

# **ATTITUDE AND MONEY MANAGEMENT BY TOP LEVEL CORPORATE EXECUTIVES IN NIGERIA**

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## ***Abstract***

*There has been a rapid increase in the number of corporate failure as a result of poor attitude of top-level executives and managers. This study reviews the causes and effects of poor attitude to work and poor money management by top level executives in Nigerian Corporations. Lack of corporate executives' positive attitude to manage money, towards reliable and functioning system of internal control, in co-ordination of operations, to uniformity in the standards of acceptable best practices and the non-*

*enforcement of the various regulatory laws have contributed to the failure of several companies in various sectors of Nigerian economy. It recommends adoption of management philosophy and operating style as well as application of ethics to stem the tide.*

## **Introduction**

According to the *Oxford Advanced Learner's Dictionary*, Attitude is the way someone thinks and feels about something or somebody; the way a person behaves towards somebody or something that shows how one person thinks and feels; to have a good or bad, positive or negative attitude towards somebody or something (Hornby 2000). An attitude is a collection of feelings and beliefs.

Like everyone else, top level corporate executives and managers have attitudes concerning their jobs and organizations, and their attitudes affect how they approach their jobs in the context of managing public money entrusted to them and the organization. Attitudes, values and moods capture how corporate executives and managers experience their jobs as individuals. Specifically, attitudes capture top level corporate executives as well as manager's thoughts and feelings regarding their specific jobs (in this context, management of money) and organizations.

Two of the most important attitudes in this wise are: (i) job satisfaction and (ii) organizational commitment.

***Job satisfaction:*** This is the collection of feelings and beliefs that top corporate executives and managers have about their current jobs.

***Organizational commitment:*** Is the collection of feelings and beliefs that some executives and managers have about their organization as a whole. Executives and managers, who are committed to their organizations, believe in what their organizations are doing, are proud of what these organizations stand for and feel a high degree of loyalty toward their organizations. Committed executives and managers are more likely

to go above and beyond the call of duty to help and uplift their company and are less likely to quit. Organizational commitment can be especially strong when employees and their executives truly believe in organizational values, leading to a strong organizational culture (Jones and George, 2004).

Money came in existence as a substitute to a barter economy, and a very important event in the history of business and exchange processes. Money solved most of the problems created by barter exchange, which include unit value problems in exchange, double coincidence of want and the restriction of the number of transactions that take place in a system to a locality. Without a common medium of exchange and a common unit of account that is acceptable to both consumers and producers, it is very difficult to achieve allocation of resources to satisfy consumer's preferences. Money is an important instrument for economic activity for any society, such as specialization, division of labour, sustenance of individual lifestyles, etc., which are encouraged by the use of money. Money is, therefore, defined as anything which is generally acceptable in the community as final payments for goods and services and or for settlements in the system.

Management is defined as the co-ordination of all the resources of an organization through the process of planning, organizing, directing, and controlling in order to gain organizational objectives. It is the planning, organizing, leading and controlling of human and other resources to achieve organizational goals effectively and efficiently.

Money management refers to the day-to-day financial activities necessary to manage corporate and personal economic resources while working toward long-term financial security (Kapoor *et al*, 2004).

### **Attitude and Money Management**

Nigerian employees characteristically have a very poor attitude to work. The average employee is not on seat about fifty per cent of the time. Excuses abound for an employee to leave his seat for personal interests, such as going to the bank, picking up children from school, taking a member of the household to hospital, and attending one civic or social responsibility or the other. Maintaining financial records and planning the corporation's spending are very vital to a successful corporate financial management. The time and effort top level executive devote to these vital record keeping, activities will yield great amounts of benefits to the corporation. This however, cannot be achieved if corporate executives and lower employees do not have positive attitude and ethical values toward the success of the corporation. In Nigeria today, there has been a rapid increase in the number of corporate failure as a result of poor attitude, and the magnitude of problems have reached an unprecedented level.

Presently, the problem seems to assume a generalized dimension, thereby, making it an issue of concern to the government, regulatory authorities, shareholders, and the general public. Lack of corporate executives' positive attitude to manage money, lack of positive attitude towards reliable and functioning system of internal control, lack of positive attitude in co-ordination of operations, lack of positive attitude to uniformity in the standards of acceptable best practices and the non-enforcement of the various regulatory laws have contributed to the failure of several companies in the various sector of the economy.

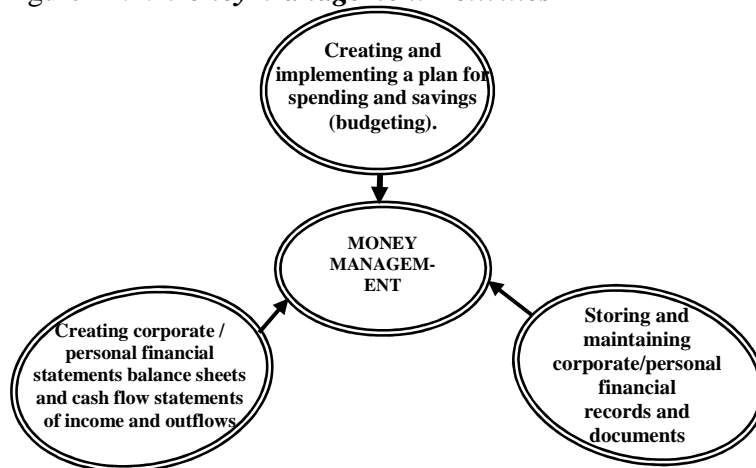
It is therefore, without doubt that the Nigerian experience in the failed banks and the African Petroleum Saga emanated from these various poor attitudes. The collapse of multi-billion dollar companies, such as Enron and others in the United States and Europe, have been attributed to failure to adopt good corporate governance practices. In Nigeria the bank failure is related to lack

of positive attitude by top corporate executives in the management of their financial resources and bad corporate practices (Ajadi, 2006).

### **Components of Money Management**

There are three major money management activities, and the activities are interrelated. First, Corporate and Personal financial records and documents are the foundation of a successful systematic resource use. These provide written evidence of business transactions, ownership of property and legal matters. Second, Corporate as well as personal financial statements enable one to measure and assess their financial position and progress. Thirdly, the corporations spending pattern measurers spending plan or budget as the basis for effective money management. The inability of any corporate executive to coordinate these three activities of money management as a result of poor attitude to work heads to the failure of the corporation (Kapoor *et al*, 2004).

Figure 12.1: *Money Management Activities*



Source: Author's Model, 2008

## **Causes of Poor Attitude towards Money Management by Top Level Corporate Executives in Nigeria**

### **Poor Management**

The success or failure of Nigerian corporate executive's money management depends largely on their negative or positive attitude toward the quality of management and the level of their accountability to the owners of the corporations. Most corporate executives develop nonchalant attitude at work and as such, do not like their activities to be monitored or criticized, and as a result, pursue and promote sectional, selfish and ethnic, as opposed to National and Corporate interest. Ahmed (1998) posits that people without sufficient sense of direction and responsibility and proven ability in their fields of endeavour when appointed to the boards of corporate organizations including executive directors in some cases, would not be aware of their responsibilities and obligations attached to the position and the units of privilege and benefits derivable there from. Therefore, the quality of the directors determine whether the company thrives or not.

### **Fraud**

Fraud is an act of dishonesty, deceit, falsifications and manipulation generated to gain undue monetary and non-monetary benefits. Fraud may be perpetrated in both manual and computerized accounting system (Ojeide, 2002). It is obvious that the "get-rich quick attitude syndrome of several corporate executives, directors, managers, greed, poverty and the falling standards of living are some of the reasons for the increase in the rate of fraud and fraudulent practices in corporate organizations in Nigeria. In the United States, the Department of Justice stressed that the Federal Bureau of Investigations (FBI) agents work with Security Exchange Commission (SEC) on the three types of crimes: (i) Accounting fraud and insider trading, (ii) self dealing

transactions that enrich employees, and (iii) obstructing justice by lying under oath, destroying documents or coercing others to do so. In a similar vein, the Independent Corrupt Practices Commission (ICPC) and Economic and Financial Crime Commission (EFCC) have the authority to investigate fraud both in private and public sectors in Nigeria (Ajadi, 2006) in order to enhance good corporate governance.

### **Conflict of Interest**

Most corporate executives and directors have very poor attitude in separating their personal and greedy interests from those of the company. This has serious consequences for the company and its numerous shareholders. Hence, the virtue of corporate governance was jettisoned to satisfy narrow interest of the directors. As a result, conflict arises. Asein (2001) stresses that many directors and corporate executives have been known to have compromised their offices because of their materialistic attitude, selfish interests, greed, status upgrading, pressure from families, relations, friends and communities.

### **Corruption**

Corruption occurs when the perpetrators engage in several unpatriotic acts and brutal manipulation of the system which had caused changes in the total structure or process of the society in order to produce dishonest or defiled situation as a result of their selfish personal interest (Odebode, 2003). Corporate organizations in Nigeria are deeply embedded in worse cases of abuse by corporate executives, leading to poor corporate governance. These abuses by executives are reflected in the form of falsification of accounts by top level executives, auditors, directors and management of quoted companies. Of course, in every corrupt transaction, there exist at least two parties: the one who gives the bribe and the person who takes the bribe (Nwachuku, 2006).

For example, Willbros, an oil servicing firm in Nigeria, agreed to pay over \$32 million in fines and forfeitures in order to settle accusation of bribing top Nigerian and Ecuadorian government executives, according to United States Justice Department. Willbros officials, from late 2003 to March 2005, agreed to make “corrupt” payments of over \$ 6.3 million to Nigerian government officials in the hope of securing a \$387 million-dollar contract tied to a major natural gas pipeline project. The conspirators corruptly paid, promised to pay and authorized payments to high rank executives of the Nigerian National Petroleum Corporation in the bid to secure a contract under the table. Because these high rank executives lack positive attitude, moral and ethical values toward money, they became entangled in such bribery transactions (*Business Day*, 2008).

### **Lack of Management’s Philosophy and Operating Style**

Executives lack appropriate and positive attitude toward risk taking when large sums of money are before them and proceed with new ventures, missions or operations to yield profits from such amount presented to them. They also lack that supportive attitude toward the functions of accounting, information management systems, personnel operations, monitoring, and internal and external audits and evaluations. Again, they have poor attitudes in disclosing all financial, budgetary, and programmatic information needed to fully understand the operations and financial condition of the corporation.

### **Control Environment**

Internal control standard relates to control environment in which management and employees should establish and maintain an environment throughout the organization, thereby, setting a

positive and supportive attitude standard toward internal control and conscientious management. In Nigeria, failure to foster positive attitude toward internal control creates room for poor attitude toward managing money. Integrity and ethical values are of importance to executives in maintaining positive attitude toward managing money at the top. Executive branch employees are subject to standards and principles of ethical conduct in accordance with the federal statutes.

Further, in dealings with the general public, Senate, House of Representatives, employees, suppliers, auditors and others must be conducted by executives on a high ethical plane. For instance, the executives must ensure that financial, budgetary and operational or programmatic reports are proper and accurate (not intentionally misleading) to the public. Also, fostering positive attitude will lead executives to ensure that appropriate disciplinary action is taken in response to departures from approved policies and procedures or violations of code of conduct by directors and lower cadre employees.

### **Ethics and Top Corporate Executives**

Ethics are standards and rules that help one determine right from wrong. The Golden Rule, “Do unto others as you would have others do unto you”, is a well-known ethic. The Golden rule can help the executives of corporations to do the right thing in many situations. Corporate executive’s values help set the ethical tone for the failure or success of the corporation. Business ethics made headlines in 2002 in the United States of America when several huge corporations were found to have published inaccurate financial statements. These false numbers made the companies look so good that they were some of the most highly recommended stock picks on Wall Street. Top executives at Enron, WorldCom MCI, and other firms, had inflated their companies’ earnings so they could pocket enormous bonuses while misleading

shareholders. When the truth came to the fore, public confidence dropped, along with stock prices; and investors lost millions in their investments.

One of the companies, Enron, the energy giant had strongly encouraged its own employees to invest their retirement savings in Enron stock - even while top company executives knew the worth of the stock was based on false numbers. These employees had their life savings destroyed by such unethical behaviour arising from these activities. Enron collapsed, and thousands of employees lost their jobs and saw their pension funds reduced to nothing.

These scandals were a failure of corporate governance, meaning that companies did not have safeguards in place to prevent top level executives from lying and stealing as a result of self interest, greed and get-rich-quick and never-have-enough syndrome due to poor attitude and lack of ethical values. In the same vein, Zenith Bank Nigeria Plc, oversubscribed its offer by 500% as it hoped to raise N130 billion through its hybrid offer. As a result of the Securities Exchange Commission's (SEC) clearance on the basis of allotment, funds meant for rejected applications and excess funds will be returned to applicants, as companies are allowed to appropriate a maximum of 25 percent of over subscribed offerings.

According to SEC, Zenith Bank's hybrid offer analysis indicated an excessive interest on the company's stocks by investors, so much that it attracted such oversubscription, indicating that at least four investors were effectively demanding to be allotted with each unit share that was offered. Further, the data released from Securities and Exchange Commission (SEC) showed that the bank received a total of 328,765 applications for 8.7 billion ordinary shares, a figure far greater than the 1.763 billion ordinary shares offered at ₦38.90 per share for each 50k ordinary share.

Also, the rights issue made at ₦36.90 for each 50k ordinary share was also oversubscribed, as 48,285 subscribers applied for 316.2 million ordinary shares as against the 299.6 million units that were actually allotted. So, the executives at Zenith Bank inflated their company's offer so they could pocket enormous cash bonuses while misleading investors.

Again, it is without doubt that there is a national or even global music about selfish, fraudulent, nonchalant, greedy and negligent attitude towards financial management by high level bank and private executives in corporate organizations in Nigeria. For example, top executives of Afribank, Union Bank, Intercontinental Bank, FinBank and Oceanic Bank in Nigeria are culprits of these characteristics. These executives knowingly and willingly behind the curtains provided non-performing loans, or what is known as complementary-card-loans, in billions of Naira to their close associates both in private and government organizations without seeking for adequate and appropriate collateral in lieu of loan repayment. It is obvious that these executives had special interests in the loan amount provided to the borrowers.

As a result of non-repayment, there was a liquidity problem in the banks. Arising from ailing cash liquidity from these banks, the Central Bank of Nigeria (CBN) probed into the ailing liquidity of these banks and uncovered numerous unethical practices by these top bank and private executives. For instance, executives such as the former Governor of Rivers State, Honourable Peter Odili, Mrs. Cecilia Iburu of Oceanic Bank, James Ibori of Ascot (former Wilbros), C.Y. Banguma of Notere Corporation and Mrs. Ndi Okereke-Onyiuke - Director General of the Nigerian Stock Exchange (NSE) - and a host of others have serious questions to answer with the Economic and Financial Crimes Commission (EFCC). To avoid the "death" of these banks, the CBN in August 2009 injected over 400 billion Naira into these banks in order to stabilize their liquidity status (AIT, 2009).

## **Conclusion and Recommendations**

Corporate failures are on the increase in Nigeria, and the magnitude of the problems has reached unprecedented level. Developing and enforcing positive attitude toward the management of a corporation's financial resources are the ways and means of preventing financial theft and malpractices that can occur through the mechanism designed by either the board at the top or management. It stresses the adoption of best internationally accepted practice of well defined rights, solid control of environment, high levels of transparency, disclosure and empowered board of directors. Therefore, enforcing strong positive attitudes will not only improve the corporation's performance but also protect against corruption by encouraging greater transparency and disclosure of information, especially financial reports of the corporation.

In today's business world, creating positive attitude is vital in the development of the corporation as well as the community. Positive attitude in all ramifications has remained a great concern in the business world. Positive attitude to management eliminates financial impropriety in order to protect investors and the community. Specifically, Nigerian Corporate executives at the top need to constantly and adequately examine internal control in order to determine how well it is performing, how it may be improved, and the degree to which it will assist identify and address major risks for fraud, financial waste, financial abuse and mismanagement. Further, ethical tone and standards must be developed and adhered to in order to adequately manage the corporation's money and to ensure that these ethical issues are properly communicated throughout the corporation. Fostering integrity and ethical values is the key to positive attitude toward the management of a corporation's financial resources.

With the inherent poor attitude of Nigerians to managing money, integrity and ethical values must be established and practiced. Therefore, it is recommended as follows:

- Corporate executives should at all times have a management philosophy that enhances positive and supportive attitude toward the functions of accounting, information management systems, personnel operations, monitoring, internal and external audits and evaluations.
- Executives and directors should consider each of the control environment factors in determining whether a positive control environment had been achieved or not, because without developing and practicing a positive attitude in a work environment, the organization is exposed to decline or a total failure.
- Corporate executives should develop positive attitude in critical financial issues and support a conservative approach toward the application of accounting principles and estimates.
- Corporate executives and directors should drop the attitude of exaggerated budgetary estimates that are stretched to a point of unreasonableness.
- These officials should overhaul their business practices and adopt the desired positive attitude, moral and ethical values for the growth of the corporation, the good of the public and more especially the host community.
- They should develop a positive attitude that will lead to establishing and using formal code or codes of conduct and other policies to communicate appropriate ethical and moral behavioural standards, to address acceptable operational practices and conflicts of interest as previously noted in earlier section of this paper. Codes are comprehensive in nature and directly address issues, such as improper payments, inappropriate use of resources,

conflicts of interest, political activities of employees, acceptance of gifts or donations. With the institution of the codes, executives and directors will know what kind of behaviour that is acceptable, what penalties unacceptable behaviour may bring, and what to do if they become aware of unacceptable behaviour.

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