediagbonya argues that effective governance requires not just robust laws on paper but also supportive enforcement mechanisms, credible institutions, and culturally adapted structures. In deploying a FSM, the author attempts to recalibrate an analysis of governance which better grasps these realities.

In laying out this argument, the book is divided into three well-structured parts. Part A outlines the book's overarching theoretical approach. Chapter one introduces the research problem and critiques the historical reliance on legal transplantation from the UK. Chapter two offers an insightful discussion of six key corporate governance theories: agency, stewardship, shareholder primacy, enlightened shareholder value (ESV), institutional, and stakeholder theories, making a strong case for the inadequacy of shareholder-centric models in the African context. The chapter's discussion of section 172 of the UK Companies Act 2006 is particularly noteworthy, as it reveals the tension between stated stakeholder considerations and actual shareholder primacy in practice. Chapter three transitions to banking regulation, linking corporate governance failures with systemic financial instability. The public interest theory is advanced as the preferred regulatory philosophy, and the concept of responsive regulation, a hybrid of command-and-control and self-regulation, is adopted as a practical regulatory strategy for the African banking sector. This chapter successfully connects the book's theoretical underpinnings with regulatory practice in the real world. This represents a notable strength of the book.

Part B turns to empirical contexts. Chapter four, for example, examines international governance frameworks, including the OECD and Basel Committee principles, arguing that these need to be tailored to the local institutional environments of African nations. It further contrasts major governance models such as the Anglo-Saxon, Continental European, and Japanese Keiretsu, emphasising that Africa's adoption of the Anglo-Saxon model, without institutional scaffolding, is particularly problematic. Importantly, the chapter also identifies the banking industry's unique risk profile. credit, market, and operational risks, which require more nuanced governance structures. Chapter five presents an in-depth analysis of Nigeria's corporate governance evolution, from colonial era legal imports to the current regulatory regime anchored in the Companies and Allied Matters Act (CAMA), the SEC Code, and the CBN Code. Ediagbonya's historical approach is particularly effective here in showing how institutional legacies have shaped the present regulatory environment. A key insight is the persistent neglect of non-shareholding stakeholders such as employees, depositors, and communities across all major governance instruments, with repeated failed attempts to legislate corporate social responsibility (CSR).

Chapter Six shifts focus to South Africa, drawing parallels to Nigeria in terms of historical legal inheritance and the dominance of shareholder interests. The author explores King IV and other regulatory tools, noting some progress in corporate social responsibility (CSR) but concluding that systemic weaknesses and institutional misalignments still hamper effective stakeholder protection. These empirical chapters are rich in detail and clearly illustrate the limitations of a one-size-fits-all governance model.

Part C offers prescriptive insights and is arguably the heart of the book. Chapter Seven makes a compelling case for a departure from the Anglo-Saxon model, reiterating the mismatch between institutional context and imported legal frameworks. Chapter Eight introduces the FSM in detail. The model advocates for a pluralistic governance structure that includes employees and debtholders on boards, increases female and non-executive representation, mandates a CSR committee, and revises banker education and professional development. Notably, the chapter addresses enforcement, which is a major governance gap, by proposing that third parties (for example, the Attorney-General and bankers' associations) be granted powers to initiate legal action. The suggestion for a specialised court for banking law is practical and reflects an acute awareness of Africa's judicial constraints. The final chapter, Chapter Nine, provides a succinct summary, reiterates recommendations, outlines the book's original contributions, and suggests avenues for future research. The author's ability to combine theoretical innovation with practical policy recommendations is one of the book's greatest strengths.

Ediagbonya’s book is ambitious, well-researched, and theoretically robust. It excels in linking the failures of corporate governance in Africa to broader institutional and legal transplantation issues. The use of Nigeria and South Africa as case studies is judicious, offering contrast and comparability. The book also achieves its goal of offering a functional alternative to prevailing models. However, there are areas that could benefit from further development. While the FSM is promising, more empirical data or pilot studies could enhance its credibility and explore the possibilities and limitations as it relates to generalisability.

Second, while the book relies heavily on secondary sources and regulatory analysis, integrating interviews with policymakers or banking executives might have enriched the depth and nuance of the book’s overall analysis. Additionally, although Nigeria and South Africa are major economies, incorporating smaller economies or Francophone African countries would have increased the generalisability of the findings. Despite these limitations, Corporate Governance in Africa is a valuable resource for academics, policymakers, regulators, and practitioners. Its critical interrogation of prevailing models and its call for a context-specific governance approach resonate across fields such as law, finance, development studies, and public administration.

Corporate governance in Africa is a timely and significant contribution that challenges orthodoxies and proposes pragmatic, locally adapted reforms for the African banking industry. The proposed FSM holds considerable promise for shifting the governance discourse in Africa away from Eurocentric paradigms toward more inclusive, context-aware frameworks. As Africa’s financial systems evolve amid institutional flux, this book provides both a diagnostic and a roadmap – a much-needed addition to the corporate governance canon.

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