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THEORETICAL ANALYSIS OF GLOBALISATION AND CORPORATE PERFORMANCE IN CHEMICAL INDUSTRY: THE MEDIATING ROLE OF CORPORATE GOVERNANCE

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ABSTRACT: *Good corporate governance practice is a major yardstick for standardizing business practices in the midst of a high rate of diversities and inconsistencies in global business practices. Industries are operating in a global business environment that is deeply embedded in interdependency, and is being subjected to good corporate governance requirements. In this sense, the paper examined the definitions of corporate governance, its principles and control mechanisms. It also focused on the phenomenon of globalization and links it with good corporate governance principles that can promote values in the area of code of conduct in supporting excellence and the creation of an ethical culture in the industry. The study suggested a framework for chemical industries for enhanced performance and their continuous growth and development of industries. It is concluded that globalization is a phenomenon that has assumed a new proportion in present day global political economy for which companies must equip and package themselves effectively and thoroughly to face their challenges in the 21st century. In recommendation, managers of industries must strictly follow principles/regulations of corporate governance in a global economy.*

KEY WORDS*: Corporate governance, globalisation, business environment, companies.*

INTRODUCTION

> *The sea brought Greeks the vine from Indian, from Greece transmitted the use of grain across the sea, from Phoenicia imported letters as a memorial against forgetfulness, this preventing the greater mankind from vineless, grainless and unlettered (Piutarch 100 A.D. cited in Lynn, 2003). This, aptly describes the implication of globalisation.*

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Globalization has continued to allure increased analytical and scholarly concern across the world. Thus, it is not a misnomer to say that globalisation has been at the focal point of most development and intellectual disquisition or treatise (Prasad, Rogolf, Wei & Kose, 2003). It is true that globalization has brought about some great benefits for many nations. The progress has not been without great variations. There are also disadvantages, while some little gains great improvements through experience, others may be left behind at least in the short run (Keat & Young, 2006).

It is on this note globalisation is defined in simple term by Almadani (2014) as the free movement of goods, services and capital. In theory, globalisation is supposed to be for the good of all. In practices, however, the concept was designated by advanced countries on behalf of their companies and financial institutions for the sole purpose of surmounting the rules and regulations designed by developing nations to raise their home economy and local firms which were invisibilized during colonial era.

Globalisaiton is supposed to integrate word economies, governance, technology and culture because it involves the transfer of information between developed and developing countries by trying to unstay all national impediments to the free movement of capital. This series of events which produce a result is quicken and eased by the transformation in information technology that is greater than the speed of sound. Globalization is therefore a phenomenon of capital mobility via its two forks which are foreign direct investment and indirect investment (international portfolio flow). Direct investment means that the interests of the investing country put into price control (regardless of official or legal status over the asset created in the capital importing country by instrument of the investment. Indirect investment (portfolio or renter investment) is made up of fundamentally of the holdings of transferable securities, shares or debentures by the subjects of other countries. Such holding may not be equivalent to a right to control the company (Jhingan, 2010).

Survival in the new global business market requires improved productivity and increased competition. The market thus became worldwide not particular area. There are a lot of industries around the global financial market that engage in business transactions. There is a high rate of unlikeness and disproportionateness in business practices in the different markets. The risk of doing business has increased due to incongruities. Industries have to upgrade their products and use technology skillfully for facing the competition and increasing their competitiveness. Also various measuring rods to standardize business practices are being sought by investors. A major mechanism is the recognition of and sticks to good corporate governance practices deep-rooted in interdependency and the necessity for industry to minimize the effects of globalization.

Corporate governance is the set of processes, customs, policies, laws and institutions effecting the way a corporate is directed, administered or controlled (Saheed, 2013). The term also includes the network of relationships among the many stakeholders (shareholders, management, board of directors, employees, suppliers, customers, banks and other lenders, regulating the environment and the community at large) involved and the goals for which the corporation is governed. Corporate governance has been described by many authors in terms of a system of controlling, structuring and operating a company with a view to attaining long term corporate goals. Concerns for corporate governance is now genuinely global, mirroring recognition by business leaders,

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world leaders, and investors that the good worth of corporate governance is a factor in the ability of economy of a nation to grow vigorously or luxunantly (Gregory, 2000). Corporate governance is a crucial ingredient for the firm performance as well as for the entire growth of the economy of the country (Alon, Brava et al 2006 cited in Ibrahim, Rehman a& Raoof, 2010). According to them, "*the one point increase in overall corporate governance index would result in around a half percent increase in net revenue and worst change in overall corporate governance index predicts about 40% increase in company's net revenue".* The researchers stressed that the shareholders can monitor and pressurize the managers via directors for maximum usage of the capital to increase the value of the shareholders (Ibrahim, Rehman & Raoof, 2010).

Touda et al (2007) cited in Ibrahim, Rehman and Raoof (2010) see corporate governance as extensively crucial to the value of the firm as the policies are crucial for the firm to stand. They reported that the firms which are manager and shareholders friendly have a….. achieved negative abnormal return. Thus, firms must practice corporate governance to enable them get the better returns in future.

Claudia, G. Bocean cited in Ibrahaim, Rheman and Rahoof (2010) stress that corporate governance plays a crucial role in improving the market confidence of the firm and also leads the firm towards prosperity and stability. He further observed that corporate governance is of great importance because equity of shareholders depends on it due to its policies and regulations. Firms that practice corporate governance are more profitable and characterized by success (Lawrence et al 2004 cited in Ibrahim, Rehman & Raoof, 2010). They pay more to their shareholders. Some provisions of the firm according to Lawrence et al (2004) cited in Ibrahim, Rehman and Raoof (2010) improve values of the firm such as equity and fairness. Ibrahim, Rehman and Raoof (2010) stress that corporate governance has significant input on Chemical sector Reform on Equity (ROE). Corporate governance has important and for reaching impacts on firm performance (Latiffi, Shahid & ul-Haq, 2018). Good corporate governance practices go beyond financial requirements to include the organisation's business behaviour in its operational environment which include social and environmental performance of the organisation. However, products which show a good response by the organisation to its operational environment are supported by consumers. But products that cannot meet the expectations of consumers are avoided by consumers. Many of the participants in many companies are being brought under good corporate governance requirements. To this end, the adoption of internationally recognized standards of good corporate governance has been posited as an appropriate and expedient approach of offering chemical industry the chance to gain a share of future investment capital for improved performance.

Contextualizing Globalization and Corporate Governance

Many scholars have written so much on globalisation (Ake, 1995; Rugumamu, 1999; Clark, 1999; Mitlleman, 2000; Ninsin, 2000; Tandon, 2000, Danja, 2012). There are different views on the subject and these depend on the firmly held ideological belief of different scholars. However, the issue of globalisation is a multi-dimensional and multi-faced process that cut across cultural, economic, political and social spheres that have been variously expanded in different terms and contexts (Solimano, 1999). It tackles the notion of a separate nation state and shifts the paradigm from the arena of international politics to the realm of planetary politics (Chen, 2000). In general perspective, the phenomenon of globalization is broad and diverse (Solimano, 1999). Globalisation is one of the major concepts of the 21st century and is one of the most hotly debated, criticized and contested. In this vein, Robinson (2004) said

> *"there is no consensus on what has been going on in the world denoted by the term "globalisation", competing definitions which give us distinct interpretations of social reality. Hence the very notion of globalisation is problematic given the multitude of partial, divergent and often contradictory claims surrounding the concept"*

Where the political implications of these claims are considered, it is obvious that gloablisaiton has become what we call fundamentally debated concept. The debating battle ground of such concepts is "a leading edge of political conflict" because the meanings of such concepts are related to the problems they search to discuss in a case manner and in what kind of social action people will engage. Thus, Robinson (2004) believes that "knowledge claims are not neutral. They are grounded in situated social and historical contexts, often in competing social interest". There is no single, simple and straight jacket definition. Some defined it within economic terms, while others define it with broad-based technological and sociological dimensions. In other words, much of what that have been documented on globalization has polarized it into two schools of thought, one as a process leading either towards global uniformity or increasing differentiation. Hence, many scholars and writers of different strongly held conviction have defined it as internalization, universalization, liberalization, westernization, etc. According to Ibrahim (2002), globalization is not a single unified phenomenon but rather "a syndrome of process and activities which embodied a set of ideas and a policy framework organized around the global division of labour and power". Ubenegbe (2018) see globalisation as any process of incorporating people into a single world. As at today, three main types of globalisation can be distinguished. Economic globalisation where the world is seen as a united economy. There are giant economies which play a formidable role in the development of all economies of the world. Cultural globalisation which refer to the transmission of idea and cultures around the world. It creates an intercultural communication which allows the creation of a brand new world (Ubenegbe, 2018). Political globalisation means a united government controlled by few. George Orwell (1984) in Ubenegbe (2018) reasoned it differently that globalisation process in policy has the tendency of hitting the word with global democracy. Political globalisation explains freedom of speech, justice and human rights. In the same line of reasoning, Aina in Abubakar (2001) noted that:

> *…. any meaningful and relevant understanding in globalization in Africa must go beyond the myths and ideologies of globalization… to the confrontation with the diverse but actual processes, how they unfold, their relationships with themselves and the social and economic relations and dynamics. Such an understanding must also recognize not only the complex but varied history of the processes being studied but it must reject a monolithic or homogenized understanding such as that found in the currently neo-liberal confrontation of the subject.*

In the context of the above averment, globalization is then seen as a transparent glass through which to view the whole collective human effort including issues of culture, power, gender, poverty, geographic, arbitrage, ecology, religion, identity, engineering, science, and the Diaspora.

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Policy makers and analysts have identified some core features of globalization (Pieterse, 2004). These include the following:

It is being shaped by developments in technology; involves the reconfiguration of states; is associated with regionalism; and is uneven. The concept of globalisation involves with its ambit the following features: liberalization, free trade, globalisation of economic activities, liberalization of import – export system, purchasing increased collaboration, economic reforms, a top-down process a multi-dimensional process compulsive process, borderless globe, connectivity Kumar (2018). Ubenegbe (2018) are world markets global product standardization, sharing of ideas, raising standards, and freedom standards. **.**

There are many aspects of controversy regarding globalization. The controversies emanated from the criticisms leveled against the phenomenon of globalization, the major ones according to Eze (2005) are:

- whether the phenomenon connotes marginalization or fragmentation or both.
- whether it is a contemporary phenomenon rooted in our collective history;
- whether it is interdependence or neo liberal capitalism,
- whether it is mediated according to corporate interest,
- whether it is a reality or theory
- whether it is economic or multidementional
- whether it is manageable,
- whether it strengthens the already develop advanced western countries or it marginalizes it peripheral economy of the third world countries (transformatory capitalist project).
- whether it is a fact and not a policy option
- whether it is in the interest of a nation to harness whatever the benefits of globalization for upward national mobility.
- whether it is deterritorialization or spread of supra-territoriality.
- its very definition.

For the purpose of this study, globalization is defined as the ongoing process of continuing economic, technological, social and political integration of the world. This process of continuing integration according to Pieterse (2004) takes place at the level of the collective unconscious.

There are two major contrasting schools of thought as regard globalization:
- Globalization as imperialism
- Globalization as interdependence

Imperialism school of thought on globalization claims that globalization as it is today reports nothing but capitalism and imperialism (Solimano, 1999). Those who believe in this paradigm gainstrife that “globalization is a transformatory capitalist project with the sole aim of serving to make under-developed countries poorer on the fridge of the world capitalism. Scholars who alluded to the same position include Ake (1995), Nabudere (2000), Ninsin (2000), Oriakhi (2001), Toyo (2000), Daja (2012).

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Interdependence school of thought contends that the reality of globalization is interdependence and it forms a positive development in the world affairs. This is based on the assumption "that it is capable of impacting positively on the life of state actors that integrate their economies" (Solimano, 1999). For instance, Fukuyama (1992) claimed that globalization is the universatization of western values. Scholte (2000) perceives the phenomenon as constituting a transformation in the spatial organization of social relations and transactions. Thus inter-dependence school of thought see a better world if countries would realize and make use of the maximum the opportunities provided by inter-dependency resulting from globalization. The import of their perspective is that interdependency has opened up the world, reduced human rights infringement and eliminates to a greater degree social and economic injustices by national governments.

Arising from above ideological and political predilections of the different schools, are two major struggles found in the globalization debate. The first is how to pursue change while at the same time preserving major values that are found in any society and their differences and the other is how to determine a management model. Divergent views have joined globalisation with displacement, marginalization, expanding global inequalities, new vim and vigor of exploitation, ecological shoah, and hostile to gloablization. Other views have proclaimed loudly the process as establishing newly discovered prosperity, manumission, democracy and free from being enslaved.

However, three of the core areas in which globalization have significant influence are:
Political: The integration of world affairs has created a world government or cartels of governments (e.g. World Trade Organisation (WATO), World Bank, International Monetary Fund (IMF) which regulates the relationship among government and guarantees the rights arising from social and economic globalization (Charles in Herman, 2002). Economic realization of a global common market based on the freedom of exchange of goods and capital.
Technical: Development of global telecommunication infrastructure increase in the number of standards applied globally e.g. capital laws. Globalisation has environmental, communal, religion and social scopes. Globalisation covers all aspects of the environment, world economy and society in order to embrace the broad impact area of globalisation (Bhowmick in Blog.ipleaders.in). Without iota of doubt, the world is changing in a manner that is striking in effect. Every country therefore has a responsibility to protect all of their economy and domestic market from this swift changing (Cramer, 2002). How firms will remodel to this changing is the question hanging on our lips. However, companies have to understand different effects of globalisation which are chances for progress and imminent dangers.
Shaeed (2013) identify some important ways where globalisation affects the economy, business life, society and environment.
Increasing Competition: Globalisation gives rise to increased competition which is a result of globalisation. This competition is related to product and service cost and price, technological adaptation, target market, hasten response and hasten production by companies as well as quality and customer satisfaction. A company is able to increase its market share when it produces with less cost and sells cheaper. Customers expect high quality and a cheap price which they are able and willing to pay. They are faced with too many choices in the market as they want to obtain goods and services quickly and in a more efficient way (Dower, 2004). The sales of the company will reduce, and lose profit and market share if the company fail to respond to these expectations.

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A company must be ready for increasing price competition for products and services because of global market requirements.

Technological development: The use of new technologies by entrepreneurial and internationally oriented firms to expect new business opportunities is one of the most striking evidence of globalisation. Technology enhances competition and quality of goods and services and necessitates a lot of costs for the organisation. Globalisation has made many companies to increase their sales and product quality, technological transfer and technological improvement have increased and markets are being directed by customers' expectations. However, capital intensive markets companies are at risk, thus, they have to have efficient technology management and efficient R & D management.

Knowledge/Information Transfer: Globalization has made information to be easily transferred and exchange from one country to another. In the present environment, information is a most expensive and valuable production factor. With this, companies can adapt to global changing. The rapid changing of the market needs also quick transfer of knowledge and efficient use of knowledge and information (Wrights & Etemad, 2001).

Portfolio Investment: Increased international portfolio investment is encouraged by globalisation, and globalisation in addition has opened financial markets to international capital flows. Portfolio investment is almost the only means to increase liquidity of the markets and economics for emerging countries via alluring foreign funds. Globalisation has solved problems of portfolio investment in developing countries. Portfolio investment as a short term investment can in a dramatic manner impact on the financial markets.

Regulation/Deregulation and International Standards: Globalization demands that markets and economy should be regulated. Many new and complex financial tools and methods existing in the market and globalisation effect can be seen in the areas of their transfer and trade in other countries (Aras & Crowther, 2007 a&b). These deregulations are also required to protect countries against global risks and crises. Globalization enable shares of big companies to be traded in international stock markets and these companies have stakeholders and shareholders in many countries. Globalisation emphasizes international standards to regulate markets and economies by instrument of international principles and rules such as international auditing standards, and international accounting standards with the aim of making corporate reporting more standardized and comparable.

Market Integration: Globalisation gives rise to the conversion of many markets and economies into one economy and market. All these markets can also be deregulated based on international standards and regulations.

Qualitative Intellectual Capital Mobility: Human capital mobility is enhanced via knowledge and information transfers. This is due to the fact that international/multinational companies have subsidiaries, agencies and partners in different countries. They require experienced and skilled, well educated, international personnel and rotation from country to country to provide appropriate international business practice and to adapt.

Financial Crisis – Contagion Effect – Global Crises: Globalisation determines financial crises and due to globalisation impact. A number of crises have characterized the financial world in recent years. Financial crises may be due to portfolio investment, lack of proper regulations and standards, rapid development of financial markets, asymmetric information and information transfer and intricate financial instruments. Fundamentally one county crises can result to a global

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crisis with spread financial crises from one country to another country (systematic risk effect) (Aras & Crowther, 2007 a&b) .

The Concept of Corporate Governance

The concept of corporate governance is poorly defined because it potentially covers a large number of several economic issues. As a result, different scholars have come up with different definitions that fundamentally minor or dwarfed their key interest. In other words, definitions of the term governance are many, varied, and interwoven and contradictory. However, a working definition is that *"governance is the art of steering societies and organisations".* whatever is our opinion about the definition, one is not far from truth that "*governance is the interactions among structures, processes, and traditions that determine how power and responsibilities are executed, how decision are taken and how citizens or other stakeholders have their say".* Basically, it concerns relationship, accountability and power: who has influence, who decides, and how decision-makers are held accountable (Graham, Amos & Plumptre, 2003).

Adams (2006) cited in Saheed (2013) view it as function of direction and leadership, risk management, control, transparency and accountability. Parkinson (1994) is of the opinion that corporate governance is the process of supervision and control (of governing) for minded to ensure that the management of company act in line with the interest of the shareholders. According to business dictionary.com, it is the framework of rules and practices by which a board of directors guarantee accountability, transparency and fairness in a relationship of a company with all its stakeholders (customers, management, government, financiers, employees and the community) (www.businessdictionary.com). Corporate governance according to Iskander and Cahmlou (2000) cited in Chiejine (2016) can be viewed from two aspects: That is the private and public sectors. From the aspect of public sector, corporate governance is about optimizing value subject to meeting the financial and often legal and contractual obligations of the corporation. This involves the broad of director's balancing the concerns of shareholders with taste of other stakeholder. Public sector perspective sees corporate governance as nursing enterprises, while ensuring accountability in the exercise of power and patronage by firms.

Corporate governance occurs in form of collective action. It therefore implies strategic decision concerning direction, participation and capacity. However, whatever is our stand on the concept of corporate governance, effective governance submits that boards and management staff are accountable for pursuing it (Gregory, 2000). Thus, effective corporate governance provides managers with omission of their use of corporate assets; enhances the efficient use of resources both with the organisation and the larger economy; support attempts to reduce corruption in business dealings; helps companies and economies in managing lower cost investment capital by facilitating both local and international investors confidence that assets will be used as agreed and helps ensure that the organisation is in strict compliance with the expectations, long and regulations of society. Vitaliy Zheka (2006) cited in Ibrahim, Rehman and Raoof (2010) state that corporate governance has become more relevant in the last few years have reached a unique output growth and presently they are earning more than 90% of the all world output. In contemporary present day corporate governance is also being used for the firm's security and for the continuous development of the firms in the world. Chen (2000) opined that "Governance is not the sole preserve of either government or corporations. The objective of government is to

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ensure that relationships within societies are fairly and justly regulated. Graham et al (2003) claimed that these relationships include how governments interact, and how they relate to citizens and how decisions are taken in a complex but dynamic world. In many countries, governments are transferring many of their responsibilities to national and multinational organisations either due to foreign investment patterns or due to privatization brought about by global trend. This is a major feature of a globalising world.

The relationship between government and civil society is passing via a similar transition driven by means of Public Private Partnership (P.P.P). This relationship has been noticed in many countries where globalisation is reconfiguring states and shifting power across borders into a broader regional context (Chen, 2000).

Gregory (2000) in his effort to discuss how to improve corporate governance, he likely to assume that the following are in place: Well-developed and well-regulated securities markets; Laws that acknowledge shareholders as the rightful owners of the corporation and meet the equitable treatment of minority and foreign shareholders; Enforcement mechanisms through which these shareholders right can be safeguarded; Strong corporate disclosure requirement; Securities, corporate and bankruptcy laws that enable corporate to transmogrify and even to fail; Laws that are against corruption to prevent bribery and protections against fraud on investors. More complex rules and regulators; and Experienced accounting and auditing sector, etc.

Unfortunately and sadly, the legal and regulatory systems of many developing and emerging market nations are under frustration and suffocation. This is lack of enforcement capacities and private sector institutions needed supporting effective corporate governance. Hence, corporate governance reform in developing and emerging markets nations seems to focus on the major conceptual structure which according to Eze (2005) includes the following:

- The establishment of systems of registering share ownership.
- The enactment of laws for main minority shareholders protection from potential self-dealing by corporate insiders and controlling shareholders.
- The education and encouragement of a financial plan.
- The promotion of audit and accounting standards.
- A change in culture and laws against bribery and corruption as legitimate ways of doing business.

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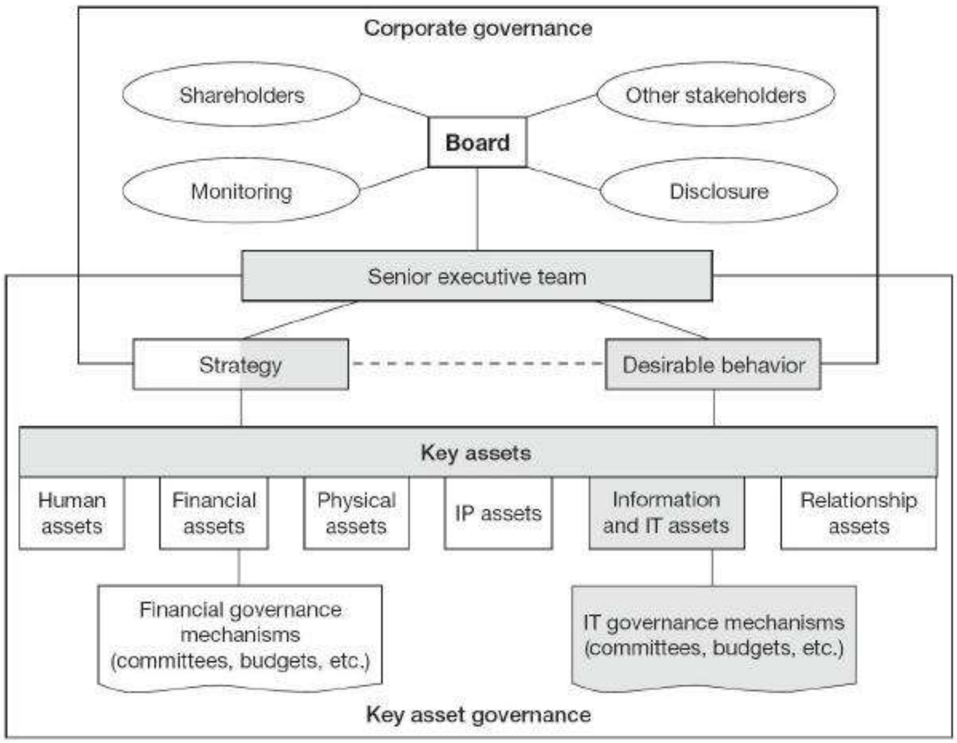

Fig. 1: Model of corporate governance

Source: Almadani, A.A (2014). Globalisation and corporate governance. *International Journal of Innovation, Management and Technology*, 5(5), 394-400.

Principles of Corporate Governance

The Organisation for Economic Cooperation and Development (OECD)'s Business Sector Advisory Group on Corporate Governance (2008) state four major governance standards essential to allure private capital:

- Fairness: Safeguard shareholders right, including the rights of minority and foreign shareholders.
- Transparency: Require timely disclosure of sufficient, clear and comparable information regarding corporate financial performance, corporate ownership and corporate performance.
- Accountability: Clarify governance roles and responsibilities, and assure that managerial and shareholder interests are in line and tracked by board of directors.
- Responsibility: Pledge corporate compliance with the other laws and regulations that reflect the respective value of society.

  In 1998, the OECD provisions of corporate governance were spread out the four major standards into five broad and non-binding principles (Saheed, 2013):
- Protect rights of shareholders.
- Assure the equitable behandle of all shareholders, including minority and foreign shareholders. All shareholders should have the ample chance to obtain effective emend for transgression of their rights.

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- Respect the rights of shareholders as created by law and encourage lively cooperation between corporative and stakeholders in establishing jobs, wealth and the sustainability of financially healthy enterprises.
- Assure that timely and accurate disclosure is made on all material matters concerning the corporation including the financial positions, performance, ownership and governance of the company.
- Assure the strategic guidance of the company, the effective overseeing of management by the board and the accountability of the boards to the company and shareholders.

The principles of corporate governance of OECD have gained the status of an international standard for measuring corporate governance by investors, corporations, policy makers and other stakeholder globally. The principles have constituted a platform for corporate governance initiative in both OECD and non-OECD nations. The principle of complying with this major principle of corporate governance is very crucial in designing investment decisions as corporations search to increase wealth of shareholders and remain competitive, good corporate governance behaviour is a core element (Maimako, 2010).

The principles of corporate governance therefore are imperative for a company. corporate governance procedure assess every sphere of the role for management of the firm and ensure to keep in balance and to develop control mechanism for increased shareholder value and the satisfaction of other stakeholders (Masden, 2000) to establishing a balance between the economic and social goals of an organisation including efficient use of resources, accountability in the use of its power and the behaviour of the organisation in its social environment. Good corporate governance according to Almadani (2014) will examine all these core areas:

Creating sustainable value; Improving credibility; Assuring thorough risk management; Assuring a responsive and accountable organisation; Increasing satisfaction of shareholders. Describing the role of units of a form; Keeping equilibrium between economic and social benefits; Improving sustainable performance; Controlling performance; Developing control and intend auditing; Distributing responsibility in a fair manner; Keeping the board independent from management; Ways of attaining goals of the firm; Producing all relevant pieces of information for shareholders; and Truly, companies expect some concrete benefits from good corporate governance. Good corporate governance will put forth some long term gains for organisations. These include:

Increasing power to compete; Market value of the firm is increased; New investors, shareholders and more equity are attracted; Staff morale is improved; Provision of new investment opportunities; Facilitating flexible borrowing conditions/facilities form financial institutions; New markets are discovered; Company image is improved; Reducing credit interest rate and cost of capital; and Improved credibility.

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Developing Framework for Corporate Governance

The Cadbury Report of 1992 in the United Kingdom was the first report that get out a framework for corporate governance. However, there has been a succession of codes on corporate governance each making adjustments from the previous version. The American model seems to be rules-based while the European model is more based on the development of principles not hasty process. Generally, rules are regarded to be simpler to follow than principles, demarking a clear line between acceptable and inacceptable (Marsden, 2000) freedom to make determination on the part of individual managers or auditors is reduced by rules in term of practicability, rules can be more intricate than principles. They may lack important resources and supplies to handle new types of transactions not envelope by the code.

Different models of corporate governance abound: The nature of the system of capitalism in which they are created creates major differences among them. The liberal model is common in Anglo-American countries. It seems to give primary attention to the interest of shareholders. It encourages far-reaching and cost competition. The coordinated model is embedded in continental Europe and in Japan. It recognizes the interests of managers, employees, customers, suppliers, and the community. It encourages innovation that increases by steps and quality of competition. The Anglo-Saxon model has let directly to the idea of a free market as a mediating instrument and the acceptance of the use of power for one's rule in true utilitarian style end. The model has resulted to loss of a sense of community responsibility which removed any sound practical or moral determination of social responsibility from business. Based on a socially responsible code of governance, it is expected that organisations should come up with process, structures, styles and other instruments that make it possible to put to practice the principles and practices of social responsibility.

The United Nations issued guidelines on good practices in corporate governance disclosure in accordance with the new standard and of issuing corporate governance specific codes and measuring rods. What has become globally accepted as an international measuring rod for good corporate governance according to Nwadioke (2009) are the guidelines on corporate governance issued September 1999 by the Based Committee under the Bank for International Settlement (BIS) and specifically the OECD principles of corporate governance. In Nigeria, Securities and Exchange Commission (SEC) issue the Code of Best practices for public companies in Nigeria, although, corporate governance is at a minimal stage in Nigeria. In post-consolidation era, the Central Bank of Nigeria (CBN) released the code of Corporate Governance for banks in Nigeria. However, in Nigeria, other principles/legislatives/codes styled to improved good governance include the following:

- Insurance Act No. 2 of 1997
- Investment and securities Act (ISA) No. 45 of 1997.
- The Nigerian Accounting Standards Board Act No. 1 of 1997.
- Bass and other Financial Institutions Act No. 46 of 1991 (CAMA) which stipulates mandatory corporate governance standards among companies.
- The National Insurance Commission Act No. 1 of 1997

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- International Standards of Auditing
- CBN Code of Corporate governance for banks in Nigeria pas consolidation.
- Failed Banks (Recovery of Debts) and Financial Malpractices in Banks Act No. 18 of 1994.

Pre-requisite for the Construction of Corporate Governance Framework

The first pre-requisite to the construction of governance frame work for the chemical industries is to take a look at proper understanding of corporate governance. The second prerequisite for constructing a corporate governance framework for industries is the establishment of a set of fundamental principles. Although there are important principles this paper has taken, the word governance principles include: honesty, trust, integrity, openness, performance orientation, responsibility and accountability, mutual respect and commitment to the organisation. In addition, UNDP principles of governance are also considered as aid to good corporate governance (Graham, Amos & Plumptre, 2003).

Table 1: The Five Key Principles of Good Governance

S/N	Good Governance Principles	The UNDP principles on which they are built
1	Legitimacy and voice	• Participation • Consensus orientation
2.	Direction	• Strategic vision, including human development and historical, cultural and social complexities
3.	Performance	• Responsiveness of institutions and processes of stakeholders. • Effectiveness and efficiency
4	Accountability	• Accountability to the public and to institutional stakeholders. • Transparency.
5.	Fairness	• Equity. • Rule of law.

Source: Graham, J.; Amos, B. and Plumptre, T. (2003). Governance principles for protected Areas in the 21st Century. https://www.files.ethz.ch

Civil society is also coming up with its own yardsticks to influence good corporate governance practices. The use of methods such as recycling, boycotting and second hand purchasing as a way to express personal values is a developing feature towards greater social engagement. This may have far-reaching effect on the supply sector and production of chemicals of chemical industry in future and by extension affect shareholders indirectly. New guidelines on eco-efficiency indication that link environmental performance of corporations to their financial performance have been released by United Nations Conference on Trade and Environment (UNCTAD) which can be used for both preparers and users of financial statement, social responsibility of listed companies on the floor of stock exchange markets can be measured with various indices being induced by securities exchanges. The corporate governance framework is made up of the following: (a) explicit and implicit contracts between the organisation and the stakeholders for distribution of responsibilities, rewards and rights; (b) procedures for reconciling the sometimes conflicting interests of stakeholders in line with their privileges, roles and duties; (c) procedures for comprehensive control, supervision and infrastructure flows to serve as a system of checks and balances (www.businessdictionary.com).

Mechanisms and Controls: Corporate governance mechanisms are designed to reduce or eliminate the inefficiencies that arise from moral hazard. The controls could be internal and external. The internal controls include:

a). Monitory by the board of directors,

b). Remuneration while the external controls include competition, media pressure, debt covenants, government regulations, demand for and assessment of performance information, managerial labour market and takeovers.

The corporate governance structure specifies the distribution of rights and responsibilities among different employees in the organisation such as boards, managers, shareholders and often stakeholders and spells out the rules and procedures. And also decision making assistance on corporate affairs (Ibrahim, Rehman & Raoof, 2010). By carrying out this, it also provides the structure and mechanism through which the organisation objectives are set and this means of obtaining these objectives as assessing the value and the performance of the firms.

The Concept of Corporate Performance

Performance is a widely used concept in many areas. It refers to the achieved outcome of actions with the skills of employees who perform in some situations (Prasetya & Kato, 2011). In most circumstance, it is measurement of how a process or mechanism attains its aim. Organisation's performance is defined by Moullin (2002) as "how well the organisation is managed and the value the organisation delivers for customers and other stakeholders". It is also the measurement of the effectiveness and thoroughness of both the organisation and the employees (Neely 1998 cited in Ankrah & Mesah, 2015). In this definition, effectiveness refers to the degree to which stakeholder requirements are accomplished, while thoroughness is a determination of how economically the organisation's resources are used when providing a particular level of customer and stakeholder satisfaction. Thus, performance can be referred to the use of resources in the attainment of its expected objectives thoroughly and effectively. Different sectors have different performance indicators. Business sector has performance indicators such as profitability, earning per share, working capital, net asset, market share, expansion, etc. In the context of corporate performance, firm performance is refers to the way and manner in which financial and other resources available to an organisation are judiciously utilized to attain the entire corporate objectives of the organisation. It keeps the firm in business and creates a greater projector for future opportunities (Latiff, Shahie and Zia Hul Haq, 2013).

Megdi and Nadereh (2002) cited in Ibrahim, Rehman and Raoof (2014) is concerned with ensuring that the business is running well and investors receive a fair return. Major corporate governance institution respond to two unrelated problems, one is vertical governance i.e. between unrelated shareholders and managers) and horizontal governance i.e. between a close, controlling shareholders and direct shareholders). Observations from different scholars about the effect of corporate governance on four performance are direct and positive. Factors that affect performance can be internal attitudes of personal, lack of inputs, culture and human resources) or external political, competitors national disaster and environmental.

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Having analyzed an understanding of the principles of good corporate governance within the context of globalization, it therefore becomes necessary to develop certain criteria for a framework for the chemical industry performance. The major principles of corporate governance; strategic vision, equity, rule of law, responsibility, honesty, trust, accountability, integrity, performance orientation are imperative to many players in the chemical industry as many employers in the industry as well as listed companies in supplying, contracting and product manufacturing are under obligation to commit to upholding its provisions of the various securities exchanges.

The Role and Benefits of a Corporate Governance Framework for Companies

The chemical industry comprises the large, medium and small-scale companies that produce industrial chemicals. It is essential to modern world economy, converting raw materials (oil, natural gas, air, water, metals, minerals) into more than seventy thousand different products. In Europe and America, chemical industries follow a 'virtuous strategy' of reinvestment of retained earnings and growth through diversification, to use "dynamic" scale and scope economics relating to new learning in launching "next generation" products. It plays key role in economic, social and environmental spheres particularly ...there is increase in the pace of resource depletion and urbanization. In the process, it emits pollutants, consume materials and resources, and impact in the communities in which it operates.

Corporate governance framework can play a major role in assisting board gain a better knowledge of their omitted role. A framework should have qualities which contribute to effective governance and mechanism for addressing governance risk. A framework also provides more cogent construction for determining how responsibilities of management fit with the omitted responsibilities of board.

Boards and management teams need a governance framework to operate because of the following reasons: It helps define the role of the board and management, delimit duties and helps prevent duplicated efforts and the inspecting of critical matters. It can also helps with the lance of major processes of the board by providing structure to policies and techniques (e.g. meeting agenda, committee guidelines, etc). This enables the board to concentrate on the right material and essentially rank in order of importance its limited resources and time; provides the board with a structured way to cooperate with management on particular issues confronting the company with limited risk of confusion and loss of productivity. A framework can assist in fulfilling the objectives of the board from a governance approach. The framework provides and end-to-end view of corporate governance. It constitutes the platform for the techniques that assist broads and executives recognize opportunities to enhance effectiveness and thoroughness.

A typical governance framework should have at least five major elements of the governance programmes of the organisation. These include talent, performance, strategy, governance and integrity – that the board cannot delegate to management.

- *Talent:* It means that the board selects, assess and compensate the Chief Executive Officer and monitor the talent programme of the company especially the concerning executive leadership and potential successors to the chief executive officer.

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- *Performance:* This board reassesses and approves annual operating plan, company strategy and financial plans. It also oversees management execution against budgets and connection with strategic objectives of the company.
- *Strategy:* The board advices management in the development of strategic goals and plans that connect with the mission of the company and the best interests of stakeholders, oversees, management execution of approved strategic plan, transparency and adequacy of external and internal communication of strategic plans.
- *Governance:* The board creates structures and processes to carry out board responsibilities that consider the aspects of management, regulators and investors, etc.
- *Integrity:* The board establishes the ethical tenor for the organisation while management adopts and implements policies and procedures styled to promote both legal compliance and proper standards of integrity, ethics and honesty throughout the company. the qualities that contribute to governance effectiveness are skills and knowledge, process, information and behaviour of the board (deloitte.wsj.com).

Relationship between Globalisation and Corporate Governance

The investigation or search might be how globalisation affects governance. But the answer to this question is not only blood relation to the final quarter of the 20th Century but in addition memento of antecedent centuries. John Maynard Keynes averred that the standard of living had incremented one hundred percent over four thousand years. Adam Smith held a seminar and conceived the wealth of Nations and in 1776, he came up with the conditions which would give rise to increasing income by steps and prosperity. In the same vein, there is evidence form economic history to indicate the gain of moral deportment, Robert Owen, for example is inchoate in Derbyshire – both in the United Kingdom indicated the economic benefits of caring for stakeholders. In more recent times, Friedman has dealt with on the shock of the economic intensification and the evolution of organisation.

It is limpid that there is nothing nascent about economic intensification, development and globalisation. Generally, economic intensification brings out some results for the community. This is a world event in its true sense. One of the significant reasons is that we are not bringing into consideration the ethical, moral and social aspects of this operation. Economic development and economic magnification might not be without social and moral outcomes and implicative hint (Bhowmick in blog.ipleaders.in).

Another inquiry is who is answerable for this current process and for assuring the well-being of people and protecting their prosperity. Is it the responsibility of states, the enterprise international purchasers, shareholders or of all people? State is a part of the mechanism and the law makers and market regulator. Business managers and the business global take moves concerning the market place shape, patron behaviour or commercial locations. They are responsible to the shareholders for making more earnings to maintain their long term avocation inside corporation. Thus, they are taking notes for his/her benefits earrings. This opportunity is not gainstand to the moral, social or moral ideas where they are supposed to practicalize with the agency. There are many ideas for ethical and socially responsible behaviour of the organisation (Hart & Milstein, 2003, Marsden, 2000). However, there are many issues of misdemeanor and illegal operations of a few enterprises. The essential news and expectations are that competition will not have to any degree encouraged influence on business organisations behaviour.

Based on global norms, and expectations, companies should take into consideration, social, moral and environmental cases greater than over the past few hundred years. One of the reasons is greater competition and not always more income. Another reason is that the expectation of consumers is not related to the price of the products, but also joined with fine, environmental sensitivity and proper production procedure.

Shareholders are more inclinable regarding the future benefits and take advantage of the establishment. The major phrase of this concept is over extended phrase which reports in addition a sustainable business organisation. Stakeholders would like to bring future gain with a steady system in form of choice to useful short term benefit. This is not at best, associated with the firm incomes, but also related to the environmental and social entire performance of the authority. Hence, it follows that managers should make generalship plan for the business organisation concerning expectances of all stakeholders which are sustainable and provide a long term gains for the business enterprise with their investment (Marsden, 2000). So, sustainability can be viewed as including the requirement that something justice is about fair play appreciate for rights and social justice, distribution of goods in good faith and capable of being strengthened into the kismet forevermore. Thus, Dower (2004) believes that sustainability demands that the values of justice are susceptible of being sounded into the future. For instance, it presents practices were from the current point of observation, but at the same time, hider the same shape from taking place in the future, that would be rejected disdainfully from the sustainability perspective. Thus, expectations of shareholders are castellating a socially responsible and ethical organisation more than other environments.

Globalisation has given birth to acerbic impression on behaviour of organisation but other problems of globalization can be gotten from many developing countries based on the well-known realities of the globalisation process. However, we are hoping to view other different perspectives and improvements to this procedure with some of the surely associated global principles, norms and rules. But majority of them are linked to the inference of this defective system and the problems of capitalistic society.

The call out of governance in a globalizing, environment is to completely engage in a process of careful political consideration with the sole aim of laying a solid foundation for the benchmarks of international business conduct. While stakeholders management is concerned with the issue of interning the demands, interests and values of those segments that are seen by corporate decision making, it is showed that political corporate social responsibility can be reached as a grand concerted effort of the enterprise into environmental and social challenges such as global warming, deforestation, human rights (Scherer & Palazzo, 2008).

In Nigeria globalisation has been seen to influence most sectors, giving rise to measuring standard rod for processes across firms and industries specifically in the spheres of corporate governance framework formulation and rating of corporate governance of countries. Globalisation has led to liberalization of capital market which has made foreign capital more obtainable and magnetic to the enterprises. Thus, Onyeme (2012) as cited in Saheed (2013) views the Nigerian capital market in 2011 was propelled by the activities of foreign investors who made up of 70% of the total market activity. Multinational and transactional bodies are key players in Nigerian economy. These include global oil and gas company, like Chevron, Total, Texaco, Agip, Shell, Unilever, Paterson and Zochonis (Pz Cussons), Cadbury, Nestle, Guinness, MTN. Wherever these companies operate, minimum standard must be met going by their corporate governance structure and practices.

CONCLUSION

Globalization as a phenomenon has assumed a new status in contemporary global political economy and that chemical industry must equip and package itself effectively to confront its challenges in the 21st century by adhering to the good corporate governance principles. The study also articulates the view that industry is a complicated and complex delivery system involving many players such as investors, consultants, clients, specialists, materials suppliers, inspectors, contractors, financiers, sub-contractors and users in a dynamic process. The new trends of globalization make it imperative for companies to adopt framework for the global industry that align business enterprises with global characteristics of corporate governance. Consequently, there is a paradigm shift based on sound probity and respect by all players in the industry to enterprise development and management. A pledge and devotion by industry players could lead to efficient delivery, and for growth, enhanced performance and continuity in the development of the industry.

Recommendations

1. Managements of organisations should separate Chief Executive Officer and Chairman’s chair.
2. Managers must follow codes of corporate governance in a global economy.
3. Board size should be enlarged to enhance corporate performance globally.
4. Board of firms should comprise of men of dignity and integrity.
5. Managements of firms must ensure that ownership decisions allocate ownership rights across present and potential owners of the company.
6. Board should report to the shareholders of company each year on remuneration in order to put under check cases of excessive magnanimous remuneration of the executive directors and management staff at the cost of the organisation.

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