KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF HUMANITIES AND SOCIAL SCIENCES

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Investigate the extent to which corporate governance and agency problems exist in the Sunyani regional hospital

BY

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DECLARATION

I hereby declare that the thesis is my own work towards the Master of Business Administration and that, to the best of my knowledge, the work covers no material formerly published by a different person nor material which has been acknowledged for the honor of any other degree of the University, apart from where due acknowledgement has been made in the text.

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DEDICATION

I consecrate this portion of educational distinction to my late dad, ISSIFU TAMPURE and my lovely mother Shamah Alitu whose training and inspiration has taken me this far-off. Again, I request to devote this work to my wife SAMIRA SULLEY for her support and encouragement, and my J. S. S. Head master Mr. Charles Azure and all my siblings FUSHANNA ISSIFU, ISSIFU SEIDU BABA, ABDUL-LAHI ISSIFU, TIJANI ISSIFU, FATIMA ISSIFU, ALIMA MAHAMAH, OSMAN MAHAMA, SALIFU MAHAMA, DAUDA ISSIFU AND HARUNA ISSIFU for their darling and smirk in the course of my school exertion.

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ABSTRACT

The significance of good corporate governance practice in the running of corporate organizations cannot be undervalued. The growing effect of good practice of corporate governance across the world has been critically connected to the current corporate scandals and frauds. These scandals and frauds fundamentally lead to the letdown of executives of organizations to efficiently implement the regulatory frameworks and legal pertaining to organizational governance. The case study tries to probe the extent to which corporate governance and agency problems exist in the Regional Hospital, Sunyani. The researcher used systematic sampling technique to select a total sample size of 210 (Core management-7 and junior staff-203) from the total population of 830.The researcher used both secondary and primary data as sources of data for the study; both the interview and structured questionnaire were used to collect primary data. SPSS version 21.0 was used to analyze the data and the findings were presented using frequencies, tables and charts. The study found that over 80% of the staff members of Regional Hospital, Sunyani have appreciable knowledge on corporate governance and agency problems with regards to definition and concepts. It was found that the Regional Hospital, Sunyani practice good governance as confirmed by majority of the staff. Chi-square test was performed to find out the association between good corporate governance and organizational performance and the results showed that there was strong significant association between good corporate governance and organizational performance in terms of growth and decline. The case study recommends that the authorities of the organization should do due diligence in identifying and selecting candidates who have good reputation, wellmotivated and enthusiastic to the health profession when recruiting.

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CHAPTER ONE

INTRODUCTION

1.1Background of the study

Good corporate governance is stressed to be significant to corporate organizations particularly in emergent economies and transitions. The usefulness of a business's corporate governance system has a deep consequence on how good it works. An organization that gets on good corporate governance procedures provides vital information to its stakeholders and other equity holders to reduce information asymmetry. The recent collapse of major corporate organizations and the financial scandals that are currently happening across the globe have made corporate governance to dwell in on the centre stage for professional discourse and academic (Agyemang, Aboagye and Ahali, 2013).

Tamale Teaching Hospital board is answerable to the President through the Sector Minister for affairs of the hospital, the performance, and the operations of the hospital.

Whiles the Komfo Anokye Teaching Hospital, like Korle Bu and Sunyani Regional Hospital is run by executive Panel. The members of the Panel, include 6 memberships chosen by the government, and 3 ex-officio memberships (Ramesh, Enyimayew, Antwi, Ofosu-Amaah, 1996).

However, with effective corporate governance system, corporate experts will be able to make decisions that will satisfy all stakeholders' interests. Good corporate governance administration can clear the destruction that comes from corporate shortfalls and solve challenges including unrelenting poor firm performance and poor business leadership. It is for this reason that this researcher seeks to investigate the extent to which corporate governance and agency problem exist in Sunyani Regional Hospital.

1.2 Statement of the problem

According to (Agyemang, Aboagye and Ahali, 2013), a study they conducted using purely qualitative methods on corporate governance and agency challenges in Ghana indicated that the growing effect of values of corporate governance across the world is seriously allied to the current corporate scandals and frauds. These scandals and frauds in most organizations are mainly the result of failure of the state authorities to efficiently enforce the legal and regulatory framework of corporate governance.

Ghana is typical in respects to the letdown of authorities to enforce the laws and regulations governing corporate governance. Where the regulations and the laws of corporate governance are enforced, some vital matters are either ignored or consciously abandoned. The ability of a corporate firm to attract or entice investors is subject to how operative its corporate governance procedures are. Investors all over the world in the recent times are investing in a trust worthy organizations with good corporate governance practices that will protect their investments and as a result yield the requisite returns for them. Also, an effective corporate governance practice enhances the status of a corporate business by making it good-looking to suppliers, customers, employees etc (Lipman & Lipman, 2006). However, reports from Ghana Internal Audit Agency show that lack of effective corporate governance is the major cause of agency problem that has resulted into fraud, waste and abuse of state resources in public organizations including hospitals in Ghana (Ghana Audit Service's Corporate Plan, 2010 to 2014). These problems if not appropriately dealt with could derail the administration of corporate organizations and other important institutions including hospitals in Ghana. It is for this reason that, the researcher seeks to investigate the existence of corporate governance and agency problems in the Sunyani regional hospital.

1.3 Objectives of the study

The general objective of the research was to find out the extent to which corporate governance and agency problem exist in the Sunyani Regional Hospital in the Sunyani Municipality. The specific objectives include:

1. To evaluate staff level of knowledge of corporate governance and agency problems in the Sunyani Regional Hospital.
2. To measure the implications of corporate governance and agency problems in Sunyani Regional Hospital.
3. To analyze the relationship between corporate governance and agency problem in Sunyani Regional Hospital.
4. To recommend pragmatic solutions to good corporate governance and minimize agency problems in Sunyani Regional Hospital.

1.4 Research questions:

1. What are the staff levels of knowledge of corporate governance and agency problems in Sunyani Regional Hospital in the Sunyani Municipality?
2. What are the implications of corporate governance and agency problem in Sunyani Regional Hospital in the Sunyani Municipality?
3. What is the relationship between corporate governance and agency problems in Sunyani Regional Hospital in the Sunyani Municipality?
4. What are the recommendations to good corporate governance, which will minimize agency problems in Sunyani Regional Hospital in the Sunyani Municipality?

1.5 Justification of the study

The work is to provide information to enable policy planners on corporate governance to revise their policies, since corporate governance in Ghana appears ineffective and to the academia this study will add up to existing literatures and also forms the basis for further studies in other industries.

1.6 The scope of the study

The study was limited to core management team and junior staff of Sunyani regional hospital only.

1.7 Brief overview of research methodology

The significant nature of the study required the use of varied methodologies in coming out with both quantitative and qualitative data. This section was focused on the methods of data collection employed and techniques of data analysis used which were mainly questionnaires administered to the junior staff since the sample size was large and faceto-face, semi structured interview was administered to the Core management for the reason being that the sample size was small. The internet and journals were the main sources of secondary data. In order to obtain reliable information on the extent to which corporate governance and agency problem exist in Sunyani regional hospital adequate and precise information were acquired through the collection of data from the hospital staff. The total population of the Sunyani hospital staff was 830 which constituted 7 Core management and 823 junior staff. Systematic sampling technique was used to select 210 as sampling size for the study. Chi-square analysis was conducted to find out if there is an association between good corporate governance and organizational performance using both manual and Statistical package for Social Scientists (SPSS).

1.8 Limitations of the study

Rather apart from the aid the present study can give to experts and investigators in connection to the understanding of corporate governance concept, it has numerous confines which include the Subject, situational characteristics and generalizability. The sample of the study was limited to Sunyani Regional Hospital core management and junior staff. The responses might have limited generalizability to Sunyani Regional Hospital as a whole. The step to which the responses were representative of the population again could decrease the validity of the conclusions drawn from the responses of the questionnaires and interviews as they applicable to the whole population.

It was likely that some of the selected employees (sample size 210) in Sunyani Regional Hospital might not have enough knowledge and understanding on corporate governance and agency problem which might increase the incidence of missing data. Besides, the conclusions and findings of the research may not be anticipated for the future because issues related to corporate governance and agency problems keep changing with time.

1.9 Organization of the study

This thesis starts with an introduction of the study with the background into corporate governance and agency problems in corporate organizations. The statement of the problem under evaluation, objectives, significance, scope and limitation to the study are presented in chapter one. The literatures were reviewed in chapter two in line with the objectives of the study. The methodology, which describes the procedures, tools and techniques used in this study are all presented in Chapter Three. Chapter four contains the analyzed data. Answers to all the objectives are presented in this chapter with the summary of findings, conclusion and recommendations in chapter five.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature related to the topic under study. The literature focus on the following headings: The staff level of knowledge on corporate governance and agency problems, the implications of corporate governance and agency problems, the relationship between corporate governance and agency problem and the recommendations of good corporate governance that will minimize agency problems.

2.2 The Concept of corporate governance and agency problems

The rules, processes, or laws by which organizations are functioned, regulated, and controlled is largely referred to as corporate governance (Sarbane Oxley Act, 2002). The inside elements defined by the staff, shareholders or structure of an organization and to the peripheral powers including customer groups, trades, and administration regulations are all part of corporate governance. Strong and compulsory corporate governance offers a system that works for the advantage of all stakeholders who matter, by guaranteeing that the organization follows the conventional moral values and well procedures including prescribed regulations. For that matter, corporations are put in place at regions, countries, and worldwide stages. Recently, corporate governance attracted a lot of attention since prominent staffs are engaged in misuse of business authority and others instance, suspected erroneous actions by organizational staff Margaret (2008).

Corporate governance basically comprises complement ring the welfares of the several stakeholders in an organization such as owners, executive, customs, dealers, bankers, administration and the public. Meanwhile corporate governance also delivers the outline for achieving a business's goals, it covers almost all scope of executive, starting from strategy plans and inner systems to show dimension and business revelation Investopedia US (2014).

The Sarbanes-Oxley Act in the U.S. was make known to in 2002 which sparked the issues of corporate governance. It was instituted to reinstate community poise in businesses and marketplaces after accounting scam liquidated eminent firms including Enron and WorldCom.

Nowadays, it is inadequate for a business to simply become lucrative; organization also requires depicting good company nationality by demonstrating ecological consciousness, right conduct and good corporate governance works. It is for these reasons that almost all organizations will attempt to have a great level of corporate governance Cadbury Report (1992), states that "corporate governance is the mechanism by which corporations are controlled and directed." Corporate governance looks at controls and the distribution of tasks in organizations. More precisely, debates on corporate governance have focused on the associations between the shareholders and management of the company and other stakeholders.

Corporate governance is a way in which firms are overseen. Its focus in the United Kingdom is the association between the executive of an enterprise and its owners. This emphasis in corporate governance continuous to motivate the supplies of successive corporate governance intelligences in the UK, such as Green bury Report (1995), Hampel Report (1998), Turnbull Report (1999), Higgs (2003), and Smith Report (2003).

The Organization for Economic Co-operation and development (OECD) (1999) suggests at a broader system of interactions, while upholding the emphasis on the bond among stakeholders, defining it as: A set of connections among organization's management, its executives, its stockholders and other stakeholders. It also looks at controls by which organizational goals are set, and the way of reaching those goals and checking works are evaluated. Sound corporate governance gives enticing motivations for the executives and management to follow goals that are beneficiary to both organizations and all stakeholders and would assist operative monitoring, that enable firms to put resources into better uses Dimsdale and Prevezer (1994).

Sarpong (2011), also view corporate governance as both the controls and the interactions that determine business course and its performance. The management is classically essential to corporate governance. Its correlation to the prime contributors, basically are shareholders and management, which are serious in corporate governance issues. Other groups include workforces, clients, sellers, and bankers. The framework of corporate governance also rest on the law, supervisory, organizations and right surroundings of the society. However, the 20th era is described as the age of management, the first part of 21st period has been anticipated to be more concentrated on governance.

Normally, corporate governance talks about the non-legal and host of legal philosophies, it does impacting on structures of government held commercial companies. Furthermost, corporate governance does not only affects those who handle openly business organizations and for what drive but also the provision of hazards and revenues from the company's operations among all stakeholders and even the public. Nevertheless, American business authority policy principally defines the mechanism privileges and connected tasks of three key sets:

- The business's owners, who offer funds and must authorize main organization dealings,
- The business's executives, are chosen by owners to supervise the activities of the company, and
- The business's core managements are accountable for the daily management of the company.

The Delaware Supreme Court has stated, "the greatest central values of business governance include a role of the provision of authority inside a company among its investors and its executives." (Brown and Casey 2012).Its system is the amalgamation of resource which safeguard that the agent manages the organization for the interest of owners or numerous principals. Such principals are, suppliers, creditors, employees, shareholders clients, and other groups with whom the association behaviors its corporate (George and Renneboog, 2006).

Corporate governance is the relationship among various participants in determining the direction and performance of corporation. The prime participants of corporate governance are the shareholders, the board of directors and the management. Shareholders appoint directors to manage the organization on a day-to-day basis on behalf of those shareholders. (Atril and Mclaney 2009)

Corporate governance talks about the processes and structures for the control and direction of corporations. It concerns the associations among the, Board of Directors, management, minority shareholders, controlling shareholders, and other stakeholders. Organizations practice good corporate governance aids corporations function more proficiently, mitigate risk, safeguard against mismanagement and improve access to capital. Corporate governance makes businesses more answerable and see-through to shareholders and provides management with the right capacity to retort to genuine stakeholder issues such as maintain able ecological and societal growth. It increases access to capital, provides employment opportunities, boosts economic growth, and encourages new investments (International Finance Corporation, 2014).

2.2.1 The board of directors

Corporate governance issues might be useful to clarify the role and structure of the panel of executives. The panel governs company on behalf of the shareholders and it is responsible for promoting their interests. It is led by a chairman and, for a listed public company; the board will normally include both executive and non-executive members.

2.2.2 The Chairman

Chairman is the eldest executive. This individual is elected by the other directors and chairs board meetings.

Executive directors

These are salaries employees with senior management responsible. The finance director of most large companies, for example, is a full-time employee. In addition to being a board member and taking part in board decisions, this individual is responsible for managing the finance function within the company.

2.2.3 Non- executive directors

Non-executives directors act purely as directors; they are not full- time employees of the company. They often have business experience gained from past or present activities concerned with businesses and/ or administration, apart from the company concerned.

Many non-executives directors are, at the same time, directors of other companies. The role of non- executive directors has taken on increasing significance in recent years and reflects the increased importance given to corporate governance issues Peter (2009).

The UK Corporate Governance Code draws a distinction between non-executive managers and autonomous non-executive managers. The term 'autonomous' in this context implies freedom from other significant links to the company, to its directors and to major shareholders. According to the UK Code, for example, a non-executive could not be regarded as independent if that person had worked for the organization concerned in the preceding five years.

Both types of non-executive, however, need to take an independent attitude towards their roles. Independence of the mind is vital for any non-executive director. They should be able to bring an objectivity of approach that can be difficult for executive directors whose working life is so bound up in the affairs of the company. Indeed, this is a major reason for having non-executive directors.

To try to ensure an effective of non-executive managers, the UK Code mentioned that, large listed organization, half of the panel excluding the chairman, must consist of autonomous non-executive members. The chairman should also be autonomous nonexecutive managers, at the time when they are being appointed. For smaller listed companies, not more than two autonomous non-executive managers should be on the panel.

Although executive managements are much more deeply involved in running a company than non-executive directors, both have the legal obligations towards the shareholders of the company (Peter and Eddie, 2009).

However, agency issues come about when owners of business employ managers to do some obligations. Disagreement refers to as "agency problem," rises once there is a clash of benefits between the wishes of the owners and the wishes of the management.

In finance, we have two main agency relations:

- Directors and stakeholders
- Executives and creditors

2.2.4 Stakeholders versus Managers

- Anytime managers have company's common stock below 100%, a likely agency problem between management and shareholders occurs.
- Management might take some actions that go against the interests of the business. For instance, management can develop the organization to avoid merger and acquisition effort to upsurge their job safety. Though, these merger and acquisition might be what the shareholders want (Investopedia US, 2014).

2.2.5 Shareholders versus Creditors

- Bankers (Creditors) take decision to sponsor a business based on the risky nature of the business and its capital management. This working capital management or capital structure has impact on the cash flow of the business, which is bankers' main concern. Shareholders, nevertheless, control working capital management or capital structure through the management.
- Shareholders will always take decisions that will benefit them and hence a possible agency problem happens between the owners and the bank. To illustrate, managers

may source founds from banks to re buy shares to bring down the company's share base and maximize owners return. Shareholders will gain; but, Banks (creditors) will be worried increasing debt that would bring about cash flow problems Investopedia US (2014).

According to Business Dictionary.com, agency problem result if individuals (manager) assigned to take care of the interests of principals (shareholders) exercise the authority for their own interest in its place. Agency problem is a serious problem and happens in almost all institutions such as a business, government, club or church. Many firms attempt to resolve this problem by means of implementing controls that include hard screening procedures, motivation for upright behavior and reprimand bad conduct, watchdog bodies, and among others however no institute can solve problem totally since the expenditure of doing is more the worth of the results.

(Rojas, 2014) states that the typical instance of organizational agency problem is the practiced manager—precisely the CEO—with only a minor stick in tenure, the interests contrary from shareholders.

The CEO instead of making the organization more proficient and profitable, he or she may be attempted into:

- empire-building (i.e. expanding the size of *the organization*, somewhat than the proportions of its profits, "which generally upsurges the managers ‘esteem, bonuses, return", etc., nonetheless at the expense of the effectiveness and thus value of the organization);
- not sacking assistants whose weakness or even ineffectiveness may be offset by their value as families and classmates;
- retentive big amounts of money that, while lavish, provides liberation from capital markets; and of course.

- a maximum of return with a minimum of "strings"—in the form of pressure to perform—attached.

Johnson (2005) also sees agency problem as the Shareholders-Management problem. The problematic yet enormously imperative and recurring managerial design problem in a way establishments can implement motivation can lure managers (“agents”) who shareholders as promised. Management and other employees of business have to put their delegated authority given to them by shareholders to make the most of the total monetary earnings from the organization to its shareholders the owners. Financial advisors clinical psychologists, doctors, teachers, nurses, CPAs, lawyers, and other service-oriented specialists must utilize their skills and expertise exclusively in the finest welfares of the clients, students, patients or who brought resources and themselves in expert hands in give-and-take specialists' services to work on their behalf.

Public workers, adjudicators and legislators in nations accept the idea of the known sovereignty are taught to practice the authority given them to make open rule verdicts that further some rational idea of “the public benefits”. Trustees, managers, and employees of NGOs have to use their authority within their organization and its funds to encourage the overall achievements the organizational objectives. However, if managers have to do what they were employed to do consistently thus ensuring that shareholders or the people interest is key then good incentive schemes must be put in place to induce them attach some level faithfulness to their service.

(Armour et.al. 2009), states that the three basic agency problems that rise in corporate are; first, it consists of conflict between the organization’s owners and its employed management. The problem is that managers are supposed to serve the shareholders’ interests to some extent than following their own private benefits. Second it comprises the struggle between owner managers directing interest within the firm or who hold the popular and non-controlling owners or at the same time has the lesser. Now the controlling owners are the agents and the non-controlling owners are the principals and the trouble lies in guaranteeing that the prior are not taking by the last. Although this problem is the greatest noticeable in pressures between popular and lesser owners, four the problem look like when some subsection of a organization's shareholders can regulate choices touching the position of shareholders in general. That is if lesser owners have veto privileges in connection to a specific choices, this can generate a class of second agency problem. Related problems can generate between normal and favorite owners, and between older and low-ranking creditors in insolvency. Thirdly agency problem encompasses the conflict between the organization itself such as its shareholders and the parties including creditors, workers, and clients. At this point the struggle lies in pledging that the organization, as managers, does not act unscrupulously toward the shareholders including stealing creditors, abusing workers, or confusing customers. The bottom line, nevertheless, is that the agency problem cannot 100% be solved in a ecosphere where almost everybody is having a well affection for their own egotism and the important data for assessing performance is lacking, expensive to attain and unevenly distributed between the manager and his shareholder.

2.3 Implications of corporate governance and agency problems

Current literature confirmed the significance of resilient corporate governance mechanisms in both precluding, and enhancing the effects and losses suffered by corporations in time of financial crunch particularly in developing markets [La Porta et al, 1999, 2002].

Weak CG framework was responsible for the huge losses that shareholders and organizations suffered in East Asia at time of the financial difficulties of 1997 to 1998

[Johnson et al. 2000, Mitton 2002].
In spite of the fact that the East Asia financial crisis was triggered by different reasons, a related condition happened in the Athens Stock Exchange Market (ASE) the next years (2000-2001). After two years of nonstop rise (1998-1999) that was regarded as by a very immense number of IPOs and a disproportional surge in both the bulk of dealings and the ASE index value as a consequence of a prolonged public jubilation, the market was bearish instigating severe losses for both organizations and small private shareholders. With operative corporate governance system, there is no doubt or little that corporate experts will be able to make decisions that will satisfy all stakeholders' interests. It offers a framework of transparency, probity, accountability, responsibility, checks and balances. Good corporate governance administration can clear the destruction that comes from corporate shortfalls and solve challenges including unrelenting poor firm performance, poor business leadership, and a common tiring away of buoyancy in and around corporate organizations (Agyemang et. al. 2013). Though good corporate governance framework and mechanisms were not noticeable worsen the crises. Nonetheless the severities of the crunch critical key performance indicators (KPI) of corporate governance that head to unfortunate shareholders fortification, and their work in the crunch is yet to be evaluated. The causes of the crises seem to include; asymmetric information of funds of the organization, poor mechanisms of information disclosure and heavy ownership attention that resulted to expropriation of lesser shareholders, as agency theory implies (Antoniadis et. al. 2008).

Historical, our attention has been on how credit and insurance market failures can specifically affect the smaller-scale and poorer groups, and how this can lead to hostile effectiveness, equity and poverty effects. For instance, microfinance uses a set of contractual and organizational innovations to deal with market failures.

Current corporate failures and misconducts in the area propose that, in spite of UK financial markets growth and fairly refined, yet adequate organization weaknesses to allow incidents of financial corporation malfeasance. BCCI is one of such financial institution that failed in the UK. In deference of the firm failures, BCCI, as one of the world's biggest banks, was shut down by the Bank of England in 1991. The bank augmented its assets by involving in a number of fake operations and as a result official investigation instituted by the bank of England (Bingham, 1992). BCCI shareholders and creditors filed a civil action against the regulators, the Bank of England and still ongoing. The result of this investigation can have significant implications for shareholders and creditors, especially of financial institutions {Kornert, 2003 in (Morrison 2007)}. Some managers may be tempted to buy luxurious corporate jets or to schedule business meetings at elegant resorts. They may not be interested in pretty but risky assignments for the reason being that managers concern more about their security than about maximizing shareholder worth. They may work just to maximize their own incentives, and therefore intensify their energies to make and resell faulty subprime mortgages. Conflicts between owners' and managers' goals create a situation where managers are not interested in growing shareholders wealth but their own interest is paramount. A practical illustration is that the CEO of Tyco, Dennis Kozlowski hove a $2 million 40th birth day celebration on his spouse he debited $1million of the expenditure to the organization. It is purely or dangerous conflict of interest, as well as illegal (Financial crisis, 2007–2010 or 2007–2011).

(Bonazzi and Sardar 2006) also states that managements of various boards serve on more than one board. Executives are also noted to have numerous obligations and often incompatible requirements. Directors have time restrictions and have to prudently man their labors for maximum the outcomes. The major task that exams the efficacy of management is checking and control of the management and their work. The stronger the level of checking, the higher the likelihood of realization or improved of financial performance. A director serving on several boards is trying to manage how to apportion her time and monitoring activities to cover all the many board for the financial period. In effect she is not able to be effective on her monitoring role hence affect the organization's performance she serves.

Bhagat and Black (2002), use the proportion of autonomous executives subtract from the proportion of inside managers as alternative, and the outcome reveals that panel freedom, importantly and adversely, links with short-term performance, but panel liberation makes no change in enhancing organizational performance. Agency Theory states that, when a chairman accepts CEO role, as a supervisor and a decision maker the work of the panel to bring down agency problems will deteriorate enormously and as a result corporate governance energies depressed. (Jensen and Meckling, 1976；Fama and Jensen, 1983；Patton and Baker, 1987）Empirical studies by Daily and Dalton (1993) and Dahya, Lonie and Power (1996) reveal that CEO dichotomy result in adverse effects for company performance. However, stewardship theory states that, managements' duty might defuse owner welfare performances got from CEO dichotomy, and management is rather motivated to improve firm performance. Boyd (1995) settles that CEO dichotomy conveys in helpful effects for organizational performance.

(Barratt R. and Korac, 2002) scrutinized their experience and signifies a usual test on corporate governance effects and may be of a singular significance to stating the function of corporate governance for economy. A sound governance structure guarantees both the great revenue level and great returns percentage. Usually, we have three different styles which are being practiced to manage an organization. The styles must correspond with the operations of the firm. Corporate will confront critical problems when governance is not effectively managed. The key outcomes of unfortunate corporate governance procedures, which nowadays persevere in our transitional countries, are low operation of workers assets. For example, inadequate incentives schemes, immature trust, bad structures and bad accounting procedures and the outcomes are that organizations are not able to attract investments. Putting into practice and ensuring that use of sound corporate governance will improve organizational development (Khiari and Karaa et. al. 2007). Furthermore, the attitude of neglecting corporate strategies may have ultimately caused by current worldwide high profile corporate failures. Prominent among such unsuccessful corporate bodies include; HIH Insurance and One-Tel the two firms are in Australia, Maxwell Communications Corporation, and Bank of Credit and Commerce International (BCCI) also in the United Kingdom; Enron and WorldCom both in the United States and Parmalat in Italy. These failures are due to weak corporate governance (Tennyson, 2010).

Corporate failure in Nigeria story is not different from other countries. Several corporate failures and large-scale embezzlement of money in the current past years in Nigeria, involved government organizations such as Nigeria Coal Corporation, Anambra State Motor Manufacturing Company, Niger steel Company, African Petroleum Nigeria Limited, Cooperative and Commerce Bank, AVOP Oil, and several of novel generation banks that could not make the recapitalization process. The corporate letdowns trigged some essential interrogations including audit independence, ethics, management style, professionalism and conflict of interest the nefarious practices of board members. Now, nearly all the enduring public institutions in Nigeria are gruesome and unwell. Key among the poorly public institutions in Nigeria include: Nigerian refineries, Flour Mill Company Enugu, Ajaokuta Steel Industry, and Niger gas Ltd Enugu, etc. The main goals of forming these establishments are not completely achieved Bies (2004).

2.3.1Failures of recent times globally:

- ✓ Freddie Mac and Fannie Mae
- ✓ Enron
- ✓ Barings Bank
- ✓ Royal Bank of Scotland
- ✓ Northern Rock
- ✓ WorldCom
- ✓ Merril Lynch
- ✓ Anderson

Naveen,(2013)

2.3.2 Corporate failure in Ghana:

- ✓ Meridian BIAO
- ✓ Bank for Housing and Construction
- ✓ Cooperative Bank

Appiah, (2011)

2.3.3 Corporate Governance the way forward in Ghana

- ➢ Hold Shareholder Model
- ➢ Decent Management Values and hopes
- ➢ Strengthen disclosure practices; enforce mandatory fully and encourage

- Voluntary disclosures
- Grow business drive accounts that cover investor welfares
- introduce Board self-evaluation
- Rigorous board affiliation desires
- Requisite competencies in board composition
- Ask tough questions about controversial issues and embrace objectivity
- Strengthen capacity of regulatory agencies
- Review the companies' code to strengthen its corporate governance
- credentials
- Debate on executive compensation

Kofi (2011).

2.4 Relationship between corporate governance and agency problem

Several scholars have viewed literatures on how corporate governance and firms' performance or agency problem are related. Though, numerous researchers have done work on advanced nations and on specific parts of governance (board composition and size (Bhagat and Black, 2002; Lehn, Patro, and Zhao, 2003), owner involvement (Black, 1997 for a survey), CEO revenue (Gibson, 2002), managerial reward (Schmid, 2003), (takeover defenses and tenure structure). Considerable fewer researches available for less developed nations (Black, Jang and Kim, 2004) and insufficient research are completed for evolution economies. Undoubtedly, managerial ownership and asset turnover at low levels are positively correlated. Nonetheless, the relationship turns from helpful to harmful when executive tenure surpasses the 10% level. Managerial association seems to turn to positive again when it reaches third turning point after 30%.

For a second time, some studies focus on examining the impact of a single corporate governance attribute, rather than creating a comprehensive measure of corporate governance including ownership structure and board features. One aspect of corporate governance study attention is to investigate the effect of ownership structure on how organizations are doing. Some of these studies are, Joh (2003) discoveries that organization's profitability is low when ownership concentration is low within the organization and this finding was done in the Korean equity marketplace. Gedajlovic and Shapiro (2002) also discover affirmative correlation between financial performance and ownership concentration for 334 Japanese companies in 1986 to 1991. These outcomes are in line with the forecasts of the agency theory, which proposes that huge owner presences in the business can decrease agency costs since they can check managers well than lesser shareholders in the business.

Similarly, Patibandla (2006) research work finds that large external shareholders condense agency costs when they provide more operative checking in the India equity marketplace. He ascertains that the names of the huge investor matters in organizations. Patibandla (2006) also discovered that individual foreign shareholders have a larger affirmative impact on organizational' returns than do public-owned local monetary organizations. Lehmann and Weigand (2000), however, do not discovery that the existence of huge owners essentially enhance organizational work in Germany. Nonetheless, they discover that the existence of large shareholders in financial institutions enhance organizational performance. These researches propose that it is significant to look at the ownership involvement and the biggest investor's particulars when evaluating corporate governance from the viewpoint of ownership structure.

Becher and Campbell (2004) work was on mergers and acquisitions of bank on corporate governance. They were of the opinion that in the course of these acquisitions and mergers the CEOs bargain for their owner interests while the outside managements of the corporation confront monetary difficulties. The organization governance of autonomous corporations are the most affected. Becher and Campbell (2004) did their empirical investigation using sample of 146 US large banks in 1990s to find out the impact of personal benefits and merger premiums. Their findings indicate that target merger premium is inversely correlated to the number of target executives who are retained during these mergers after using two thousand directors and executives for their work. It is also applicable for the business size, motivations, payment procedures and buyer returns.

McColgan (2001) provided a very larger opinion of corporate governance and agency theory. For him concentrated ownership can alleviate agency problems. Tentatively, owners can play active role themselves in checking executive. Nevertheless, average shareholder has little or no incentives to exercise checking behavior while checking benefits for shareholders are proportionate to their equity stakes (in Grossman and Hart, 1988). a. On the other hand, shareholders are motivated and can do more effective supervising role of the management when they have substantial stakes in the business. (in Shleifer and Vishny, 1986; Shleifer and Vishny, 1997 and Friend and Lang, 1988). Overall, the higher the shareholders have shares or investments, the higher their motivated to supervise and safeguard their asset. Even though, huge shareholders can aid in the drop of agency problems related with management, they can also hurt the organization by instigating disagreement between big and smaller owners. The difficulty typically rises when huge owners advance closely 100% control of a firm and involve themselves in self-dealing expropriation ways at the expense of smaller owners (Shleifer and Vishny, 1997).

Gomez (2000) arguments that, the legal system does not protect minority shareholders because either of poor laws or poor enforcement of laws and these expropriation incentives are stronger when corporate governance of public companies insulates large shareholders from takeover threats or monitoring. Besides, stock's ability to grow and, therefore, increase the incentives of large shareholders to expropriate firm's resources and the survival of rigorous assets can decline diversification, market insolvency.
Numerous pragmatic findings offer indication reliable with that view (Beiner et al, 2003).

Kinds of agency problems between high-growth and low-growth organizations and given the different magnitude, our expectations are that the efficiency of corporate governance controls should differ with development prospects. Precise, if agency cost is related with large small investment or data irregularity (a usual delinquent in high-develop organization), it is our expectations that corporate governance process that alleviate these types of corporate issues should be very operative in large-develop organization (Smith and Watts, 1992 and Gaver and Gaver, 1993). But, as debated by Jensen (1986), agency problems are connected with disagreement over the usage of unrestricted cash flow (a usual delinquent in under develop-growth organization), It is expected that corporate governance procedures that diminish corporate issues should produce very vital part in under develop-growth organization (Jensen, 1986).

Additionally, (Johnson et al. 2000) indicate that nations with feeble business governance have felt a greater decline in asset prices for the period of the Asian monetary crunch and debate that managers are further likely to take minority owners for the duration of a crunch as the anticipated return on investment falls. Rajan and Zingales (1998) also stated that shareholders have high interest in corporate governance during crisis, particularly where there are weak corporate governance controls and as result in narrow connection between corporate governance and organizational returns during crisis time.

Hahm and Mishkin (2000) also indicated that the financial crisis in Korea can be caused by adverse selection problems caused by asymmetric information and moral hazard. With private firm, Mitton (2002) presents that corporation with large external shareholders concentration have vital a good stock price performance at the time of Asian financial crisis and closes that corporate governance have a resilient contribution on organizational performance at the time of East Asian financial crisis.

(Basel committee 2010) argues that robust corporate governance procedures can decrease the incidence of agency problems and are critical to attaining and upholding community hope and sureness in any organization, which are serious to the correct working of the organization. Weak corporate governance increases the incidence of agency problems and can back to organizational letdown, and as a result reduces the important public trust in any organization. Beside this, weak corporate governance can cause markets to lose sureness in the capability of financial institutions to correctly man its liabilities, assets and deposits inclusive, which will activate a financial institution run into liquidity problems.

It is easier to control shareholders to expropriate minority shareholders in Korea when corporate structures are feeble. During financially upset condition, the likelihood of expropriation of lesser owners by restricting investors can go up since restricting owners are expected to be very anxious to manage their own welfares and not looking at lesser owners' benefits. (Johnson et al. 2000) actually say that executives are head to expropriate lesser owners greatly when the likely profits on asset reduce during financial suffering, and offer supportive suggestion.

2.5 Recommendations of good corporate governance that will minimize agency problems

Lately the terms ‘good governance’ and ‘governance’ are gradually used in the growth of literature. Bad governance is progressively being viewed to be one of the core causes of all malevolent in our societies not excluding agency cost. The governance as a concept is not new. Governance is as ancient as human evolution (UNESCAP, 2007).

The letdowns of corporations of 1970s and 1980s ignite the attentions of the regulators and the public on enhancing corporate governance. Some of the most influential initiatives have come from the SEC Blue Ribbon Committee in the U.S and the Tread way Commission. Also include the Peters Report in the Netherlands, the Cadbury Committee in the UK and the Vienot Report in France. All these committees have one view that that GG required operative panel working through knowledgeable, autonomous directors; empowered panel small committees; and enhanced board fairness to executive working. Recommendations from auditors in the US were received by the 1999 SEC Blue Ribbon Committee. The recommendations expected to advance the liberation, procedures, and efficiency of audit committees.

Paul (2005) gave illustrations of some procedures frequently used to overwhelm or remove the agency problem include the following:

- The contractually specified procedures of setting the amount of the agent's monetary return in proportion to measurable results and others such as returnssharing bonuses, emergency payments, commissions from sales, merit raises and director stock choices.

- Finding and decide on applicants whose character (based ideally on past performance) show they are “well-motivated,” generally “of good character” and “dedicated to the ethics of the profession,” — i.e., applicants who feel a resilient sense of moral responsibility to do their best to do what they have promised to do, even when no one is likely to be seeing and organizational hiring and promotion policies for people in responsible positions (agents).
- Government regulatory board for noticing, punishing extreme dereliction of duty, either by basically sacking and shaming (or perhaps de-licensing) the worthless agent or perhaps by in a hostile way pursuing civil or criminal penalties through the courts; and official measures of responsibility (such as auditing committees, boards of directors, professional society ethics committees inspector generals' offices.
- Competing candidates for the job may be allowed to show how performance might be improved through a change in command and arrangements such as elections whereby the recent performance of the agent may be periodically scrutinized by his or her principals and also to make their case for replacing the incumbent agent by revealing his or her shortcomings.

Vanguard (2014), also suggested some numbers of recommendations to improve corporate governance and eliminate agency problems are captured below;

2.5.1 Independent oversight

The significant popular of the panel (board) should be totally autonomous of executive. But where the panel chair is not autonomous, we trust that it is imperative for them to be part of autonomous management on the board, in the form of a principal or ruling executive. This executive should meet regularly with the independent directors without the CEO present and should safeguard a suitable balance between the powers of the CEO and those of the other independent directors.

2.5.2 Accountability

Corporate governance is about the interconnection among a firm's shareholders, directors, and managers. Guaranteeing that management is liable to the board of shareholders and panel, and, is a significant motivation in the value creation. In addition, executive managers should see a substantial link between their compensation and company performance and directors should be subject to annual elections by majority vote.

2.5.3 Engagement

It is imperative for corporate workers to talk often with owners about areas of concern or interest. Besides, investors should be offered with ways through which investors can link with the panel. Whereas panels receive investor "feedback" by way of the proxy elective procedure, a "yes/no" ballot offers narrow insight into owner opinions. With hundreds of meetings and discussions we held annually, the outcome is that we cannot often accomplish more through ballot than dialogue.

2.5.4 Sensible compensation tied to performance

It is important that the several of directors' salaries should be subject to long-term shareholder value creation. An autonomous payment committee should have enough leeway to systems pay measures that motivate both long- and short-term accomplishments, but then ensuring that attention is on sustainable value creation. Retention requirements and Stock ownership should be valued since they strengthen executives' "shareholder" mind. Management salary, whatever reason it is designed, should continuously be sensible on an entire basis and not unduly weak public owners' interests. With regards to compensation, directors should be rewarded well when they achieve targets, not when they are asked to leave or at the retirement age. Lastly, corporations should disclosures their pay procedures which are more useful and will create more accountability system.

2.5.5 Shareholder voting rights consistent with economic interests

We believe that shareholders' say in important matters should be proportional to their ownership interest in a company. A simple majority of shares outstanding should be sufficient to approve virtually any matter subject to shareholder approval. Companies should not create classes of stock that disproportionately give one class more votes per share than the common share class.

2.5.6 Minimal anti-takeover devices and annual director elections

Shareholder value is usually makes the most of if the market for company structure is allowed to work without restrictions. Poison pills, takeover defenses and classified boards, principally in amalgamation with one another, are usually at conflict with this viewpoint.

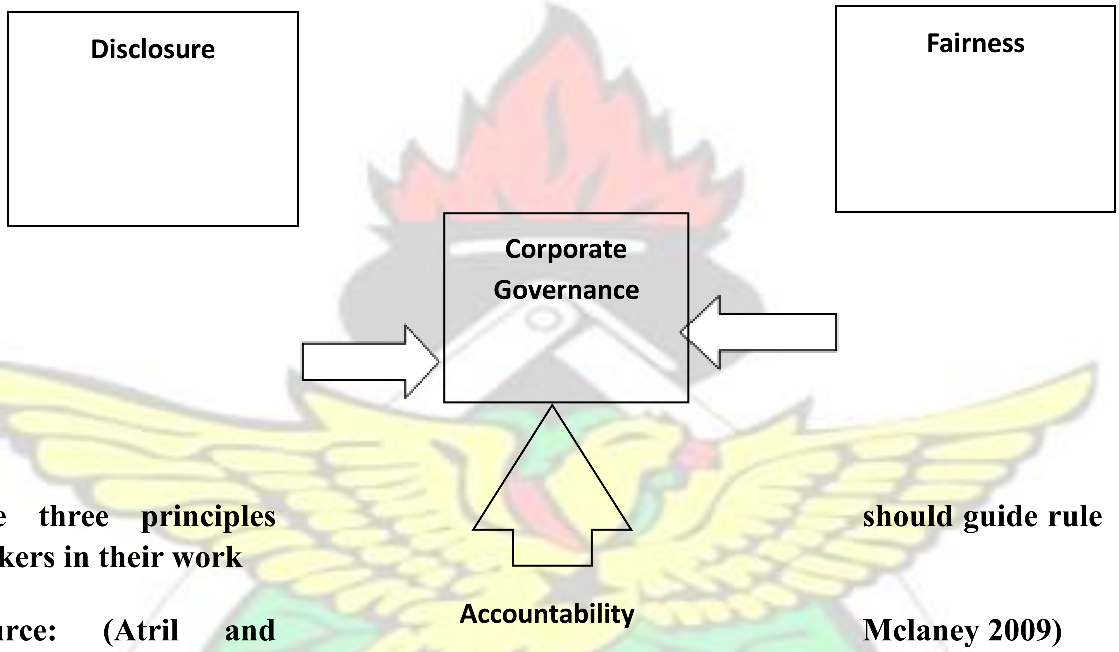
2.6 Conceptual Framework

With large companies there tend to be a separation of ownership from day-to-day control of the business. This brings disagreement between shareholders and management over those interests is best served. It is likely that executives will follow their own interest somewhat than those of owners. When this happens, it is obviously a challenge for the owners; but, that decision can also be a problem for the society as a whole. Wherever shareholders suspect that their investments are probable be mishandled, they will be unenthusiastic to invest. Lack of resources means that businesses can only make less investment. Besides, charges on borrowing will increase as corporations contend for whatever funds are existing. Therefore, when shareholders are not interested in individual businesses the deep impact on the performance of private companies and this is not healthy to economy. To dodge these complications many market economies which are competitive have a framework of rules to aid check and regulate the conduct of managements. The framework is around three controlling principles:

- Disclosure: timely and adequate data about company performance help shareholders to make a decision on trading and thus supports the marketplace replicates the worth of a company under current board. If the market identifies that current executive is not doing well, a reduction in stake value will punish board's failure and give approval to change of management.
- Accountability: it involves establishing an adequate monitoring process and defining the roles and duties of the directors. In the UK and other part of the world, corporation rule requires that the managements of a corporation act in the best interests of the owners. This means, that management must not use the powers and known how for interest rather the interest of those who employed them.
- Fairness: Managements should not take the advantage to gain because they have access to 'inside' information that shareholders do not have. For this reason, both

the London stock Exchange and the law put limitations on the capability of the managements to trade the shares of the business.

Figure 2.1: PRINCIPLES UNDERPINNING A FRAMEWORK OF CORPORATE GOVERNANCE RULES



The three principles should guide rule makers in their work

Source: (Atril and Mclaney 2009)

2.6.1 Strengthening the framework of corporate governance rules

Over the years, the number of rules has been designed to protect shareholders interest has increased enormously. It is in response to faintness in corporate governance measures which were uncovered when a high-profile business frauds and failures, unnecessary pay upsurges to managements and indication that some financial reports were manned to misinformed shareholders. However, the blame for any corporate weakness should be shouldered by shareholders (Atrill and Mclaney 2009).

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The chapter discusses the processes method and the design with which the research was conducted. Thus, it covers the sources of data, mode of data analysis, the research design, and sampling procedures thus showing the guiding principle with which the study was carried out to arrive at the results and assumptions. Primarily, this is where the research justifies and throws more light on how, where and why a particular method is used.

3.2 Research design

This study was built on descriptive and exploratory readings. An exploratory study is a way of trying to know the happenings; to search for new understandings; to interrogate and to measure occurrences in a new area' (Jankuwics, 2002). This method explained the extent to which corporate governance and agency problem exist in the Sunyani Regional Hospital in the Sunyani municipality.

The descriptive method to the study also helped showed a correct outline of governance, thereby revealing the peculiar state of corporate governance and agency problem in the Sunyani Regional Hospital in the Sunyani Municipality.

Saunders et al. (2002) indicated that the case study approach has substantial capacity to produce responses to the interrogation 'why?', 'what?' and 'how?' These measures of investigation allowed the investigator to censoriously evaluate existence of corporate governance and agency problem in Sunyani Regional hospital in Sunyani municipality.

In order to explore a typical situation of corporate governance researchers to make appropriate inferences from the various good practices of corporate governance and further help make robust recommendations to facilitate good corporate governance practices in various health centres. The basic rational of a sole case research for this work is powerfully entrenched in the desire to generate whether the answers of this case can be simulated in the entire corporate sector, and, as a result, the desire to simplify from these answers.

The researcher used Sunyani regional hospital, Brong Ahafo Region as case study.

3.3 Population

The population of the study comprised both core management staff and the other staff.

Management includes: the, Head of Administration, Medical Director, Head of finance, Deputy Director of nursing service, the clinical coordinator, and Head of pharmacy.

Other staff also includes employees who are not part of management of the organization. The total population for the core management and staff are 7 and 823 respectively. The researcher focused on management and the junior staff since they play an important part in the growth of corporate governance.

3.4 Sampling and sampling procedure

The sample frame is the list of all the members in the population. The sampling frame should be adequately to shaping the class of sample picked from the population. A sample size of 210 was taken. This was further divided into two groups: 203 constituted the first group, who were mainly junior staff, and the second group was core management team which constituted 7. Questionnaires were administered to the first group, since they were large. The second group was interviewed because they were small. These questionnaires were collected over a one week period and the interview was conducted for one day.

The sampling procedure that was used for this study was systematic sampling. Systematic sampling as a sampling technique consists of selecting every nth sampling element within the population after the first sampling element has been selected at random from the first nth sampling element (Amoani, 2005). This was chosen from among others like simple random sampling, stratified sampling and cluster sampling. Sample size of 210 is required from a population of 830.The sample interval was determined as follows:

Sample interval = $\frac{\text{Total number of basic sampling elements in the population}}{\text{Number of sampling elements needed for the sample}}$

= 830 /210 =3.95 $\simeq$ **4**

- Choice a random number between 1 and 4; thus investigator chose the number 2.
- From the start of the research, count element until you ascertain the 2nd element. This will be your 1st element in the sample.
- To find the 2nd element in the sample, add 2 to the sampling interval (4): 2+4 = 6. The 2nd element of the sample will be the 6th in the hospital.
- Continue with this same process until you acquire the 210 element needed for the research.

Source: Sampling Size and sample methods calculation for SMART methodology, 2012.

3.5 Sources of data and collection procedure

Data for the research was collected using both secondary and primary sources. The main source of data was from primary sources. With the primary source of data, questionnaires instituted the main research tool joined with personal interviews to prompt the needed answers from the respondents. The questionnaires were intended to be task-specific. The investigator engaged self-administered questionnaires to some junior staff and face-toface semi-structured interviews for core management who are right involved in the exercise of corporate governance at Sunyani regional hospital. Secondary data was also solicited from published documents such as, institutional reports, newspapers, journals and the internet on the topic of the research.

3.6 Research instrument

Survey method was used in collecting data from the respondents. In general, surveys are methods of data collection in which information is gathered through questioning (oral and written), interviews and electronic mail to elicit information from some of the respondents (Saunders et al., 2007). In this study questionnaires and interviews were the major instrument used.

Questionnaire is observed as a sequence of queries, each one giving a number of substitute responses from which respondents can select (punch 2000). This is one of the common instruments used in social sciences research because they provide an efficient means by which statistically quantifiable information can be collected. The study also made use of questionnaires because many of the respondents were easily reached and this also made data analysis quit simpler and easier. The items on the questionnaires were structured which were basically closed ended type. In formulating the questionnaire, a cover letter, directions and the main body were well put in place. The questionnaires were administered personally to the respondents.

The study made use of interviews as well especially during the pre-test procedures which helped in designing the final questionnaire. Unstructured interviews were elicited when gathering information from some notable personnel at Sunyani Regional Hospital. The researchers also made use of official documents (secondary data) of the Sunyani Regional hospital in relation to the subject under study.

3.7 Data analysis

The investigator used both qualitative and quantitative techniques to examine the data got from the field survey. Chi-square analysis was used to find out the association between corporate governance and organizational performance. Statistical package for Social Scientists (SPSS) and manual were used to analysis the data collected from the field. The descriptive analysis was systematically put in the form of tables, charts and figures.

3.8 Overview of organization

On the 11th May 1927, Sunyani Regional Hospital started operation by Colonial Masters as a Hospital for Western Ashanti people. 45 years ago, Brong Ahafo Region got its regional status out of the Ashanti Region. The hospital had experienced a lot of change and development during the time. The hospital was transformed into ultramodern with the state of art medical equipment and diagnostic facilities on 4th of August 2003.

3.8.1 Vision

To be a World Class Healthcare Organization of standing and in "excellence Practice" in the Medical and Nursing Care and in the Teaching high quality Medical by year 2010.

3.8.2 Mission

To offer excellence ambitious, customer centered and result oriented, effective healthcare services in a well preserved atmosphere by enough number of well-motivated, knowledgeable and resisted staff which respect and worth clients.

3.8.3 Goals

- To train the necessary human resource for the Hospital and the Ghana.
- To offer adequate appropriate Staff housing for newly employed Workers.
- To develop and increase the revenue base of the Hospital to meet the huge PPM, and recurrent cost.
- To inspire staff to increase on performance and entice new ones.
- To introduce systems In-Service Training for all workers to promote their knowledge and abilities in contemporary training of medicine.
- To attain high level of content customers and advance the organizational image of the Hospital Nationwide.
- To be scientifically advanced.

3.8.4 Values

- To be client focused and results oriented
- Workforces are the highest resources
- Well preserved atmosphere and apparatus
- Uninterruptedly improve Workers expertise

3.9 Challenges/Achievement/Way forward

The greatest challenge fronting the ultra-modern health facility is the declining monetary assistance and other resources from the central government and other agencies. Furthermore, the hospital is faced with the enormous task of running the hospital with only revenue generated inside.

The hospital recorded more deliveries in 2013 than in 2012 as a result of the free maternal delivery policy introduced by the government.

These attainments nevertheless, the hospital was not able to achieve some of its key targets including a drop in out-patient attendance, decline in admission and a reduction in bed occupancy rate from 65 per cent in 2012 to 57 per cent in 2013. There was an increase in the number of maternal deaths from 12 in 2012 to 17 in 2013, a sharp fall in procedures apart from eye and obstetrics and gynecology operations, whilst housing continuous to hangout the hospital, thereby losing some vital staff posted to the hospital.

The health facility was also enfeebled financially by the postponement in repayment of services rendered to national health insurance clients by insurance schemes, as it lost GHC 33,668.84 in 20013 through waivers to paupers.

However, the hospital surpassed its revenue target by more than 30 per cent and this goal was attained through good financial management practices and the consolidation of internal structures that assisted to decrease revenue seepage to the barest minimum.

New services like neurosurgery, mammography screening, dermatological services and special clinics for diabetics would be introduced this year.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter focuses on the findings and analysis and the discussion of data obtained from respondents to investigate the extent to which corporate governance and agency problem exist in Sunyani Regional Hospital. Using SPSS statistical tool of presentation, the data is represented in pie charts, and tables. Two hundred & three (203) questionnaires were administered to the junior staff members, whilst semi-structured personal interview was conducted with seven (7) core management of Sunyani Regional Hospital.

The purpose of using the semi-structures interview with the management staff was to obtain first hand information and quality responses. The junior staff members were also guided to response appropriately and ensure high rate of response. In the end, all questionnaires were received and interview successfully conducted recording hundred percent (100%) respondent rate.

4.2 Socio-Demographic Characteristics of Respondents

The socio-demographic characteristics of the study included; sex, age, marital status, and educational level of the respondents. The study also includes the various departments of the hospital that partook in the study.

Table 4.1: Department of respondent

Department	Frequency (n)	Percentage (%)
Administrative	44	21.7
Nursing	75	36.9
Accounts	51	25.1
Medical	7	3.4
Human resource	26	12.8
Total	203	100.0

Source: Survey data, 2014

Table 4.1 illustrates the various department of the Regional Hospital, Sunyani that were covered by the study which include; administrative department, Nursing department, Accounts department, Medical department, and the Human resources department. Finding as per above table indicates that relatively high (n= 75) respondents, representing 36.9% were from the Nursing department followed by those from the Accounts department and the lowest were from medical department. The high number of respondents from the Nursing department could be attributed to the fact that nurses are responsible for the core function of the hospital.

Table 4.2: Sex Distribution of Respondents

Response	Frequency (n)	Percentage (%)
Male	84	41.4
Female	119	58.6
Total	203	100.0

Source: Survey data, 2014

From Table 4.2 above, it can be seen that out of the 203 respondents, 58.6% were females and 41.4% were males. The data suggests that there was a vast difference between the number of males and females used for this research. This vast variation is normal in Ghanaian population since almost all places in Ghana, females are more than males.

Table 4.3: Age distribution of respondents

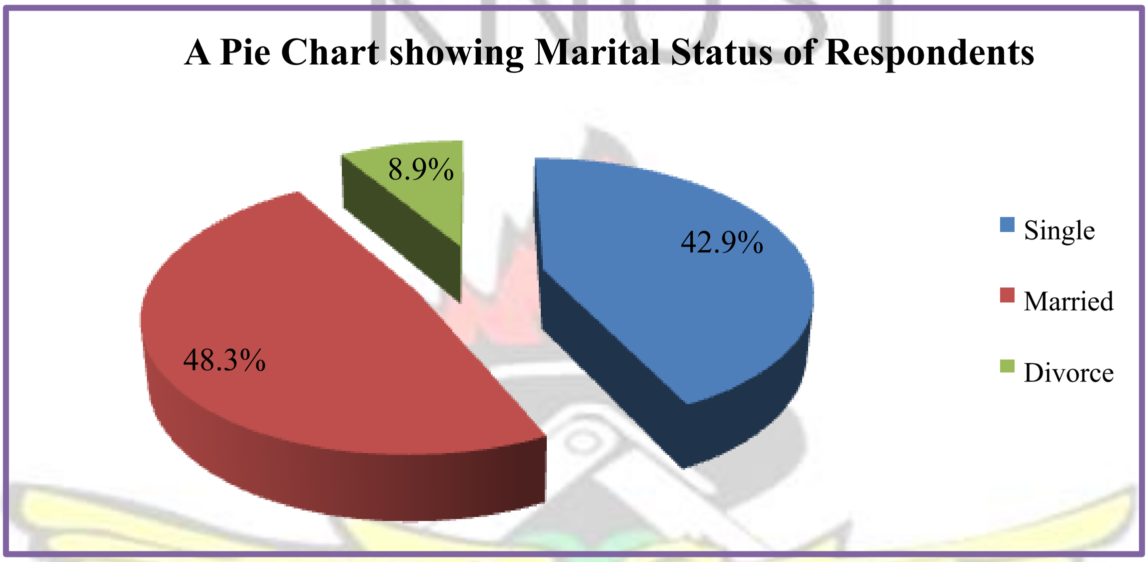
Response	Frequency (n)	Percentage (%)
20-29 years	96	47.3
30-39 years	63	31.0
40-49 years	25	12.3
50-59 years	16	3.9
60 and above	3	1.5
Total	**203**	**100.0**

Source: Survey data, 2014

Table 4.3 indicates that, high number (n= 96) of the respondents representing 47.3% were of the ages ranging from 20-29 years, whilst 31% (n=63) of the respondents used for the research were ranging between the ages of 30-39 years. The table also depicts the fact that 12.3% of the staff were within the age range of 40-49 years and 3.9% of the respondents were within the age range of 50-59 years whilst 1.5% were within the ages of 60 years and above. The above finding means that majority of the employees at the hospitals were within the age range of 20-39 years. The advantage here is that the hospital has majority of its workers within the active employment zone and they are enthusiastic, energetic and physical active and represent the future of the organization. The average or mean age of the respondents was 30.0 years. Whiles the minimum and maximum ages were 21 and 60 respectively. The variance age of respondents was 1.96.

This means that the sum of the respondents' age difference from the mean was 1.96. Standard deviation (SD) was 6.51, which means that each age of the respondents differs from the mean by standard deviation of 6.51.

Figure 4.1: Marital status of Respondents



Source: Survey data, 2014

Figure 4.1 shows that 98(48.3%) of the respondents were married; 87(42.3%) were single while 18(8.9%) of the respondents were divorced. The finding as per above pie chart indicated that there were more married employees in the sample than those who were single or divorce. This means that respondents were matured and have some level of responsibilities both at home and their work places.

Table 4.4: Education status of Respondents

Respondents	Frequency (n)	Percentage (%)

Masters degree	22	10.8
First degree	63	31.0
Diploma	107	52.7
Others	11	5.4
Total	203	100.0

Source: Survey data, 2014

Table 4.4 represents the distribution of respondents by academic qualification. Finding as per above table indicates that more than half (n=107) of the respondents, representing 52.7% were diploma holders, followed by those who had first degree, representing 31%. This means that majority of the respondents were diploma holders. This could probably be attributed to the fact that large proportion of the workers in the Regional Hospital, Sunyani are nurses who hold diploma by qualification and also handle the core functions of the organization.

Table 4.5: Years of work in the hospital

Response	Frequency	Percentage
Less than 1 yr	69	34.0
1-4 yrs	76	37.4
5-8 yrs	46	22.7
Above 10 yrs	12	5.9
Total	203	100.0

Source: Survey data, 2014

Table 4.5 shows respondents' working experience and years of working in the hospital. The finding as per above table indicates that 76 (37.4%) respondents had 1-4 years working experience, while 69 (34%) of the respondents had less than 1 year working experience in the hospital. Besides, 46(22.7%) of the respondents were also within the category of those who worked in the hospital for 5-8 years whereas 12 (5.9%) also worked in the hospital for 10 years and above. Thus with relatively high level of working experience in the hospital, one would expect a reliable and objective assessment of corporate governance and agency problems, its implications, and relationship between corporate governance and agency problem from the respondents. One can infer from the background characteristics of respondents that they were matured people, have high educational background and several years of working experience in the hospital.

4.2 Knowledge on Corporate Governance and Agency Problem

In assess the knowledge of respondents on corporate governance and agency problems, a number of questions were asked which covered the definition of corporate governance, prime participation of corporate governance, shareholders appointment board of directors, responsibility of board of directors among others as shown in table 4.6 below.

Table 4.6: Knowledge on Corporate Governance and Agency Problem

Variables	Response	Frequency (n=203)	Percentage
Corporate governance is the relationship among various participants in determining direction and performance of corporation	Strongly Agree Agree Neutral Disagree or Strongly disagree	115 56 16 10 6	56.7 27.6 7.9 4.9 3.0
The prime participants of corporate governance are the shareholders, the board of directors and the management	Strongly agree Agree Neutral Disagree strongly disagree	106 54 31 11 1	52.2 26.6 15.3 5.4 0.5

Shareholders appoint directors to manage the organization on a day-to-day basis on behalf of those shareholders	strongly agree Agree Neutral Disagree	114 48 31 10	56.2 23.6 15.3 4.9
The directors are not required to be shareholders	Strongly agree Agree Neutral Disagree strongly disagree	103 36 36 22 6	50.7 17.7 17.7 10.8 3.0
Corporate governance issue arise because of the separation of ownership from control of the organization	strongly agree Agree Neutral Disagree strongly disagree	111 59 17 10 6	54.7 29.1 8.4 4.9 3.0
Corporate governance rules are based around the principle of disclosure, accountability and fairness.	strongly agree Agree Neutral Disagree strongly agree	118 55 14 10 6	58.1 27.1 6.9 4.9 3.0
The board of directors are responsible for setting the strategic direction of the organization, controlling the organization and nurturing relations with shareholders	strongly agree Agree Neutral Disagree strongly disagree	107 55 17 19 5	52.7 27.1 8.4 9.4 2.5
The chairman's role involves trying to ensure that the board operates effectively, providing advice and support to the directors	strongly agree Agree Neutral Disagree strongly disagree	129 38 20 7 9	63.5 18.7 9.9 3.4 4.4
The chairman's roles also include communicating with shareholders and trying to ensure that the performance of the board and directors are subject to regular security	strongly agree Agree Neutral Disagree Strongly disagree	126 60 5 9 3	62.1 29.6 2.5 4.4 1.5

Non-executive directors are part-time and do not engage in day-to-day running of the organization	strongly agree Agree Neutral Disagree strongly disagree	106 55 24 16 2	52.2 27.1 11.8 7.9 1.0
There is risk that directors will pursue their own interest rather than those of the shareholders	Strongly agree Agree Neutral Disagree strongly disagree	116 45 33 8 1	57.1 22.2 16.3 3.9 0.5
If directors take decision in their own interest rather than their shareholders interest, it is clearly a problem for shareholders and society as a whole	Strongly agree Agree Neutral Disagree strongly disagree	120 49 13 20 1	59.1 24.1 6.4 9.9 .5
Agency problem is a pervasive problem and exists in practically every organization whether a business, church, club, or government.	strongly agree Agree Neutral Disagree strongly disagree	108 61 21 5 8	53.2 30.0 10.3 2.5 3.9

Source: Survey data, 2014

Finding as per above table 4.6 indicates that over 84% (for strongly agreed and agreed) of the respondents affirmed that corporate governance is the relationship among various participants in determining direction and performance of corporation. Over 78% of the respondents affirmed that the prime participants of corporate governance are the shareholders, the board of directors and the management. Over 79% of the respondents affirmed that shareholders appoint directors to manage the organization on a day-to-day basis on behalf of those shareholders. Over 68% of the respondents affirmed that the directors are not required to be shareholders. Finding also shows that over 83% of the respondents unanimously affirmed that corporate governance issue arise because of the separation of ownership from control of the organization. Over 85% of the respondents also affirmed that corporate governance rules are based around the principle of disclosure, accountability and fairness.

The data also show that 79% of the respondents were in agreement that the board of directors is responsible for setting the strategic direction of the organization, controlling the organization and nurturing relations with shareholders. It was also obvious from table 4.6 that over 82% of the respondents affirmed that the chairman's role involves trying to ensure that the board operates effectively, providing advice and support to the directors.

Over 91% of the respondents affirmed that the chairman's roles also include communicating with shareholders and trying to ensure that the performance of the board and directors are subject to regular security. The data also show that over 79% of the respondent affirmed that non-executive directors are part-time and do not engage in dayto-day running of the organization. The finding as per table 6 also indicated that over 79% of the respondents affirmed that there is risk that directors will pursue their own interest rather than those of the shareholders.

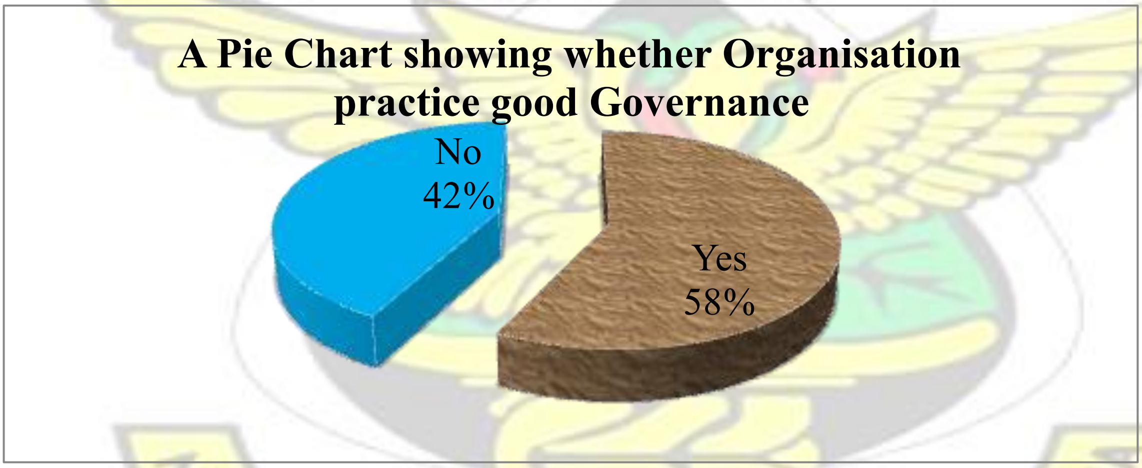
It was also clear from the table 6 that 83% of the respondents affirmed that if directors take decision in their own interest rather than their shareholders interest, it is clearly a problem for shareholders and society as a whole. Besides, over 83% of the respondents also affirmed that agency problem is a pervasive problem and exists in practically every organization whether a business, church, club, or government.

The implication of the above finding is that the majority of the respondents have appreciable knowledge on corporate governance and agency problems with regards to definition of corporate governance, prime participation of corporate governance, shareholders appointment board of directors, responsibility of board of directors among others. The high level of knowledge could contribute to the practices of good corporate governance in the hospital. From the literature review, Atril and Mclaney (2009) seem to agree with what the respondents indicated as their documents states that corporate governance is the relationship among various participants in determining the direction and performance of corporation. The prime participants of corporate governance are the shareholders, the board of directors and the management. Shareholders appoint directors to manage the organization on a day-to-day basis on behalf of those shareholders.

4.3 Implications of Corporate governance and agency problem

The study sought the views of respondents on outcome of corporate governance and agency

Figure 4.2: Organization Practice good governance problem in the organization as discussed below.



Source: Survey data, 2014

The study found as per figure 4.2 that 117(58%), representing the majority of the respondents affirmed that the hospital practice good governance whereas the remaining respondents, 86(42%) also stated that the hospital does not practices good corporate governance. The reasons why respondents believed that the hospital practices good governance include; the quality of healthcare provided, management cooperate well with the lower subordinates, organization have an administrative system, proper dissemination of information, the use of delegation, effective monitoring system in place for monitoring workers, and the fact that hospital acts in accordance with the procurement Act, Administrative Acts as shown in 4.7 below. It implies that the practice of good corporate governance in the organization enhances quality of service provided, proper dissemination of information in the organization and also enhances effective monitoring of workers and from the literature review, the Sarbanes-Oxley Act in the U.S. appears to be in line with what the respondents stated here as the document was make known to in 2002 which sparked the issues of corporate governance. It was instituted to reinstate community poise in businesses and marketplaces after accounting scam liquidated eminent firms including Enron and WorldCom.

Nowadays, it is inadequate for a business to simply become lucrative; organization also requires depicting good company nationality by demonstrating ecological consciousness, right conduct and good corporate governance works. It is for these reasons that almost all organizations will attempt to have a great level of corporate governance.

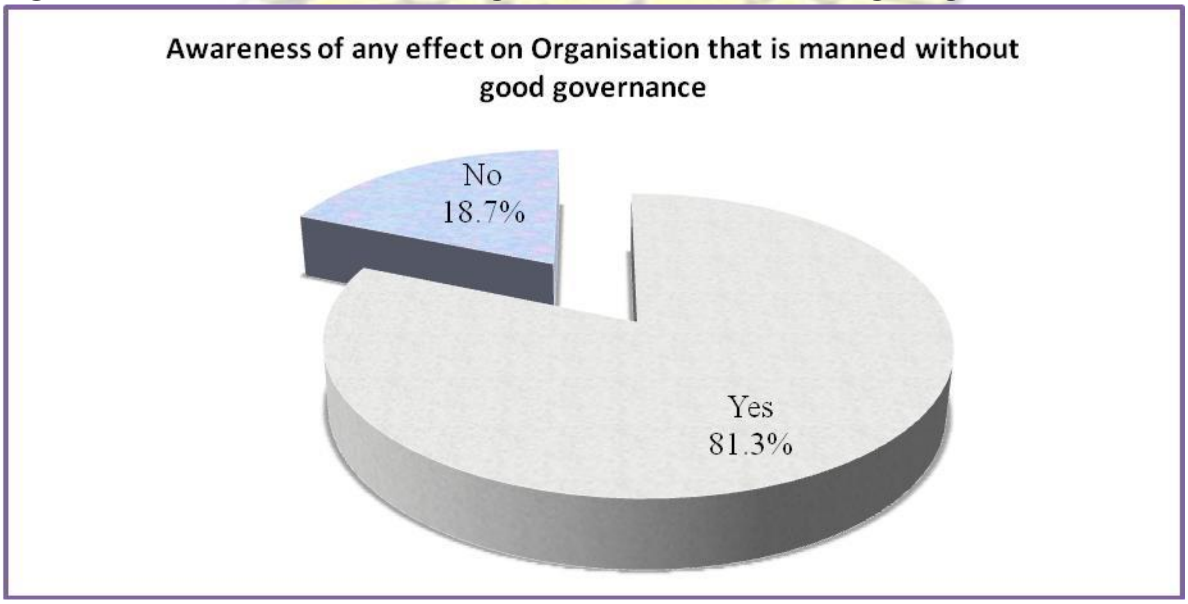
Table 4.7: Reason why respondents believed organisation practice good governance

Response	**Frequency (n=117)**	**Percentage (%)**
There is quality healthcare delivery	88/117	75.2
Management cooperate well with the lower subordinates	109/117	93.2
Accountability, disclosure and fairness	111/117	94.9
Proper dissemination of information	90/117	76.9
The use of delegation	67/117	57.3
Effective monitoring system in place for monitoring workers	71/117	60.7
Organization acts in accordance with the procurement Act, Administrative Acts	100/117	85.5

Source: Survey data (2014).

In addition, it can also be deduced from table 4.7 that good corporate governance in an organization include well corporation of the lower subordinates with management, existence of accountability, disclosure and fairness, proper dissemination of information, the use of delegation, effective monitoring system in place for monitoring workers, and the organization must act in accordance with the procurement Act as well as the Administrative Acts. The implication is that this ensures cordial relationship between both core management and junior staff in the organization which eventually enhance performance and productivity in the organization and from the literature review, Atril and Mclaney (2009) seem to agree with what the majority of the respondents stated- accountability, disclosure and fairness which are the three principles that guide rule makers in an organization.

Figure 4.3: Awareness of effect of organisation manned without good governance



Source: Survey data, 2014

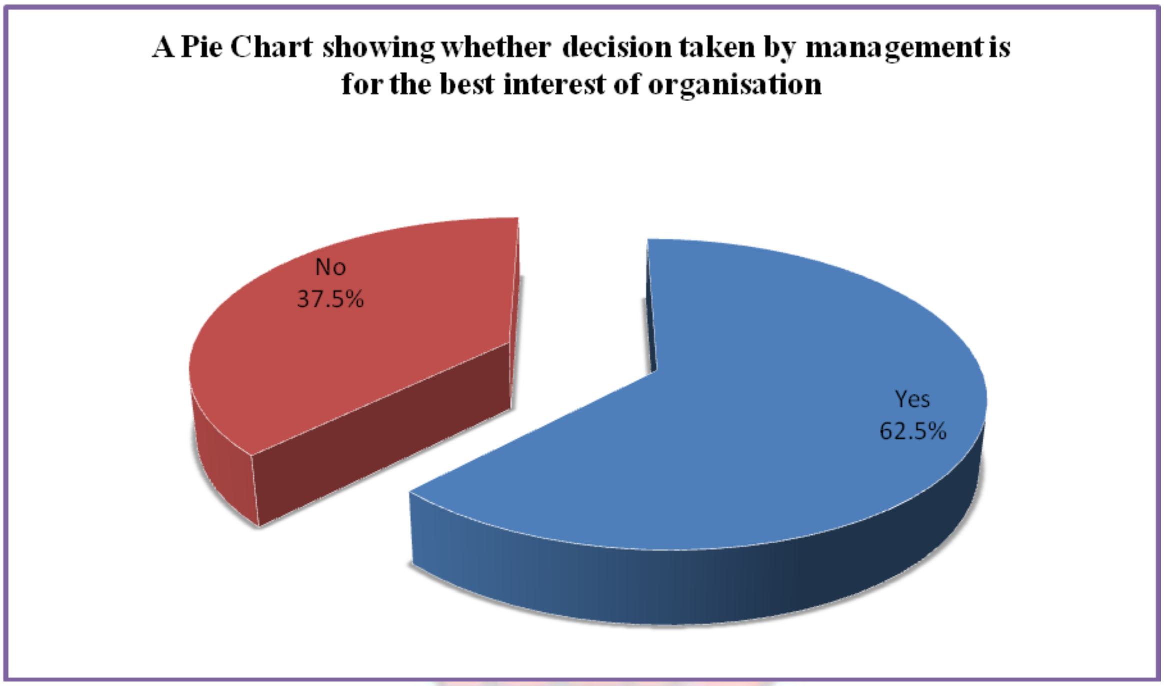
Finding as per figure 4.3 indicates that 165 (81.3%) of the respondents were aware of the effect of organization manned without good governance. Among the effects of organizations that are manned without good governance as identified by the respondents include; high labour turnover, embezzlement of funds, and collapse of those organizations as show in Table 4.8 below. The implication is that the respondents were almost fully aware of effect of organization manned without good governance and from the literature review, Khiari and Karaa et. al. (2007) to some extent agreed with what the respondents stated here since their document also stated that corporate will confront critical problems when governance is not effectively managed. The key outcomes of unfortunate corporate governance procedures, which nowadays persevere in our transitional countries, are low operation of workers assets. For example, inadequate incentives schemes, immature trust, bad structures and bad accounting procedures and the outcomes are that organizations are not able to attract investments.

Table 4.8: Effects of poor corporate governance on organisation performance

Response	Frequency	Percentage
High labour turnover	18	10.9
Embezzlement of funds	23	13.9
Collapse of those organizations	13	7.9
All the above	111	67.3
Total	**165**	**100.0**

Source: Survey data, 2014

Figure 4.4: Management take decision for the best interest of the organisation



Source: Survey data, 2014

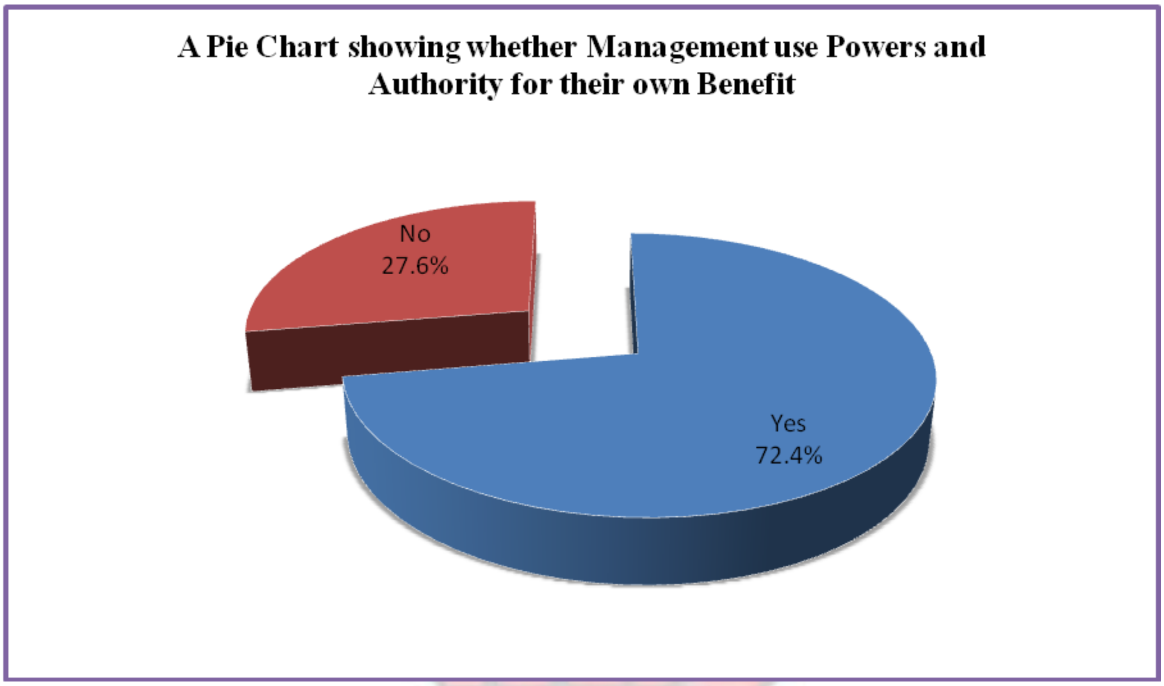
Figure 4.4 indicates that majority (n= 127) of the respondents were of the view that decisions taken by management of the hospital served the best interest of the shareholders and the organization. However, 76(37.5%) respondents disputed that fact. The decisions that the hospital management takes that served the best interest of the organization as identified by the respondents include; implementing effective cost reduction strategy, realistic increases in management salaries, and implementing framework of transparency, probity, accountability, responsibility, checks and balances as shown in table 4.9 below. Out of the 127 respondents who affirmed that the hospital management takes decisions to the best interest of the organization 99 respondents, representing 78% identified the aforementioned factors. The above finding confirmed the fact that management of the hospitals takes decisions to the best interest of the organization and the implication is that it is a sign of good corporate governance practice. However, from the literature review, Agyemang et. al. 2013 seem to agree with what the respondents stated here as their literature also detailed that with operative corporate governance system, there is no doubt or little that corporate experts will be able to make decisions that will satisfy all stakeholders' interests. It offers a framework of transparency, probity, accountability, responsibility, checks and balances. Good corporate governance administration can clear the destruction that comes from corporate shortfalls and solve challenges including unrelenting poor firm performance, poor business leadership, and a common tiring away of buoyancy in and around corporate organizations

Table 4.9: Decisions that serve the best interest of the organisation

	Frequency (n)	Percentage (%)
Implementing effective cost reduction strategy	8	8.9
Realistic increases in management salaries	7	7.6
Implementing framework of transparency, probity, accountability, responsibility, checks and balances	13	20.9
All the above	99	78.0
Total	**127**	**100.0**

Source: Survey data (2014).

Figure 4.5: Management use power and authority for their own benefit



Source: Survey data (2014)

Also, when it came to the question on whether management of the hospital uses power and authority to serve their own best interest, finding as per above pie chart indicates that 147(72.4%) of the respondents answered positively whereas the remaining 56 (27.6%) of the respondents disputed that fact. Among the benefits management derived from the use of power and authority to their own interest as identified by the respondents include; excessive increases in their salaries, end of service benefits are huge, and fraud, waste and abuse of organizational resources as shown in table 4.5 below. This was confirmed by majority (72.8%) of the respondents. The implication here is that core management of the hospital sometimes abuses the use of power and authority to their benefits which is likely to affect good corporate governance and organizational performance and from the literature review, Financial crisis, 2007–2010 or 2007–2011appear to agree with what the respondents stated here as the document reads some managers may be tempted to buy luxurious corporate jets or to schedule business meetings at elegant resorts. They may not be interested in pretty but risky assignments for the reason being that managers concern more about the security than about maximizing shareholder worth. They may work just to maximize their own incentives, and therefore intensify their energies to make and resell faulty subprime mortgages. Conflicts between owners' and managers' goals create a situation where managers are not interested in growing shareholders wealth but their own interest is paramount. A practical illustration is that the CEO of Tyco, Dennis Kozlowski hove a $2 million 40th birth day celebration on his spouse he debited $1million of the expenditure to the organization. It is purely or dangerous conflict of interest, as well as illegal.

Table 4.10: Benefits of Management use of power or authority

Response	Frequency (n)	Percentage (%)
Excessive increases in their salaries	13	8.4
End of service benefits are huge	7	4.8
Fraud, waste and abuse of organizational resources	20	13.6
All the above	107	72.8
Total	**147**	**100.0**

Source: Survey data, 2014

Table 4.11: Impact of the use of powers and authority on organisation

Response	Frequency (n)	Percentage (%)
Slow down the performance of the organization	31	15.3
The organization will run into liquidity problems	13	6.4
The organization will lose its reputation	6	3.0
All the above	153	75.3
Total	**203**	**100.0**

Source: Survey data (2014).

The study further found as per the data obtained in table 4.11 that abuse of authority and power by management of the organization has a negative effect on corporate governance and organizational performance. Among the negative impact likely to arise from management abuse of power and authority as identified by the majority (75.3%) respondents include; slow down the performance of the organization, organization will run into liquidity problems, and the organization will also lose its reputation. These negative impacts resulting from management abuse of power and authority therefore affect organization performance. Here the implication of this finding is that poor corporate governance contributes to organizational problems such as slow down of organizational performance, liquidity problems within the organization, and loses of organizational reputation. From the literature review, Khiari and Karaa et. al. 2007 appear to disagree with what the respondents indicated here since their document states that the key outcomes of unfortunate corporate governance procedures, which nowadays persevere in our transitional countries, are low operation of workers assets. For example, inadequate incentives schemes, immature trust, bad structures and bad accounting procedures and the outcomes are that organizations are not able to attract investments. Putting into practice and ensuring that use of sound corporate governance will improve organizational development.

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Table 4.12: Factors that account for the use of such powers by management in the organization

	Frequency (n)	Percentage (%)
The organization is not for us syndrome	14	6.9
Low income	27	13.3
Lack of supervision by shareholders	23	11.3
All the above	139	68.5

Total	203	100.0

Source: Survey data (2014)

Also, finding as per table 4.12 indicates there are several factors that account for the use of such power by management in the organization as identified by over 68% of the respondents. It is obvious from the table 4.12 that factors that account for the misuse of power by management include; the organization is not for us syndrome, low income, and lack of supervision by shareholders. The implication from the above finding is that the idea that the organization does not belong to an individual contributes the misuse of power by management to their own benefits which is an example of poor corporate governance. This, when happened, contributes to poor organizational performance and organizational conflict especially between management and shareholders. The inability of shareholders to supervise the decisions and works of management could also contribute to the misuse of power by management to their own benefits due to the fact that management decisions are likely to turn towards their favour. From the literature review, Johnson (2005) appears to disagree with respondents responses here as his literature indicated that the management and other employees of business have to put their delegated authority given to them by shareholders to make the most of the total monetary earnings from the organization to its shareholders the owners. Financial advisors clinical psychologists, doctors, teachers, nurses, CPAs, lawyers, and other service-oriented specialists must utilize their skills and expertise exclusively in the finest welfares of the clients, students, patients or who brought resources and themselves in expert hands in give-and-take specialists' services to work on their behalf.

4.4 Relationship between corporate governance and agency problems

To determine the association between corporate governance and agency problems, a chisquare test was conducted to determine the association between good corporate governance and organizational performance in terms of growth and decline. At 95% confidence level and alpha ($\alpha = 0.05$), the researcher agreed that a probability value (pvalue) less than 0.05 ($p\text{-value} < 0.05$) means that the association is significant whilst a pvalue greater than 0.05 means that the association between corporate governance and agency problems is insignificant.

Table 4.13: Chi-square test computation between good corporate governance and organisational performance

Variables	**Organizational performance**				
Practice of good governance	**Growing**	**Declining**	**Total**	**Chisquare**	**P-value**
Yes	55	62	117	14.638	0.000
No	18	68	86		
Total	**73**	**130**	**203**		

Source: Survey data (2014).

The study therefore found that at a chi-square value of 14.638, and p-value of 0.000, there is strong evidence that there is a significant association between good corporate governance and organizational performance in terms of growth and decline. The implication here is that good corporate governance is associated with growth in organizational performance where poor corporate governance is associated with decline in organizational performance. For instance, the finding as per table 4.13 indicates that out of the 117 respondents who affirmed that the organization practice good corporate governance, 55 respondents indicated that the performance of the organization is growing whereas only 18 out of the 86 respondents who affirmed that the organization does not practice good corporate governance admitted that the organization is declining in its performance. This therefore means that organizations that are associated with agency problems such as poor corporate governance are usually associated with declined organizational performance. From the literature review, (Basel committee 2010) seems to agree with respondents responses here as their document argues that good corporate governance procedures can decrease the incidence of agency problems and are critical to attaining and upholding community hope and sureness in any organization, which are serious to the correct working of the organization hence high yield of productivity. Weak corporate governance increases the incidence of agency problems and can back to organizational letdown, and as a result reduces the important public trust in any organization. Beside this, weak corporate governance can cause markets to lose sureness in the capability of financial institutions to correctly man its liabilities, assets and deposits inclusive, which will activate a financial institution run into liquidity problems as a result decline in productivity.

Table 4.14: Reason for organisational growth

Response	Frequency (n= 117)	Percentage
Good effective management	107/117	91.5
High supervision	109/117	93.2
High motivation of staff	116/177	99.1
Well defined objective	73/117	62.4
Workers are punctual and regular	61/117	52.1

Source: Survey data (2014)

When respondents were asked to indicate the reasons why they believed the organization was growing, finding as per above table 4.14 indicates that majority of the respondents identified factors such as; good effective management, high supervision, high motivation of staff, Well defined objective and punctual and regular of workers. The above finding indicates that the factors that promote organizational growth as a result of good corporate include good effective management, high supervision, high motivation of staff, Well defined objective and punctual and regular of workers. From the literature review, International Finance Corporation, 2014 seems to disagree with what the respondents stated here as their document stated why organizations practice good corporate governance aids corporations function more proficiently, mitigate risk, safeguard against mismanagement and improve access to capital. Corporate governance makes businesses more answerable and see-through to shareholders and provides management with the right capacity to retort to genuine stakeholder issues such as maintainable ecological and societal growth. It increases access to capital, provides employment opportunities, boosts economic growth, and encourages new investments.

However, the study also found as identified by respondents in table 4.16 that agency problems that account for the decline in organizational performance include; poor management style, low motivation and incentives for staff, delays in taking action due to the bureaucratic nature of the administration, inadequate supply of resources, lack of good governance, and poor supervision by management. It can be deduced from the above finding that agency problems that contribute to poor organizational performance include poor management style, low motivation and incentives for staff, delays in taking action due to the bureaucratic nature of the administration, inadequate supply of resources, lack of good governance, and poor supervision by management. The implication here is that from the above discussion agency problems lead to decline in organizational performance and whereas good corporate governance lead to an increase in organizational performance. From the literature review, Rojas, 2014 disagree with what the respondents stated here as he argues that CEO instead of making the organization more proficient and profitable, he or she may be attempted into:

- empire-building (i.e. expanding the size of *the organization*, somewhat than the proportions of its profits, "which generally upsurges the managers' esteem, bonuses, return", etc., nonetheless at the expense of the effectiveness and thus value of the organization);
- not sacking assistants whose weakness or even ineffectiveness may be offset by their value as families and classmates;
- Retentive big amounts of money that, while lavish, provides liberation from capital markets.

Table 4.15: Factor accounting for decline in organisational performance

Response	Frequency (n= 86)	Percentage
Poor management style	21/86	24.4
Low motivation and incentives for staff	81/86	94.2
Delays in taking action due to the bureaucratic nature of the administration	63/86	73.3
Inadequate supply of resources	74/86	86.0
Lack of good governance	29/86	33.7
Poor supervision by management	69/86	80.2

Source: Survey data (2014)

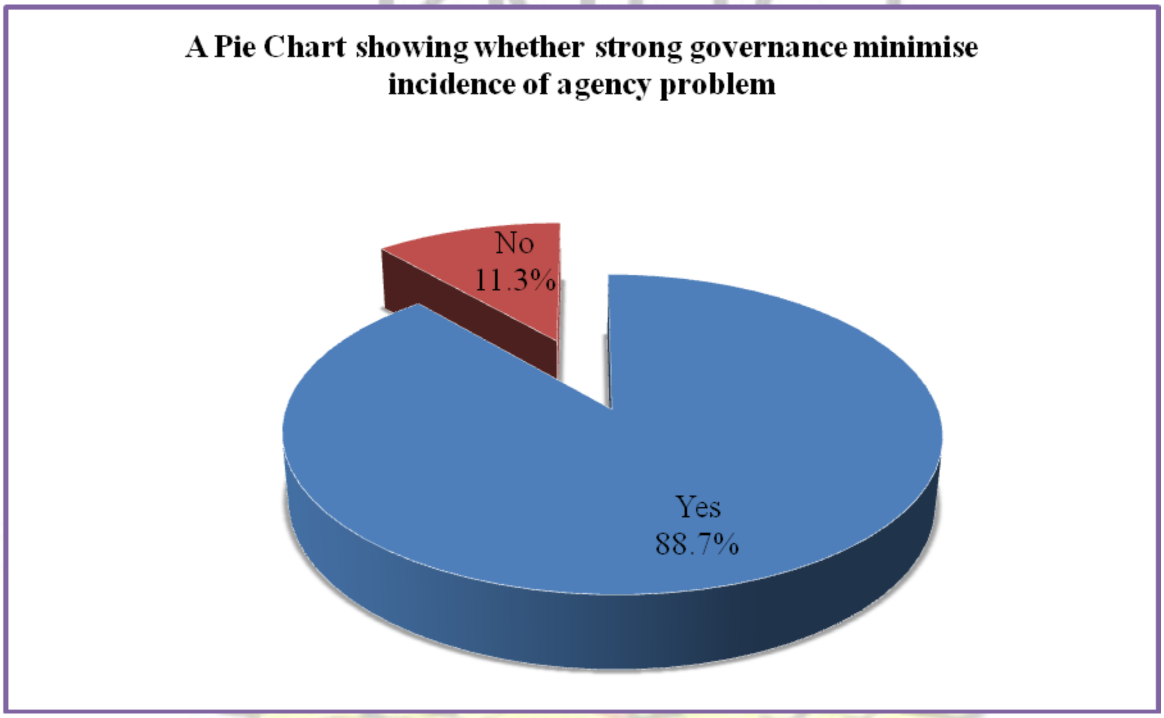
Table 4.16: Effects of the absences of non-executive directors for monitoring executive directors

Response	Frequency	Percentage
Reduction in shareholder returns	20	9.9
Reduction in agency cost	12	5.9
Taking decisions to serve guard their job security	25	12.3
All the above	146	71.9
Total	**203**	**100.0**

Source: Survey data (2014)

Finding as per table 4.16 indicates that the absence of non-executive directors monitoring the work of executive directors will result in agency problems such as reduction in shareholder returns of the organization, reduction in agency cost, and taking decisions to serve guard their job security. This was affirmed by majority (71.9%) of the respondents. The implication is that in organizations where there are no non-executive directors monitoring the work of executive directors the organization is likely to encounter agency problems such as reduction in shareholders returns, reduction in agency cost and taking decisions to serve guard their job security which affect the performance of the organizations. From the literature review, Joh (2003) also agreed with what the respondents stated here since his discoveries are that organization's profitability is low when ownership concentration is low within the organization and this finding was done in the Korean equity market place. Gedajlovic and Shapiro (2002) also agreed with what the respondents stated here because they discover that affirmative correlation between financial performance and ownership concentration for 334 Japanese companies in 1986 to 1991. These outcomes are in line with the forecasts of the agency theory, which proposes that huge owner presences in the business can decrease agency costs since they can check managers well than lesser shareholders in the business.

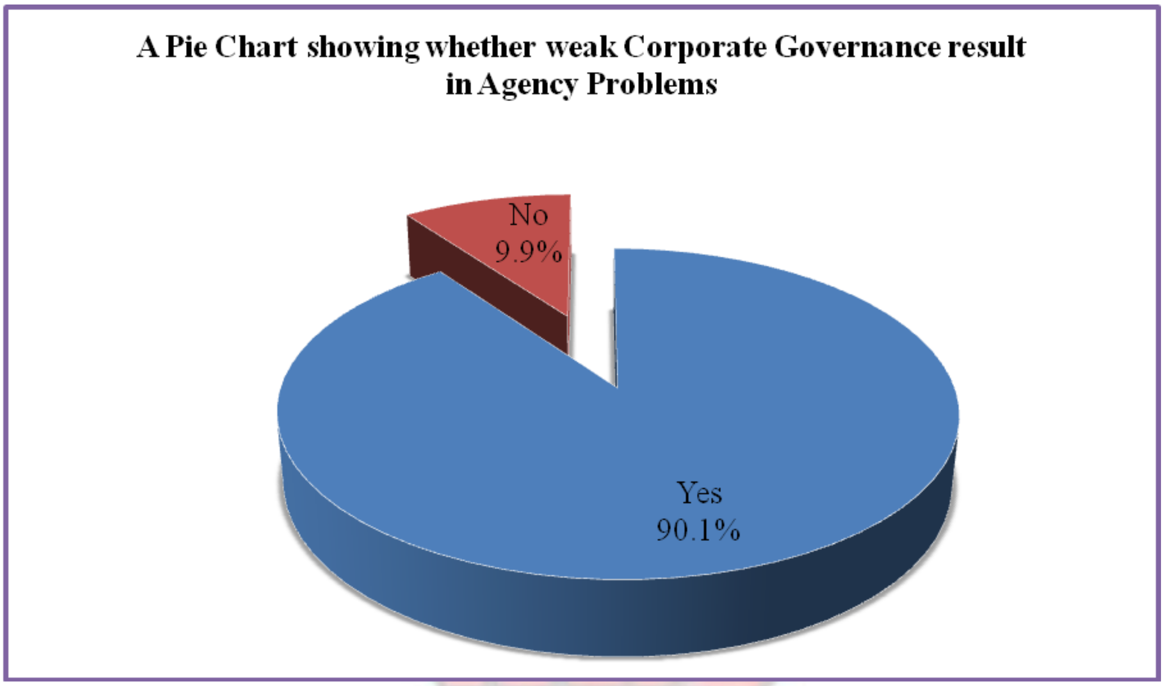
Figure 4.6: Strong governance in organisation minimise incidence of agency problem



Source: Survey data (2014)

Finding as per above pie chart indicates that 108(88.7%) respondents affirmed that strong governance in an organization minimize the incidence of agency problems. This means that in organizations where there is good corporate governance, the incidence of agency problems decreases and this contribute to growth in organizational performance.

Figure4.7: Weak corporate governance result in agency problems



Source: Survey data (2014)

The study further found as per above pie chart indicates that the majority (90.1%) of the respondents unanimously agreed that weak corporate governance in an organization result in agency problems whereas 9.9% of the respondents disputed that fact. From the literature review, Johnson et al. 2000 agreed with what the majority of the respondents stated here since their document show that countries with weak corporate governance have experienced a larger fall in asset prices during the Asian financial crisis and argue that managers are more likely to expropriate minority shareholders during a crisis as the expected return on investment falls.

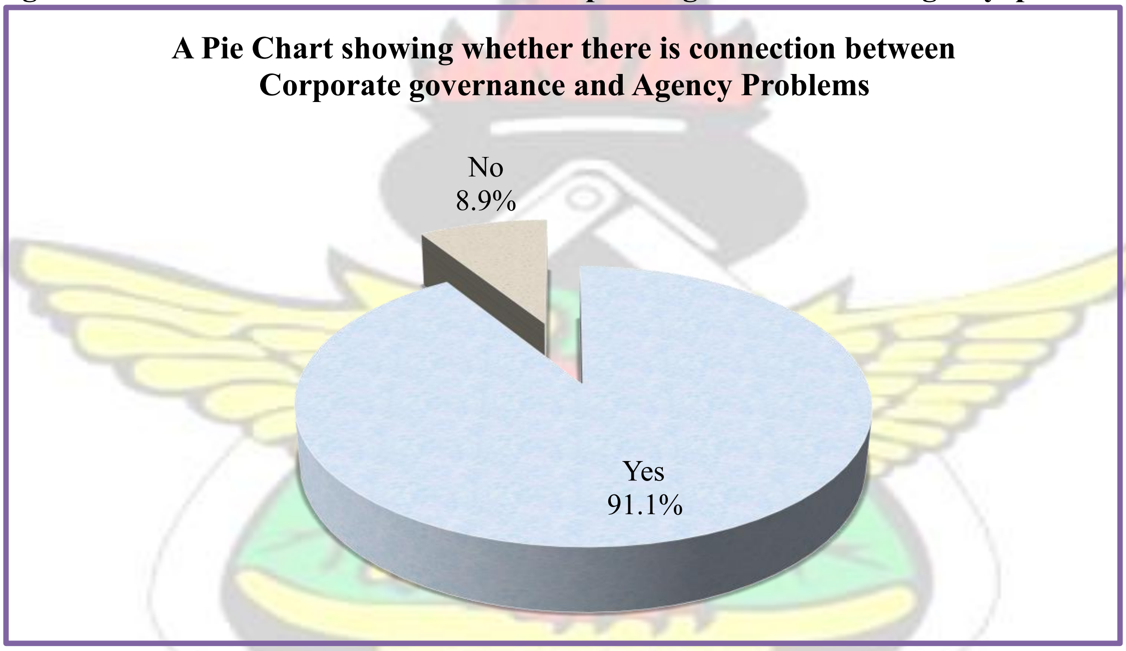
Furthermore, some actions that result in agency problems include; using organization resource to buy expensive cars, compromising the quality of inputs or stock for their own benefits, and referral of organizational cases for their own facilities as shown in table 4.17 below. It can be deduced from the above finding that weak corporate governance in an organization results in agency problems that affect the growth of the organization.

Table 4.17: Agency Problems resulting from weak corporate governance

Response	Frequency	Percentage
Using organization resource to buy expensive cars	15	8.2
Compromising the quality of inputs or stock for their own benefits	13	7.1
Referral of organizational cases for their own facilities	3	1.6
All the above	152	83.1
Total	183	100.0

Source: Survey data (2014)

Figure 4.8: There is connection between corporate governance and agency problems



Source: Survey data (2014)

When respondents were asked whether there is any connection between corporate governance and agency problems, finding as per figure 8 indicates that majority (n =185) of the respondents, representing 91.1% unanimously affirmed that there is connection between corporate governance and agency problems. The study found that the relationship between corporate governance and agency problem is that the stronger good corporate governance practice, the weaker the agency problems as shown in table 18 below. It can be deduced form the above finding that weak corporate governance practice in an organization results in agency problems. From the literature review, Basel committee on banking Supervision 2010 to some extent agreed with what the majority of the respondents stated here since the committee document argues that robust corporate governance procedures can decrease the incidence of agency problems and are critical to attaining and upholding community hope and sureness in any organization, which are serious to the correct working of the organization. Weak corporate governance increases the incidence of agency problems and can back to organizational letdown, and as a result reduces the important public trust in any organization. Beside this, weak corporate governance can cause markets to lose sureness in the capability of financial institutions to correctly man its liabilities, assets and deposits inclusive, which will activate a financial institution run into liquidity problems.

Table 4.18: Best connection between corporate governance and organisational problems

Response	Frequency	Percentage
the stronger good corporate governance practice the weaker the agency problems	159	85.9
The stronger good corporate governance the stronger the agency problems	21	11.4
the weaker corporate governance the weaker agency problems	5	2.7
Total	185	100.0

Table 4.19 Strategies to addressing the Problems confronting good corporate governance

Response	Frequency (n= 203)	Percentage
There should be control mechanism to monitor the activities of the management to avoid conflicting interest	138	68.0
Must have board of Directors and non-executive board of directors	134	66.0
Authority should do due diligence in identifying and selecting candidates who have good reputation, well-motivated and enthusiastic to the health profession when recruiting.	199	98.0
There should be effective and efficient coaching	`110	54.2
Put board in place and proper organization structure	179	88.2
Research and development should be encourage in the good corporate governance	146	72.0

Source: Survey data (2014)

To address the problems confronting good corporate governance in the Regional Hospital, Sunyani, majority (n=203) of the staff members, representing 68% suggested that there should be control mechanism to monitor the activities of the management to avoid conflict of interest. This will help reduce the level of agency problems arising as a result of conflict of interest which sometimes result in abuse of power and authority as revealed in the study (Figure 5). About 66% of the respondents were also of the view that to address agency problems, the organization must have a board of Directors and nonexecutive board directors. In this case, the non-executive board monitors the activities of the executive board.

Large proportion (98%) of the workers were of the view that there should be due diligence in identifying and selecting candidates who have good reputation, wellmotivated and dedicated to the health profession when recruiting. From the literature review, Paul 2005 seems to agree with what the respondents stated here since his document also indicated that identifying and selecting candidates whose reputation (based ideally on past performance) show they are “well-motivated,” generally “of good character” and “dedicated to the ethics of the profession,” — i.e., people who feel a strong sense of moral obligation to do their best to do what they have promised to do, even when no one is likely to be watching and organizational hiring and promotion policies for people in responsible positions (agents).

More than 54% of the respondents also suggested that to address agency problems, there should be effective and efficient coaching of the activities of management in order to ensure that management take decisions that are in the best interest of the organization.

Over 88% of the staff members were of the view that putting proper board in place and proper organizational structure will be of immense help in enhancing good corporate governance.

Finally, high percentage (72%) of the respondents suggested that to address agency problems and to ensure good corporate governance, research and development should be encourage in finding appropriate strategies that foster good corporate governance in the organization.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section took a general overview of the entire study to cover research findings, recommendations and conclusion. The presentation and analysis of the data obtained from the field helped in arriving at the conclusion and recommendations.

5.2 Summary of Findings

5.2.1 Staff level of knowledge of corporate governance and agency problems The study found that over 80% of the staff members of Regional Hospital, Sunyani have appreciable knowledge on corporate governance and agency problems with regards to definition of corporate governance, prime participation of corporate governance, shareholders appointment board of directors, and responsibility of board of directors.

5.2.2 Implications of corporate governance and agency problems

The study found that 117(58%), representing the majority of the health workers in the Regional Hospital Sunyani affirmed that the hospital practice good governance whereas the remaining respondents.

Over 67% of the respondents affirmed that the implication of organizations that are manned without good governance include; high labour turnover, embezzlement of funds, and collapse of those organizations.

5.2.3 Relationships between corporate governance and agency problems

The study found that at chi-square value of 14.638, and p-value of 0.000, there is strong evidence that there is a significant association between good corporate governance and organizational performance in terms of growth and decline.

The study found that 108(88.7%) respondents affirmed that strong governance in an organization minimize the incidence of agency problems whereas 183(90.1%) of the respondents unanimously agreed that weak corporate governance in an organization result in agency problems.

The study also found that 185(91.1%) of the health workers of the Regional Hospital, Sunyani unanimously affirmed that there is connection between corporate governance and agency problems. Over 85% of the staff members of the Regional Hospital strongly affirmed that the relationship between corporate governance and agency problem is that the stronger good corporate governance practice, the weaker the agency problems.

5.2.4 Recommendations of corporate governance and agency problems

Large proportion (98%) of the workers were of the view that there should be due diligence in identifying and selecting candidates who have good reputation, wellmotivated and dedicated to the health profession when recruiting. Whereas, over 88% of the staff members were of the view that putting proper board in place and proper organizational structure will be of immense help in enhancing good corporate governance.

5.3 Conclusions

Appreciable knowledge of workers on corporate governance and agency problems enable management to practice good corporate governance. Good corporate governance in an organization therefore required a solid team that is composed of shareholders, board of directors and management. It was revealed that good corporate governance enhances the growth of the organization by minimizing agency problems such as high labour turnover, embezzlement of funds, and collapse of those organizations. It was obvious that strong governance in an organization minimizes the incidence of agency problems whereas weak corporate governance in an organization result in agency problems thus; the stronger good corporate governance practice, the weaker the agency problems. Good corporate governance is therefore recommended for every organization that aimed at improving on its performance and elimination of agency problems.

5.4 Recommendations

The case study has produced some attractive results and an avenue for future use in the organization. Therefore after undertaking research to investigate the extent to which corporate governance exist in the Sunyani regional hospital, the researcher recommends the following;

From the research it was discovered that the majority of respondents stated that the authorities of the hospital should do due diligence in identifying and selecting candidates who have good reputation, well-motivated and enthusiastic to the health profession when recruiting. Core management team of the hospital should therefore tailor their strategies towards candidates who are seeking for employment should have good reputation and well-motivated in the selection and recruit process to help deal with agency problems to enhance good corporate governance.

The researcher also realized that some significant number of respondents indicated that the authority of the hospital should put board in place and proper organization structure.

The Core management team of the hospital should ensure that proper board and structures should be put in place to deal with agency problems to strengthen the already good governance in place.

Research and development (R & D) should be encouraged in the area of corporate governance by the authority of the organization some respondents did indicate and therefore the hospital authority should create some resources or funds in the yearly budget to handle their R & D towards corporate governance.

The researcher realized that 68% of the respondents illustrated that there should be strong controls mechanism to monitor the activities of the management to avoid conflicting. Ministry of health of Ghana should therefore introduce stronger control mechanisms to aid check the activities of the management to avoid conflict of interest.

Finally, 66% of the respondents suggested that the organization must have non-executive members to supervise the work of executive and the Ghana ministry of health should therefore appoints these non-executive members to help mitigate agency problems in the hospital.

5.5 Area of Further Research

In drawing conclusion to this case study, the researcher recognizes that some further research needs to be done in order to draw concrete conclusions on some issues relevant to corporate governance and agency problems. Since respondents who answered questions in the affirmatives are far great than the negatives the researcher confronted, it is imperative that another research was conducted on the same topic using different sample to confirm these findings.

The following are some other research topics for further consideration:

1. The effects of agency problems on organizational performance.
2. The relationship between corporate governance and agency problem.
3. The Corporate governance practice and its challenges

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Appendix A

Junior staff

This questionnaire guide is designed to evaluate the extent to which corporate governance and agency problem exist in the Sunyani Regional Hospital in the Sunyani municipality. Answers from this questionnaire will be used for academic purposes only and will be treated with much confidentiality. Please take some few minutes to answer the following questions.

SECTION A: BACKGROUND INFORMATION/ SOCIO-DEMOGRAPHIC CHARACTERISTICS

1. Sex Male { } Female { }

2. Age 20-29 yrs{ } 30-39 yrs{ } 40-49 yrs { } 50-59 yrs{ } 60 above{ }

3. Marital Status Single { } Married { } Others { }

4. Educational status: Master degree { } First degree { } Diploma{ } Others { }

5. What department do you belong to?
   Administrative { } Nursing { } Accounts { } Medical { } .
   Human resource { } others { }

6. How long have you been working with the hospital?
   Less than 1yrs { } 1-4 yrs { } 5-8yrs { } 8-10 yrs Above 10yrs { }

SECTION B: KNOWLEDGE ON CORPORATE GOVERNANCE AND AGENCY PROBLEM

7. Below are some statements on corporate governance and agency problem. Please tick **1=strongly agree, 2=Agree, 3=Neutral, 4=Disagree or 5=strongly disagree** as applicable to Sunyani regional Hospital.

Corporate governance and Agency problems	**1**	**2**	**3**	**4**	**5**
Corporate governance is the relationship among various participants in determining the direction and performance of corporation					
The prime participants of corporate governance are the shareholders, the board of directors and the management.					
Shareholders appoint directors to manage the organization on a day-to-day basis on behalf of those shareholders.					
The directors are not required to be shareholders.					
Corporate governance issues arise because of the separation of ownership from control of the organization.					
Corporate governance rules are based around the principles of disclosure, accountability and fairness.					
The boards of directors are responsible for setting the strategic direction of the organization, controlling the organization and nurturing relations with shareholders.					
The chairman's role involves trying to ensure that the board operates effectively, providing advice and support to the directors					
The chairman role also includes communicating with shareholders and trying to ensure that the performance of the board and directors are subject to regular scrutiny.					
Non-executive directors are part-time and do not engage in the day-to-day running of the organization					
There is risk that directors will pursue their own interests rather than those of the shareholders.					
If directors take decision in their own interest rather than shareholders interest it is clearly a problem for shareholders and society as a whole.					
Agency problem is a pervasive problem and exists in practically every organization whether a business, church, club, or government					

SECTION C: Implications of Corporate governance and agency problem

8. Does your organization practice good governance? Yes{ } No{ }

9. If yes, why?

………………………………………………………………………………………

10. Are you aware of any effect on organization that is manned without good governance? Yes{ } No{ }

11. If yes, which of the following are those effects on such organizations?

High labour turnover { } Embezzlement of funds { }

Collapse of those organizations { } All the above{ }

12. Do you think that the decisions taken by management in your organization serve the best interest of the shareholders or the organization? Yes{ } No{ }

13. If yes, which of the following action or decision will serve the best interest of the organization?

Implementing effective cost reduction strategy { }

Realistic increases in management salaries { }

Implementing framework of transparency, probity, accountability, responsibility, checks and balances { } All the above { }

14. Is the management of your organization using their authority or powers for their own benefit? Yes{ } No{ }

15. If yes, which of these benefits below do you think management uses their powers to benefit?

Excessive increases in their salaries 4{ }

End of service benefits are huge { }

Fraud, Waste and abuse of organizational resources { }

All the above { }

16. What impact do you think use of such powers or authority will have on your organization?

Slow down the performance of the organization { }

The organization will run into serious liquidity problems { }

The organization will lose its reputation { }

All the above { }

17. Which of the following below account for the use of such powers by management in your organization?

The organization is not for us syndrome { }

Low incentives { }

Lack of supervision by shareholders { }

All the above { }

SECTION D: Relationship between corporate governance and agency problems

18. What is the current state of your organization? Growing { } Declining { }

19. If your organization is growing what is or are the reason(s)?

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…………………………………………………………………………………………

20. If your organization is declining what accounts for the declining?

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21. The absences of non-executive directors monitoring the work of executive directors will result the following?

Reduction in shareholders returns { }

Reduction in agency problems { }

Taking decisions to serve guard their job security { }

All the above { }

22. Does strong governance in an organization minimize the incidence of agency problem from occurring? Yes{ } No{ }

23. Does weak corporate governance in an organization result in agency problems?
    Yes{ }   No{ }

24. If yes, which of the following below are those agency problems?
    Using organizational resource to buy expensive cars { }
    Compromising the quality of inputs or stocks for their own benefits { }
    Referral of organizational cases for their own facilities { }
    All the above { }

25. Are there any connections between corporate governance and agency problems?
    Yes{ }   No{ }

26. If yes, which of the following below is the best connection?
    The stronger good corporate governance practice the weaker the agency problems. { }
    The stronger good corporate governance the stronger the agency problems { }
    The weaker corporate governance the weaker agency problems { }

SECTION E: Recommendations

27. In your opinion, are there some recommendations of good corporate governance that can deal with agency problem in your organization? Yes{ }   No{ }

28. If yes, give some of these recommendations

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Appendix B

Core management

This interview guide is designed to evaluate the extent to which corporate governance and agency problem exist in the Sunyani Regional Hospital in the Sunyani municipality. Answers from this questionnaire will be used for academic purposes only and will be treated with much confidentiality. Please take some few minutes to answer the following questions.

1. In your organization, what is corporate governance?
2. What are your organizational principles of corporate governance?
3. Who do you manage the organization for?
4. Does your organization have a board of directors?
5. If yes, what is the composition of the board of directors?
6. In your organization, who is responsible for setting the strategic direction of the organization?
7. Who manage and lead the board of directors of your organization?
8. Are there non-executive directors in your organization and who are they?
9. What is agency problem in your organization?
10. What are the causes of agency problem in your organization?
11. What can you do in your organization to minimize agency problem?
12. What does good and bad corporate governance have on your organization?
13. What are the connections between corporate governance and agency problem in your organization?
14. Recommend some good practice of corporate governance that can deal with agency problem in your organization?