Chapter 1

Corporate governance and accounting ethics
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Theoretical Framework for Corporate Governance

Learning Objectives

At the end of this chapter, students should be able to:

1. Define and explain the concept of corporate governance.
2. Identify and discuss major theories underpinning corporate governance.
3. Understand the importance and objectives of good governance practices.
4. Relate theoretical perspectives to practical governance mechanisms in business entities.

1.1. Introduction

Corporate governance is now one of the most pronounced issues in the modern business and financial management. Enron, WorldCom, Cadbury Nigeria (2006) and collapses of some of the financial institutions, served to illustrate the effects of poor governance structure. The concept makes certain that the directions and controls of companies are transparent, accountable and ethical.

Tricker[(1)] says that corporate governance is worried about maintaining the balance between economic and social objectives, as well as individual and communal objectives. It is a scheme of achieving the goals of a company, covering the practically all management domains, including action plans and internal controls, as well as the performance measurement, and disclosure.

Corporate governance became a source of concern in the Nigerian environment in the wake of the establishment of the Code of Corporate Governance that is currently known as the Securities and Exchange Commission (SEC) Code of Corporate Governance (2003) and subsequently the Financial Reporting Council of Nigeria (FRCN) Code of Corporate Governance (2018)[(2)] that governs both publicly and privately listed companies.

1.2. Meaning and Definition of Corporate Governance

Corporate governance has evolved with time based on the dynamic nature of the global business environments, financial crises and growth of complexities in the operations of corporations. In its fundamental definition, corporate governance is what gives companies the structure through which they are guided, controlled, and held responsible in whatever they do. It is a system (structure and mechanisms) as well as a process (decision making and accountability practices) which assures the corporate integrity, transparency, and performance.

1.2.1. The definition of Corporate Governance

Various scholars and institutions have come up with different definitions of corporate governance and this has shown the interdisciplinary nature of the subject.

So, the Organisation for Economic Co-operation and Development (OECD)[(3)] defines corporate governance as the set of relations between the management of the company and the board, its shareholders and other stakeholders. Corporate governance gives the framework within which the company goals are established, and the avenue of achieving the goals and monitoring performances is established.

Corporate governance according to the Cadbury Report, describes corporate governance as a system that controls and guides companies. This definition has been one of the most commonly referenced and the basis of numerous international codes of governance.

In Solomon, the term corporate governance is defined as the system of rules, relationships, systems, and processes that corporations exercise and govern authority.

In its definitions, the Financial Reporting Council of Nigeria (FRCN)[4] stated that corporate governance refers to a system that establishes strategic direction of the company and proper monitoring of management, as well as accountability of the board in relation to the company and its shareholders.

Based on such views, corporate governance can be defined as a framework that guarantees congruence between corporate goals and the demands of any stakeholders via accountability, equity, transparency and accountability.

1.2.2. Historical Development of Corporate Governance

Corporate governance has its origins in the first joint-stock companies of the 17th and 18th centuries, in which control was separated and the ownership was separated. But it took modern resonance following the big company meltdowns like:

- The Cadbury Report (1992) which was a result of the Maxwell Communications and Polly Peck collapses (UK, 1990s).
- Scandals of Enron and WorldCom (USA, 20012002) that led to the Sarbanes-Oxley Act (2002).
- The Global Financial Crisis (2008) that led to governance changes that focused on risk management and ethical controls.

Corporate governance became a popular topic in Nigeria following the accounting fraud of Cadbury Nigeria Plc (2006), the banking crisis (2009), as well as provisions of the codes of governance by the SEC (2003, revised 2011) and subsequent FRCN.[4] These incidences showed that there is the necessity of effective governance mechanisms to ensure that investors are secure and that people have confidence to invest in corporate organisations.

1.2.3 Significant Factors of Corporate Governance

According to OECD[3], and demonstrated in the Nigerian Code of Corporate Governance FRCN[4], corporate governance is based on four fundamental principles:

1. Accountability: The management and the boards should be accountable to shareholders and other stakeholders regarding the decision and performance. Some of the accountability mechanisms entail annual general meetings (AGMs), audit reports, and disclosure requirements.
2. Transparency: Firms should make the right information of their financial positions, operations and structure of governance available within reasonable time. Through transparent reporting, the stakeholders are able to make informed decisions.
3. Fairness: Equity should be applied to all the shareholders and stakeholders. The minority shareholders should not be oppressed by the majority shareholders.
4. Responsibility: The corporate leaders are in charge of operating in an ethical manner, risk management and adherence to legal and regulatory frameworks.

All these principles establish trust and bring about sustainable growth of the organization.

1.2.4 Corporate Governance Dimensions

Corporate governance may be discussed in terms of two dimensions, which are complementary to each other.

The *Internal (Micro) Dimension* entails the internal organization and procedures within the organization which lead to good supervision and management. The important internal governance mechanisms are:

- Board of Directors: Strategy and control.
- Executive Management: Strategies approved by the board were implemented.
- Internal Audit and Control Systems: Protections against asset and information integrity.
- Corporate Culture and Ethics: The rules of behavior and conduct.

The *External (Macro) Dimension* is the institutional and regulatory context that defines the governance conduct. Examples include:

- Legal and Regulatory Systems CAMA 2020, FRCN Act 2011 and SEC regulations.
- Capital Market Institutions: (NGX), Securities and Exchange Commission (SEC).
- Professional Bodies: Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of Management Accountants (CIMA) and International Federation of Accountants (IFAC).
- Societal and Cultural Norms: Social responsibility, sustainability and ethical business practices.

The two dimensions interact to create a holistic governance handicraft.

1.2.5. Corporate governance mechanisms

The tools and structures by which the principles of governance are operationalized are referred to as corporate governance mechanisms. These controls are normally divided into internal and external:

a) Internal Mechanisms
  - Board Composition and Independence: fair representation of executive and non-executive directors to prevent any conflict of interest.
  - Audit Committee: Another independent control of financial statements and control systems.
  - Remuneration and Nomination Committees: Make executive compensation performance-based and make appointments transparent.
  - Risk Management Framework: Strategic and operational risks identification and reduction.

b) External Mechanisms
  - Regulatory Oversight: Adherence to legislative codes (ex: FRCN 2018, SEC 2011).
  - Market Discipline: Informal governance tools of investor responses and media attention.
  - External Auditors: Financial statement validation.
  - Corporate Reputation: Perception in the market is one factor that affects the actions and responsibility of a firm.

1.2.6 Corporate Governance within the Nigerian setting

The corporate governance in the country is indicative of mixed legal and economic environment in Nigeria. In the past, the Common Law system that was inherited in Nigeria affected corporate governance in the country, which has undergone several reforms. The following are the key milestones include:

1. Companies and Allied Matters Act: provides a system of corporate structure, responsibilities of the director, and the rights of the shareholders.

2. SEC Code of Corporate Governance: this has been issued to provide accountability and board oversight to the listed businesses.
3. Code of Corporate Governance at all financial institutions, including the Central Bank of Nigeria: Central bank code.
4. Code of conduct - Governance of insurance companies: National Insurance Commission (NAICOM) Code.
5. Financial Reporting Council of Nigeria (FRCN) Code: Unified national governance framework that is applicable in all sectors.

The FRCN Code also lays stress on the principle of Compliance based on principles- i.e. the organizations should implement every principle and demonstrate how they get it implemented. The Practical example: are few and the following are:

1. Nestle Nigeria has compliance with CAMA, which makes the board approves strategic investment and timely filing of financial statements with Corporate Affairs Commission (CAC). The shareholders have voting rights at the AGMs, which affect the key decision-making processes including dividends and remuneration of the executives.
2. Guaranty Trust Holding Company (GTCO) adheres to the SEC Code since it has a board composed of 7 independent directors, an audit committee led by an independent director, and announced its governance practices in its annual report. This has increased confidence of investors and minimized operational risks.
3. Zenith Bank Plc uses CBN Code by setting the risk management committee that will be in charge of monitoring credit, market, and operational risks. Compliance is checked on the regular basis by internal auditors who check whether the compliance is in accordance with the regulatory expectations.
4. Leadway Assurance Company is compliant with NAICOM Code as it has an audit committee that approves the actuarial reports and solvency ratios. There are transparent disclosures on premiums, benefits and claims to the policyholders.
5. Dangote Cement Plc adheres to the FRCN Code by releasing a Corporate Governance Report, which covers board committees, board meetings, and risk management schemes that board committees implement. This is a reporting principle that shows that they are accountable to both stakeholders and regulators.

The governmental environment in Nigeria has developed in terms of sector specific codes (SEC, CBN, NAICOM) and national frameworks (FRCN Code, CAMA). The firms have already been called upon to adopt a principle-based approach showing the application of the governance principles in practice. Nestle, GTCO, Zenith Bank, Leadway Assurance and Dangote Cement can be used as real-life examples of how these codes improve transparency, accountability of the board and trust of the stakeholders.

The issues of the Nigerian corporate governance are:

- Interference of politics in social businesses.
- Laxity in the implementation of regulatory codes.
- Low board diversity and autonomy.
- Ethical abuse and bribery.

However, positive gains have been registered because of convergence in regulations, improved disclosure practices, and increased institutional investors.

1.2.7 Priority of Corporate Governance

The success and sustainability of any business enterprise is pegged on corporate governance.

It can be considered important in the following dimensions:

1. Economic Significance: It improves efficiency of the capital markets, investor confidence and availability of finance. Good governance is a big attractant of foreign investment as the good performance of Nigerian banks that had undergone reforms led to good performance due to better governance.
2. Managerial Significance: Governance enhances the quality of strategic decisions, managerial incentives, and corporate objectives, as well as minimizing agency costs.
3. The social and ethical implications are: It enhances moral behavior, sound management and social responsibility. Ethical consciousness has been adopted in the annual reports in firms like MTN Nigeria and Nestle Nigeria that have included sustainability governance in their annual reports.
4. Regulatory and Legal Significance: This law may be considered an important one in the regulatory domain

Corporate governance priorities also make sure that it complies with the laws and international standards, minimizing litigation and reputational risk.

1.2.8 Corporate Governance and Performance

Empirical research has associated good governance with high firm performance. For instance, Kiel et al.[5] discovered that the composition of boards and their expertise have a great influence on the profitability of firms. Klapper et al.[6] have shown that good governance practices enhance firm valuation, particularly in the emerging markets.

In Nigeria, Okike[7] described that the companies that comply with SEC and FRCN codes are more likely to file transparent and reliable financial reports. Therefore, good governance is not just another regulatory requirement but one of the strategic assets of the company that boosts competitiveness and sustainability.

1.2.9 Corporate Governance and Ethics

Ethics are directly connected with corporate governance. Whereas structures and accountability systems are determined by governance, behaviour and moral decisions are determined by ethics. Even a well-constructed governance system which lacks ethical commitment can end up in failures as experienced in the case of Enron whereby such elaborate structures of governance were compromised by fraudulent activities.

Ethical governance means thus the development of integrity, fairness, and responsibility at all levels of corporate decision-making.[8]

Corporate governance incorporates principles, systems and relationships of directing and controlling the organizational behaviour. It also relies on regulatory frameworks and the commitment of the leadership, the corporate culture and ethical conduct.

In third world nations such as Nigeria, corporate governance is a significant issue to enhance sustainable economic growth, curb corruption and investor confidence. With the growing impact of globalization, the competitive advantage of the Nigerian firms in the international market will remain under the influence of international governance standards (e.g.,OECD[3], IFAC[9] and FRCN[4]).

1.3 Corporate Governance Theoretical Frameworks

Corporate governance can be explained on the basis of various theories that are not isolated but rather interconnected and help to understand how corporations are oriented, controlled, why bad governance occurs, and how the relations between stakeholders can be effectively organized. Such theories present various approaches- economic efficiency and managerial responsibility to legitimacy and social responsibility. The knowledge of such frameworks will enable the students and practitioners to value both the philosophical and practical foundations of the system of governance in different jurisdictions.

According to some researchers,[1,10,11], governance is never a universal mechanism but a dynamic process that depends on the national institutions, the system of ownership, and cultural values. The applicability of global governance theory to the local context of Nigeria, where families own businesses, and firms with state influence, has to be restructured to local factors, including the absence of good regulations and concentrated ownership.[7,12]

The theory domain of corporate governance is also represented by the Agency Theory, Stewardship Theory, Stakeholder Theory, Institutional Theory, Resource Dependence Theory, and Legitimacy Theory. Each is discussed below.

1.3.1 Agency Theory

Origin and Core Assumptions

The most important theory of corporate governance is the agency theory, which was propounded by Jensen et al.[13] It describes the term principal (shareholders) and agent (managers) in which the latter has responsibilities of administering the resources of the firm on behalf of the former. It is a theory that, the agents are self-interested risk-averse individuals who are not always acting in the best interest of the principals. As a result, corporate governance systems are aimed at aligning the interest of managers with those of the shareholders by monitoring, controlling, and in motivating systems.

Mechanisms of Control

The common mechanisms that are based on agency theory are:

- Independent Board Oversight: This is whereby the non-executive directors are involved in checking the performance of the management.
- Performance-based Compensation: Linking managerial pay and shareholder pay.
- Auditing and Disclosure: External audits lessen information asymmetry amid the management and the proprietors.
- Market of Corporate Control: There is a threat of being taken over which encourages managers to operate efficiently.[14]

Critiques

Although the agency theory is a rational and efficient approach to governance, it has been criticized due to its limited economic assumptions. It ignores both moral and social aspects and human actions are thought of as opportunistic.[15] Excessive emphasis on control over trust can lead to a conflict between boards and the management, particularly in a family-centric business in the Nigerian context.[13]

1.3.2 Stewardship Theory

Philosophy and Perspective

Agency theory was opposed by the stewardship theory. It assumes that managers are custodians of corporate resources and they are not only driven by self-interest but by a spirit to see organizational success and common good.[15] In this theory, the trust and empowerment of managers are assumed to enable them to well represent the long-term interests of the firm.

Governance Implications

The Stewardship theory claims in favour of:

- Empowerment of executives by means of trust and not strict control
- Increased executive representation in the board.
- It focuses on integrity and commitment of leadership.
- Strategic orientation in the long term as opposed to short term shareholder value.

Applicability to Developing Economies

The cultural values of stewardship exist in the sense of trust in the society and the collective good in many Nigerian organizations especially in family and indigenous businesses. Nevertheless, stewardship is not effective in those environments where weak institutions cannot control the power of managers to misuse it.[7,16]

1.3.3 Stakeholder Theory

Conceptual Foundation

The concept of a stakeholder theory was proposed by Freeman[17] as an expansion of the shareholder-focused understanding of governance through the identification of many groups of individuals who are impacted by the activities of companies, namely, employees, customers, suppliers, creditors, communities, and governments. It also claims that good governance must be based on the balancing and not focusing on the shareholders alone.

Stakeholder-Based Governance Practices

- Social responsibility programs (CSR).
- Open interaction and discussion with stakeholders.
- Employee/community representatives in governance.
- ESG reporting frameworks.

Application in Nigeria

Stakeholder governance is especially important in Nigeria with the need of corporate social responsibility as a factor of community relations as it concerns mining and energy sectors. [18] Indicatively, oil companies in the Niger Delta have resorted to the use of stakeholder engagement strategies in order to deal with conflicts and social license to operate.

Critiques

Critics believe that the stakeholder theory can be ambiguous because when formulating numerous interests, the managerial responsibility will be diminished, and efficiency will be decreased.[19] However, it is still core to the contemporary governance codes which focus on the sustainability and social legitimacy.[3]

1.3.4 Institutional Theory

Theoretical Background

DiMaggio et al.[20] created the institutional theory according to which organizations adhere to governance practices not just because they promote efficiency, but also because they expect to achieve legitimacy and conformity in their institutional settings. The development of governance practices is then a product of isomorphism, through which organizations develop to be similar as a result of coercive, imitative, and normative pressures.

Categories of Institutional Pressures

1. Coercive Isomorphism: This occurs due to legislation and regulations e.g. adherence to FRCN and SEC codes in Nigeria.

2. Mimetic Isomorphism: Firms follow other firms that are deemed successful or legitimate such as following international standards of governance like OECD.
3. Normative Isomorphism: Accounting and legal professional bodies tend to influence governance with the aid of professional norms and values.[20]

Relevance to Nigeria

Many firms in Nigeria have been embracing international governance practices as a result of institutional pressures offered by global investors, regulatory bodies and professional institutions. Nevertheless, this is usually a symbolic, as opposed to substantive, implementation, referred to as decoupling.[7,12]

1.3.5 Resource Dependence Theory

Overview

Recent studies suggest the board of directors as one of the most important tools to obtain external resources and legitimacy proposed by Pfeffer et al.[21] Firms require outside sources including investors, regulators and suppliers of resources that are essential to their survival. Boards are hence a way of contact with the environment and the organization.

Governance Implications

- Hiring directors possessing good networks, experience and political links.
- Forming board committees to control relations with external stakeholders.
- Stressing on diversity and autonomy in order to elevate external credibility.[22]

Nigerian Perspective

The theory applies to the situation in Nigeria, as political and social relations frequently impact the appointment of the board and corporate access to government contracts or funds.[12] Although these relationships may enable the access of resources, they increase governance risks like patronage and conflict of interest.

1.3.6 Legitimacy Theory

Core Assumptions

The theory of legitimacy is based on sociology and the institutional theory that states that organizations will strive to act within the confines and standards of their societies by Suchman.[23] Companies do this to have practices of governance and disclosure to ensure social legitimacy that will secure their acceptance by the stakeholders and the general population.

Corporate Governance Usage

- Sustainability and ethical performance public disclosure.
- Compliance with the societal requirements towards fairness, environmental responsibilities, and human rights.
- Corporate reporting (e.g. CSR, integrated reports) to show legitimacy.

Relevance to Nigerian Firms

In Nigeria, companies operating in the oil and financial industry have been implementing social and environmental reporting as a strategy to achieve legitimacy and restore confidence among people following a series of governance scandals.[24] This type of disclosure acts as a means of showing how the company is in line with the values and norms that society requires.

1.3.7 Political Economy Theory

Concept and Explanation

In corporate governance, Political Economy Theory highlights that the local organizational behavior and the outcome of governance is highly affected by the political and economic environment. According to this school of thought, corporate governance cannot be studied out of context of the policies of the government, organizational regulations and power transformations in the society.[25,26]

According to the theory, corporate decision-making, board independence, and accountability are determined by ownership, regulatory institutions and political environment. When the government or politically related people are influential in the environment, the governance can be used to serve the interests of the political people rather than those of the shareholders or stakeholders.

Critique

The Tae of Political Economy Theory is useful in explaining the governance in the emerging markets and those that are state-owned, but it can also give too much weight to the external political factors and can thus underrate the internal governance systems.

- It can take deterministic effects implying that all politically controlled organizations are ill run which in no case are always empirically false.[27]
- It is sometimes difficult to operationalise the theory to practical governance interventions as it is concerned with forces at the macro-level.

Practical Example in Nigeria

In most of the government owned enterprises in Nigeria like the Nigerian National Petroleum Corporation (NNPC) and the Nigerian Ports Authority (NPA), political appointments tend to affect the board structure. Decisions can be based on political goals, e.g. patronization or regional balancing, instead of on the financial performance or interests of shareholders. This may result in an ineffective governance and therefore inefficiency and corruption.[12]

1.3.8 Systems Theory

Concept and Explanation

In Systems Theory, an organization is perceived as a group of sub systems (finance, human resources, production, marketing, etc.) that are interdependent and interrelated to accomplish the overall goals by Kast et al.[28] and Boulding.[29] In terms of corporate governance, this theory implies that governance must be coordinated to allow all organizational sub systems to be coordinated so that they can achieve synergy, sustainability and strategic alignment.

Board of directors serve as the integrating body and they control the decision making within the various departments to make sure that they are in tandem with corporate goals, risk management framework and ethical standards. Government frameworks, internal controls and audit perform the role of ensuring a systemic balance.

Critique

Systems Theory is very holistic and it views interdependence as well as coordination. It can however undervalue the impact of the external environment, i.e. regulatory changes or market shocks.

- The theory presupposes rational coordination, whereas in reality, the subsystems (e.g. finance vs. production priorities) may conflict and it may result in governance issues.
- It is more abstract than normative in giving a reference to comprehend intricacy as

opposed to actual prescriptions of governance.

Practical Example in Nigeria

In the Nigerian banks, Zenith Bank and Access Bank, the boards of the banks organize the liaisons between the risk management units, compliance units, operations and finance units, to facilitate the consistency in strategies. As an example, lending policies should be determined in line with risk control, financial reporting and ethics so as to establish systemic stability. The systems perspective is demonstrated by the failure of one of the subsystems (e.g., weak risk management) to cause turbulence in the whole organization.

1.3.9. Comparative Analysis of Governance Theories

Table 1.1. Comparative Analysis of Governance Theories

Theory	Focus	Key Assumptions	Governance Mechanisms	Limitations
Agency Theory (Jensen et al.[13])	Relationship between owners (principals) and managers (agents).	Managers may act in self-interest, diverging from shareholders' goals.	Monitoring through boards, audits, incentive-based compensation, disclosure.	Overemphasis on shareholders; neglects other stakeholders and social responsibility.
Stewardship Theory (Donaldson et al.[15])	Managers act as stewards of corporate assets.	Executives are trustworthy and motivated by organizational success.	Empowering managers, trust-based relationships, participative leadership.	Assumes universal managerial integrity; ignores power abuse and corruption risks.
Stakeholder Theory (Freeman[17])	Balancing interests of all stakeholders.	Organizations exist to serve broader stakeholder needs, not only shareholders.	Stakeholder engagement, CSR reporting, ethical governance.	Difficult to measure stakeholder satisfaction; potential conflicts of interest.
Institutional Theory (DiMaggio et al.[20])	Governance practices shaped by institutional norms and pressures.	Firms conform to social and regulatory expectations for legitimacy.	Adoption of codes, compliance culture, mimetic practices.	May encourage symbolic rather than substantive compliance.
Resource Dependence Theory (Pfeffer et al.[21])	Boards secure critical resources and networks.	External environment influences organizational survival.	Strategic board appointments, interlocking directorates, partnerships.	May prioritize elite networks over performance; risk of collusion.
Political Economy Theory (Watts & Zimmerman, 1986)	Governance outcomes depend on political and economic power structures.	Corporate governance is influenced by state control, ownership, and politics.	Government regulation, public ownership oversight, political accountability.	Political interference can weaken governance; reforms often inconsistent.
Systems Theory (Bertalanffy, 1968)	Organizations function as interrelated subsystems.	Each subsystem (finance, HR, production) affects overall performance.	Coordinated governance systems, integrated reporting, holistic board oversight.	Complexity in managing interdependencies; difficult to implement in large organizations.

Legitimacy Theory (Suchman[23])	Firms seek societal approval for survival.	Companies disclose information to align with social norms and expectations.	CSR and ESG disclosures, community engagement, transparency.	Legitimacy may be superficial; difficult to measure societal approval.
Ethical or Moral Governance Theory (Kaptein[6])	Emphasizes moral integrity in governance.	Ethical leadership and value systems sustain corporate trust.	Codes of ethics, whistleblowing policies, ethical training.	Ethics are context-dependent; enforcement often weak.

1.3.10 Theories Integration to achieve Good Corporate Governance

Contemporary political regimes are moving towards a situation where more than one theoretical perspective is incorporated. For example:

- Agency and Stewardship theories unite the aspects of control and trust in order to achieve accountability.
- Sustainability and social responsibility are supported by the Stakeholder and Legitimacy theories.
- Institutional and Resource Dependence theories describe the process of adjustment of firms to environmental and regulatory pressures.

In the case of the Nigerian corporations, good governance necessitates the integration of these structures to be close to the global best practices and the local socio-economic conditions.

Corporate governance theories offer a methodology through which organizations are guided and managed in a certain way and why. Both theories provide an insight into management behavior, board dynamics, and relationships between stakeholders. In the case of developing economies such as Nigeria, the combination of these theories improves not only accountability, performance, but also ethical leadership as well as social legitimacy.

1.4 Hypothetical Current Problems of the Corporate Governance Theory

1. Digital Governance: Rise of AI and big data analytics presents novel boards oversight duties.[30]
2. Sustainability Governance: Strategic decisions with inclusion of ESG (Environmental, Social, and Governance) principles.[31]
3. Gender Diversity: It has been shown to have a positive relationship between board diversity and corporate performance.[32]
4. Cultural and Institutional Contexts: Governance practices are different across the countries because of the cultural and legal differences.[33]

This chapter laid the theoretical ground of corporate governance. It talked about various theories of corporate power and accountability including the Agency, Stewardship, Stakeholder, Resource Dependence, Institutional, Legitimacy, Political Economy and Systems theories. Learning these theories will equip the students to critically examine the corporate behavior and governance mechanisms and particularly in the Nigerian context where institutional, ethical and cultural factors interact to a great extent.

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