KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

INSTITUTE OF DISTANCE LEARNING

AN ASSESSMENT OF THE CORPORATE GOVERNANCE STRUCTURE OF PETROLEUM COMMISSION GHANA

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(MSC ACCOUNTING AND FINANCE)

A THESIS SUBMITTED TO THE INSTITUTE OF DISTANCE LEARNING, KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD DEGREE OF MASTER OF SCIENCE IN ACCOUNTING AND FINANCE

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DECLARATION

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the award of any degree or diploma at Kwame Nkrumah University of Science and Technology, Kumasi, or any other educational institution, except where due acknowledgement is made in the thesis.

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DEDICATION

I dedicate this project work to the Almighty God for His abundant grace and mercy that has brought me this far. It has been by His amazing gift of life and divine help that made it possible for me to come to a successful end of this academic work. I also dedicate this work to my family for their support.

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ABSTRACT

The thesis assesses the corporate governance structure of Petroleum Commission Ghana. The study adopted the descriptive research design and quantitative research approach. Structured questionnaire and purposive sampling technique were used to select the respondents. The study found that the board followed certified performance indicators to monitor the progress of the commission towards the accomplishment of strategic objectives and the board as well takes a timely and counteractive actions in case the objectives are not being achieved. Also, there are a clearly defined roles and responsibilities of the board written in documentation for which are constantly pursue by the board members with a higher level of independence assured by extremely attentive and accountable committees and task forces especially in a high-level discussion by the board. Again, the study has revealed that the board meetings are frequently held which boost timely decision making and per the attendance level, it promotes inclusive dialogue and decision making. Also, enough time is saved to ensure effective discussion and act efficiently on relevant strategic matters. Lastly, the performance of CEO is frequently monitored and assessed every year on which the CEOs are compensated. However, the CEO's compensation scheme does not stimulate, and rewards extraordinary performance and it is not regularly examined by the board. The study found that, governance structure has no significant relationship with employee participation. Meanwhile, the study found that, governance structure has significant correlation with operational performance. Lastly, the study found that, employee participation has significant relationship with operational performance. The study recommends that management of organizations should consider smaller size boards as compared to larger board sizes to enable them to foster their decision making. Also, smaller boards will enable the organization reduce cost associated with larger board sizes.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The emergence of Corporate Governance came about due to fraud and financial abuse cases in countries with developed capital markets consisting of the United Kingdom, United States and other economies in Europe. The first mention of corporate governance was published in 1970s following the Watergate scandal, in which private American companies were found involved in politics, respectively by illegally funding political parties in the USA, according to specialized literature (Albu et al., 2013; Ionescu, 2010). In the late 80s and 90s, several UK firms listed on the stock market were bankrupted in a very short amount of time (Phil, 2011).

Not only the private sector, however the public sector, was also faced with financial failure and fraud during these period, for example, the 1995 Metropolitan Police case, in which Metropolitan Police Deputy Manager Anthony Williams stole more than £ 5 million in 1986-94 and Inland Revenue in 1997, in which Michael Allock, Group Chief of the Homeland Revenue Office No.2 was investigated of international taxes from 1987 to 1992 and was found to be fraudulent.

Despite this disparity in corporate governance, there are standards of corporate governance common to all entities: responsibility, openness and so on. Based on The Cadbury report, the first guideline on corporate governance within the public sector in the UK is developed and the efficiency dimension and enforcement dimension are equally relevant in the public sector corporate governance. The down fall huge corporations faced caused a need for the Sarbanes-Oxley Act that showed that it was essential to develop and improve corporate governance practices. Although corporate governance for the private sector is a common subject of debate amidst investigations, it is required that attention is paid to corporate governance for the public sector (Mulyadi and Anwar, 2012). The notice of corporate governance structures and practices in public service has intensified (Ryan and Ng, 2010). For instance, among the United Kingdom and Australia a corporate governance framework in the public sector and recommendations on how corporate governance standards and practices operate was produced. There are two facets of corporate governance according to Tricker (2012): conformance and efficiency. Compliance consists of two elements: controlling and supervising the success of executives; and ensuring responsibility and measuring performance consists of formulating strategy and establishing policy.

The secret to improving public governance practice lies in the successful incorporation of secret elements of corporate governance into an all-inclusive system that involves real communique across enterprise, accompanied with systems of openness, transparency, participation and honesty (Barrett, 2012). The need of corporate governance exists in the modern companies because of the separation of management and ownership. The theory of the agency argues that the managers can act opportunistically in order to maximize their own welfare. (Houghton & James, 2014).

1.2 Problem Statement

Corporate governance and board structure in public service is distinguished from counterparts in the private institutions with significant differentiation of the former objectives and management structures. Throughout governance of the public sector, there is a need to tackle both efficiency and conformance problems. The concern about corporate governance emerges from the fact that sound organizational governance practices result in higher valuation of the company (Black et al., 2016: Claessen, 2010), lower fund costs and higher productivity. According to Mulyadi et al. (2012), the collapse of many corporations can be attributed to the lack of proper corporate governance structures and implementation of the existing structures put in place to protect institutions, maximize wealth and improve performance. Given current corporate governance legislation covering the regulatory structure and guidelines regulating corporate operations, poor governing systems on (accountability, transparency and fairness) have partially contributed to organizational weaknesses in many economies that can lead to the observed poor performance and organization failure around us. Evidences from previous (Kyondu, 2014; Quang et al., 2014; Sarah, 2017) have widely reported on the effect of corporate governance structure and performance in public sectors.

Most of these studies focused on developed and high-income economies with very little attention on Sub-Saharan African context, particularly within the Ghanaian public sector. To the very best knowledge very few studies have been conducted in Ghana. Therefore, the goal of the present study is to assess the corporate governance structure of Petroleum Commission Ghana. Furthermore, no study has been done using Petroleum Commission Ghana, and being an upstream regulator to an important revenue generation industry in Ghana such as the oil and gas industry, a dysfunctional corporate governance system may affect the organization and its operations direly. This work seeks to fill these identified gaps. Therefore, the goal of this research is to assess the corporate governance structure of Petroleum Commission Ghana as the only government regulator that operates upstream in the oil and gas industry and provide knowledge on the corporate governance structure of this institution.

1.3 Objective of the Study

The primary aim of this study is to assess the importance of the corporate governance structure of a public institution such as Petroleum Commission Ghana.

1.4 Specific Objectives

Specifically, the study aims at achieving the following objectives:

1. To examine the corporate governance structure in Petroleum Commission Ghana.
2. To assess the influence of corporate governance structure on employees and operations at Petroleum Commission Ghana.

1.5 Research Questions

1. What is the corporate governance structure in Petroleum Commission Ghana?
2. What is the influence of corporate governance structure on employees and operations at Petroleum Commission Ghana?

1.6 Significance of the Study

The study helps to enlighten the Ghanaian public institutions to value, strategize and ensure excellent development and implementation of corporate governance structures. The research aids students and other stakeholders interested in public sector also to be aware of the current developments in the sector, and how it affects their operations. This study is primarily motivated by the reasons advanced in the problem statement. Its findings also provide theorists, empirical researchers, investors, investment advisors and executives with pertinent information on corporate governance and financial performance which will enable them to completely refocus on the concept and its value to the firm as follows.

To the investors, potential and existing, it will assist them make informed decisions on the choice of their investments to maximize their returns on their investment portfolios. It will also act as a good way of evaluating the performance of the respective managers and make decisions on their retention. To investment advisors they will enrich their knowledge and understanding in corporate governance structures to equip them better in advising their clients to make prudent investment decisions that maximizes their returns while minimizing risks.

1.7 Scope of the Study

The scope of the study focuses on Petroleum Commission Ghana head office located in Accra, since it functions on similar fact and principles as other public sector institutions and therefore can be a representative of all such institutions.

1.8 Limitation of Study

The researcher found it a bit problematic to collect some vital information for this project. Some key people were not available to supply some information, while others unwillingly provided inaccurate information.

1.9 Organization of the Study

The complete work of the research is divided into five chapters. Introduction of the study, background of the study, statement of problem, objective of study, research questions, significant of the study, scope and the limitation of the study were all contained in the first chapter. In the chapter two, literature is reviewed. The review is in line with the objective of the study. Also, in chapter two concepts are defined, related theories to support the research are provided. Lastly, relevant research conducted on the topic is reviewed. The chapter three of this research, the methodology adopted is explained in details and the reason why it is adopted. Research design, research approach, population, sample size, sample techniques, source of data, collection of data, data analysis techniques and ethical consideration are discussion in chapter three. Interpretation of the data collected is done in chapter four. Chapter five comprises of the summary of the entire research findings, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter contains appraisal of literature, presenting the definition of key terms, theoretical and empirical review. The key focus on this chapter was on corporate governance. It has become an increasing demand for corporate governance to be assessed in the area of public sector as it has been mostly associated to private industry (Ryan and Ng, 2010). The stakeholder model demonstrates how effective different governance systems are in fostering long-term investment and engagement amongst the different stakeholders, Williamson as citied in (Maher and Jones, 2012). There is general awareness and appreciation that corporate governance Armstrong (2003), leads to corporate economic prosperity (registered and non-registered companies with stock exchange commissions as well as state-run businesses) and long-term productivity and survival of corporations.

2.1 Definition of Concept

2.1.1 Corporate governance

A common concept of corporate governance which is both useful and consistent has not been easy to find (Barney, 2013), because every economy and country has different systems of corporate governance that differ to each other in accordance to the size, power and influence being exerted by their various stakeholders and management. In addition, the socio-economic, legal, political, and cultural structures that exist in each country have significant impact on corporate governance (Lumpkin, 2012). That is why the use of the clause: Corporate governance uses "no one size fits all" strategy. But corporate governance priorities share a common denominator worldwide.

Therefore, I will be looking at it from different researchers' point of view. In another view, corporate governance characterized within house structure that involves rules, procedures and individuals serving the interests of shareholders (Mang'unyi, 2011), and other stakeholders through managing and regulating management activities with good business knowledge, objectivity, transparency and honesty. The control and direction of system in an organization is known as corporate governance structure. Corporate governance may be described as 'the application of a collection of powerful micro-policy instruments in an organization to ensure that resources are used efficiently and effectively to achieve the key purposes in the interest of stakeholders, to prosper in viable business environments (Castellini and Agyemang, 2012), to maximize its positive influence on other stakeholders while reducing the bad impact'. Corporate governance is the interaction between various 'actors', such as chief executives, shareholders, management and staff, in deciding management and performance of a business, Monks and Minow (Agyemang et al., 2013).

Accordingly, Eboli (2015) noted a range of factors have intensified the move towards corporate governance in Africa. He further recorded, suitable corporate governance does not only enhance corporate accountability but also boost corporate image, thereby enticing local as well as international investors. Strong corporate governance is also seen as a barrier to unethical business practices and corruption in Africa which is damaging business reputation. Thus Armstrong (2003), noted that good corporate governance yields market stability and accountability further push the need for good governance in Africa.

Corporate Governance concept was described, "transactional situations where financial contractors and providers in companies ensure profits from investment" Shleifer and Vishny Kyondu (2014), and it deals specifically with personal gain issues, designs conditions that avoid wrongdoing as well as bring in line stakeholder benefits through motivation systems. The lack of positive corporate structures causes potential businesses to fail. A nation's economic prosperity represents the success of its companies. Based on this, one can affirm that developing nations' low level of growth can be credited to poor corporate governance structures in place. Therefore, huge contribution of corporate governance to economic growth and the advancement of nations has become a topical issue.

2.1.2 Definition of corporate governance

In 2002 the Ghanaian Securities and Exchange Commission (Ghana SEC) described corporate governance as "the way corporate entities are managed and run." Ghana SEC (2002), further identified some common elements underpinning good corporate governance on which further development and development of governance systems is centered today. They are: (1) shareholder rights; (2) shareholder fair treatment; (3) stakeholder roles; (4) accountability and transparency; and (5) board obligations. Those elements are specifically discovered in the Ghana Securities and Exchange Commission's 2002 Code of Best Practices. Corporate governance, groups' business strategies as well as actions companies maintain in order to accomplish aims in line with stakeholder benefits (Gavrea, 2007).

Developments and disclosures in corporate governance in every country are always influenced by a wide variety of both internal and external influences (Lumpkin, 2012). The in house issues involves the economy as well as economic environments, business systems, lawful structures, governmental regulations, professional and other regulatory entities, among others, as exterior issues (such as colonial relations, membership of the International Accounting Standard Committee, multinational direct foreign investment activities, etc.). All contribute significantly, if not entirely, to the complex reality of the development of corporate governance in any developing country (Adegbite, 2012).

2.1.3 The differences between private and public sector

Mulyadi et al. (2012), acknowledged that there has been an increasing discussion in public service as we have seen in the private sector. In accordance to Tricker (2012), corporate governance has two aspects: conformity and performance. Conformance consists of two elements: corporate performance control and supervision; and responsibility preserving. While success consists of formulating strategies and forming policies. In the private sector, the dimension of conformity is given more importance. But the performance dimension is just as relevant in the public sector as the conformity dimension (Ibrahim et al., 2010). Consequently, corporate governance in the public sector is primarily concerned with decision-making mechanisms and processes and with the frameworks and practices that enable successful accountability for performance outcomes (Better, 2015). However, there are other distinctive differences between the two sectors from (Edwards and Clough, 2005) perspective.

A lot of works on corporate governance defines that corporate governance structure is suitable if adapted with the business's nature in mind and customized, because it is essential to distinguish organizations from each other and their unique needs. The difficulty exists among corporate governance in public service, per affiliation among institutions with basic responsible obligations is complicated than in private institutions.

Corporate governance in private institutions is, much forward, since roles and duties are more explicitly described and include a limited number of active stakeholders in general (Barrett, 2012). According to Mulyadi et al. (2012), six key criteria must be adhered to by the public sector to implement good corporate governance in the public sector. These six key components, linked to personal quality and non-personal quality, could be divided by two. The three main components of the organization's personal quality are leadership, honesty and dedication. And the other three components are the result of: responsibility, alignment, and transparency methods, structures, policies, and processes (Barrett, 2012). To achieve successful corporate governance in public service, each public body must ensure these six key elements (Mulyadi et al., 2012). It is understandable from these six components that cooperation on both sides is important to achieve successful public service corporate structures as well as systems: improved quality of staff and changes in approaches, programs, policies and processes. There will be no effective public governance without change on both sides.

2.1.4 Importance of corporate governance

While there's no example of spectacular lack of public governance, it's critical to have public governance as a whole (Mulyadi et al. 2012), it's important to integrate the key elements of corporate governance effectively into a whole organization and to communicate effectively through them and to support them throughout the organization. Corporate governance in private institutions should also emulate public management (Waggoner and Frey, 2014) in order to strengthen weakness and failure of the operation of the private institutions as demonstrated by the decline and the scandal of large companies.

Much has changed in recent years in sectors like the proprietorship arrangement of monetary and fiscal organizations, public corporations and mutual funds. Such developments led to pressure on many organizations to have effective control over their management system and thereby enforce corporate governance structure (Akrani, 2011). Corporations in order to operate according to expectations, workers, investors, customers as well as the community must be confident of interest being met. While corporate governance is still a question of compliance, analysts and business managers are becoming increasingly interested in good governance (Finance Agenda, 2013). Because of this, public entities have become increasingly aware of the value of the performance of effective corporate governance structures (Folan& Robyn, 2011).

Globalization of high-quality corporate governance measures is of mutual benefit as argued by (Tafara and Peterson 2016), as it reassures the investor and decreases the cost of due diligence for the investor, thereby reducing the costs of otherwise not always considered individual corporate governance measures. The claim has been raised time and again that every corporate entity's governance structure affects the capacity of the company to answer outside influences on results (Richard, 2013). It is noted that satisfactorily run companies mainly perform healthier, also suitable corporate governance is essential for a firm’s performance.

2.1.5 The Components of Effective Corporate Governance

Gabriel and Simms (2012) pointed out that corporate governance activities vary between countries and sectors, reflecting the various social values as well as different ownership structures. It could also be due to disparities in contract strength and enforceability, creditors and debt holders' political status, as well as the legal system's capacity to establish and enforce. Developing widespread, worldwide received corporate governance agenda that could be applicable throughout the public sector is a very challenging mission, as notable distinctions can be made between companies in structure, management, administration as well as control. Though, primary principles of corporate governance that apply to each organization exist.

The developed countries have well positioned and controlled capital markets in their successful corporate governance; laws recognizing shareholders as rightful owners of companies while at the same time ensuring fair representation of minority and foreign shareholders: compliance mechanisms to protect shareholders' rights; laws protecting them against fraud. The developed countries do have well-established private sector bodies such as institutional investor organizations, managers' technical societies, company secretaries and executives, and rating agencies, stock analysts and a specialized financial press.

Most developing countries still have not completely devised ways of promoting laws as well as supervisory structures, fulfillment abilities and private bodies essential to successful corporate governance. Many of these states require continued stock-trade production, registration structures on shareholding, legislation on the safeguarding of minority shareholder interests, the strengthening of vigilant financial media, improved auditing and accounting norms as well as pattern change against the prevalent existence of corruption.

In addition to differences in the development stage of each country's legal and regulatory framework, they also vary strikingly in their cultural principles, which underpin both their financial systems and their preferred corporate governance model. In his remarks to the World Bank and the IMF Seminar Program, Lamm (2010) noted that the growth of financial infrastructure and of all the institutions that sustain it "is inevitably influenced by a society's culture." Ultimately, corporate governance and the underlying structure must be important for the legal climate and cultural values of each country. The Martin Report (2012) states that corporate governance exists inside a corporation and, for its successful implementation, is very dependent on investors, boards and managers. The report notes that corporate management will concentrate on four important areas if it is to raise capital effectively:

Accountability by clarifying the roles and obligations of governance and through voluntary actions, the management and shareholder interests as controlled by the board of directors shall be reconciled. Fairness: Protecting shareholder interests, those of minority and international shareholders. The enforceability of contracts by capital suppliers can be improved by granting these rights. Responsibility: Ensure that other legislation and regulations are complied with, that reflects the values of an existing society. Transparency: Ensuring relevant, transparent and equivalent information on organizational performance, governance and ownership shall be published in due time. Summarizing the four major corporate governance standards: fairness, transparency, accountability and responsibility were therefore called for in Martin's study (2012).

In response to the recommendations of the Martin Report (2012) to promote as well as express values, OECD formed a task force to regularize discoveries (Yunita, 2014), in April 1999 the task force released corporate governance codes based on four key mechanisms outlined in previous Martin Report (2012). Sources stipulate valuable working frameworks for states pursuing further improve basics of corporate governance structures by building key notions previously established in the Martin Report (2012).

Two different concepts were established in relation to the central definition. The first principle notes that 'the structure for corporate governance will secure shareholder rights.' That includes both their ownership and sharing privileges. Effectual governing structures relies on legal policies which safeguard ownership rights as well as ensure ownership guarantee and liberate share transfer. This concept acknowledges right to vote in important organizational decisions (Lamm, 2010), such as appointing directors and authorizing mergers and acquisitions.

The additional code depicts a structure for corporate governance must guarantee equal action for stakeholders as well as shareholders, also shareholders must have the chance of seeking meaningful compensation of breaching privileges.' It ensures that the regulatory structure should provide legislation that safeguards minority shareholders' interests from asset misappropriation, selfish interest by the controlling owners or management. This principle notes 'business management structure should respect stakeholders' rights as laid down by law and promote active cooperation between companies and stakeholders in creating resources, employment and survival of companies that are financially sound.' Which means companies must abide with legal requirements of countries they work with. Though, laws place limited requirements as to behavior and companies should be encouraged to behave reasonably and ethically with regard for the interests of stakeholders, especially the employees (Yunita, 2014). It has now been accepted that corporate behavior with social responsibility is in line with the concept of optimizing shareholder capital. The tradition of corporate social accountability is well known in various nations around the world, with businesses that are well beyond legal requirements to offer healthcare and pension benefits, help financially education and develop and implement environmentally sustainable technologies. In the same way, other businesses try to avoid activities which, while not forbidden by law, are socially undesirable.

The fourth principle notes that 'the business management system should ensure that all essential matters relating to the business – including the company's financial condition (Akrani, 2011), results, ownership and management – are disseminated in a timely and correct manner.' This acknowledges that both investors and shareholders need information about the corporation's economic as well as operational consequences and corporation's commercial goals and its material exposures to risk. Such information will be prepared and subject to independent auditing, conducted annually according to internationally appropriate accounting and auditing requirements. Applying globally agreed accounting principles will improve comparability and allow investors and analysts to compare corporate performance and policy based on relative merits. In addition, accountability also includes information on business governance such as shareholding, voting rights (Akrani, 2011), board member identification, key executives and executive compensation. This principle says that the 'corporate governance structure guarantees a firm’s planned trend, avoids oversight on the board’s part and the business and shareholders' accountability of the board. This theory means that the directors and their shareholders have a legal responsibility. The managers have a trustworthy relationship both with the shareholders and with the company, which needs them to avoid self-interest in the decision-making process and behave faithfully and completely informally.

This concept also recognizes the Board's duty to supervise the qualified managers, answerable to the board and overseeing corporate properties. Therefore, the board works as the instrument to mitigate questions of ownership and control that exists within the business. For the Board to track management efficiently, it must be sufficiently differentiated from management to be impartial in its management assessment. Any of the managers do not have a family or company relationship with the management team or are closely connected with it. The consistency of the directors is a vital element of effective management. Objective management includes the inclusion in the board of directors of non-executive and self-sufficient professionally trained directors. Boards must be able to deliver tactical direction as well as track success on for shareholders through their consistent engagement and objectivity. To allow the Board to efficiently perform its positions, they should meet more regularly and, if necessary, at least once every three months. In addition, to be successful and to ensure independent oversight, the non-executive directors must have access, in advance of board meetings, to important information. Group committees play vital parts in producing comprehensive group research in the developing countries. It is common in these countries to have an audit Committee, a remuneration committee and a selection committee made up of either non-executive or independent directors in their entirety or in theory. Fairness, openness, accountability and responsibility as resulted in the five OECD Corporate Governance Principles include both regulation and the implementation of private sector initiatives, are the four fundamental principles of effective corporate management as enshrined in the Martin report of 2012. The first ensures enforcement with reasonable standards and the second guarantees that the minimum legal criteria are fulfilled by these codes of conduct and voluntary actions.

2.1.6 Development of corporate governance in Ghana

The past: Suggestions with regards to origin of corporate governance in Ghana is tracked back to the laws of its corporations in colonial times (Adegbite, 2012), regulating, managing and governing corporate entities now found within the provisions of corporate legislation that has its origins in the colonial history of Ghana. Similar to several other former British colonial states, Ghana gained most of the laws and regulations left behind by the colonial government at independence. According to (Okike, 2015), British business law was brought into the country during the colonial period; therefore, the legal structure and corporate governance practices in Ghana mirrored the trend in the UK. Before independence, foreigners, mainly British, dominated business practices in many of their old colonies and thus carried financial significance as well as British laws with them. The Ghanaian Companies Code, 13 (Act 179) is founded on the English Companies Act of 18 (Adda and Hinson, 2014). The Code has not seen any significant changes since adoption, and several attempts to reform it is about edited revisions, this historical appraisal indicates Ghanaian corporate governance structure is fundamentally "Anglo-Saxon" or "outsider safeguard structure" Franks and Meyer, 1994),also it represents its foreign inheritance (Okike, 2015). Ghana SEC (2002) recognized certain common components underpinning corporate governance, further development and enhancement of governance systems is centered today. These are: (1) shareholder rights; (2) shareholder fair treatment; (3) stakeholder roles; (4) accountability and transparency; and (5) board obligations. These elements are specifically discovered in the Ghana Securities and Exchange Commission's 2002 Code of Good Practices.

The present and the future: Oertel (2004) claims, following setting up an ostensibly robust legal system regulating corporate governance in Ghana through the 1963 corporate code, given the few adjustments over lengthy time (ROSC, 2004), compliance with code provisions was comparatively feeble, making Ghana deficient in corporate governance principles. However, Mensah et al. (2003) describe corruption as great as well as nuisance to Ghana's economic and political growth. CDD-Ghana (2000), stated that corruption existed from old times, will still expand even undermining economy as well as political structure of the country. The Ghanaian majority expresses concern about "corruption" (as found in Adegbite 2012) that has become prevalent in Ghana, according to a survey by Mensah et al. This is backed by the 2010 international transparency report and how corruption is perceived, in Ghana, as Ghana was ranked the 69th; on the corruption index, a marginally improved place different from past surveys. Okike (2015) observed corruption is primarily a cultural problem in Africa. Cultural change, strong ethics, principles and meaningful corporate governance structures will rise and Ghanaian socio-cultural issues ‘decline.

In addition, creating more regulatory agencies and revising the country's legal framework and laws, while making compliance priorities, would strengthen the country's governance status. Previous governments such as President John Kufuor’s anticorruption cruise and some old acts such as

Ghana Anti-Corruption Coalition (GACC) is recommended, provided the present administrations will strengthen it. Many other regulators, including the Securities and Exchange Commission of Ghana and the Ghana Stocks Exchange, which have been actively involved in promoting good corporate governance in Ghana, are to be further encouraged and empowered. This includes controlling financial reporting practices of listed companies. Further changes should be made to other non-binding corporate governance structures, stronger organizational controls, and more corporate responsibility.

Although in developing countries like Ghana there has been a high awareness of the problem of compliance with Corporate Governance that shows that the legal and regulatory system is being strengthened, practice and regulation differ. A big problem Ghana faces is corruption (Adegbite 2012), and while it's not just a country like Europe and North America that talks, the government and the people have a burdensome job of combating this fatal cankerworm. Governments that aim to attract foreign direct investment to the state must deal with corruption and overcome it. Political ability and the government's resolve to fight corruption should also exist. Furthermore, when reforming the juridical structure, the government will strengthen the institutional ability of regulators as well as the judicial and administrative system. The knowledge and importance of corporate governance must have publicity and the proper code of conduct should be revised to reflect the current realities and the consistency of the information required of the listed companies should be strengthened. Non-listed businesses should be allowed to make public comments seriously.

2.1.7 Operation of Corporate Governance in Ghana

In the wake of Agyemang and Castellini (2013), the portion here is analyzed by findings made by some corporate governance authors on practice by major governmental organizations in the country. Researchers aimed to achieve deep understanding on the practice of corporate governance and how it prevails in large corporate organizations. The shareholder viewpoint on corporate governance claims that an organization's strategic mission will rely only on those with the organization's monetary share. This considers organizations as tools owners of shares use to increase gains made by investment, on premise (i.e. shareholders) are technically remaining applicants (Jensen & Meckling, 1976). Consequentially, in their research, effectual corporate governance is described as when owners and board structures act as good corporate governance and controls to reduce the agency problem a company faces by reducing the disparity among shareholders' and managers' interests.

The research on some companies trading publicly in the country, discovered controlling shareholders act like managers who check controls and monitor operations. Controlling shareholders apply power on management choices through continuing entry to and accessibility with important organizational resource people and regular availability to the organizations data as well as participation in organizational advisory procedures. Controlling shareholders encourage managerial authorities in taking counsel which optimize the interest of the shareholder and thus help to reduce the agency problem. Controlling shareholders of all companies provide a final word upon actions to be taken at annual general meetings, if they have power to vote. This helps them to control management decisions pervasively and consequently management needs action on optimizing shareholder benefits. Researchers stated disclosing this level of ownership in all four organizations investigated and function which goes across board through organizations listed on the Ghana Stock Exchange, as well as non-listed organizations. This disclosure from the cases examined about the position of major shareholders is consistent with the current corporate governance literature. Denise and McConnell (2003) claim there is an opportunity for large shareholders to use reserves in controlling as well as tracking managers in ensuring needs being provided. Throughout the developing world, shareholders are essential to corporate governance that; they have a clear impact on the path of effectual corporate governance (Berglof & Claessens, 2004).

Research regarding the Board focuses on elements deemed important for evaluating the board's efficacy in the area of board control in theory of agencies. The following elements were discussed in its study: composition of the board, management structure of board, independence of chairman, meetings, audit committee and remuneration committee. Results of their analysis show that Non-Executive directors compose majority of boards in all organizations. Three organizations in the sample are analyzed to assess the where the composition of the board influences efficiency with relation to control functions. Since the supervising owners conduct these activities, boards are not interested in the main control elements in the organizations. Such three organizations' empirical facts support the results as part of current study in the presence of major shareholders is likely to lessen the potency of corporate governance structures (Berglof & Claessens, 2004). The situation which has the membership of the board been determined to decide primarily on-board authority. All the main components of board’s management in the company are carried out by the non-executive members of the board. This strengthens the discussion of an effective governance process by the current information boards (Berglof & Claessens, 2004; Denise & McConnell, 2003). Though the research they carried out points out the boards of directors will be successful corporate governance system when majority shareholders permit their control functions in the company (by avoiding control-related operations).The findings concerning the number of non-executive directors in companies monitored comply with guidelines of the Ghana Corporate Governances Principles which state a third of the members of the Board should be Non-executive directors.

The efficacy of the Board of Managers should be in line with the control the board have being strong in all the organizations examined by the writers. The independence of such a director is inclined to turn management into effective and productive control. The measurable facts, however, show that while managers being self-governing, the topic of director independence is still challenging in terms of managing shareholders. The dominant condition in which selected managers are given controlling shareholders is that of the independence of the manager. In general, big shareholders jeopardize the independence of director because major shareholders have a dominant role in the appointment of manager (Berglof & Claessens, 2004). This empirical reality is in line with what occurs now. In conclusion, they argued that in all four organizations, the aspect of director independence complied with Ghana's Corporate Governance principles as recommended. Their findings also suggest that there are few board checks in all four companies examined in the separation of duties of Chief Executive Officer. Regarding the proposed recommendation, researchers pointed out separation of duties among the organizations, provided that one individual has no two roles, and fulfills the requirement of Ghana's corporate governance principles. However, the Board chair of the companies not independent of controlling shareholders. Their division does not comply with the rules of the theory of all four species.

2.1.8 Performance

Performance is one of the most widely argued concepts of which there has never been an agreement between different researchers and theorists. In different subjects such as aviation (Jenatabadi & Ismail, 2014), education (Dadkhah and Jenatabadi, 2014) and management (Hui et al., 2013) and computer science, the index with different meanings was used. This index included various disciplines. Cameron (2011) refers in his interpretation of the meaning of success to a lack of comprehension or explanation. In the absence of any practical concept of performance agreed upon by most of the scholars concerned, various definitions and inferences will obviously be articulated by different cultures according to their own views. This inconsistency and lack of comprehension is partially due to the inability to consider and describe the definition in theory or in action. Thus, there are numerous problems with a generally accepted interpretation of the term, which means that there are often conflicting meanings and criteria.

Organizations perform various tasks to meet their organizational objectives. The productive results of these repetitive activities must be quantified to assess the output level and for management to evaluate when and when, if possible, in the results for implementing interventions that enhance performance. Therefore, the organizational purpose and the definition of organizational success are closely related. Therefore, any company probably tries with the aid of available resources to achieve those predetermined objectives. Therefore, in assessing organizational efficiency, all aspects of the equation, i.e. the organizational objective and the organizational inputs or resources, should be considered.

The results history is divided into six subcategories. This section addresses various ideas and perspectives on each sub-category of results. Etzioni (2014) issued a very specific declaration on the principle of organizational achievement, where the researcher argued the usual appraisals be conducted with institutions about the achievement and in other cases failure of specified priorities. Nevertheless, the suggestion by Etzioni did not consider the resources an institution requires to reach their objectives. Chandler (2011), and Thompson (2013), seemed to cultivate a similar understanding of Etzioni's organizational efficiency. Researchers like this argue its progress and continuity is the ultimate formula for the institution to flourish. The basic aim is constant development of the organizational efficiency. The "output" or comprehension of the main component of institutional progress is the main theory.

In comparison, Lorsch (2010) has an alternative reference to attain institutional feats founded on both principles which is a good match comparing to company and environments. Lorsh argued, an institutions operation should be effectual when the company and its atmosphere work efficiently and its workers are happy with it and want to help it succeed. According to Kyondu (2014), the degree to which state corporations have met the negotiated performance goals indicates the success of state corporations. Thomas & Palfrey (2014) pointed out that people are the primary beneficiaries and the consumers of the public sector operations and should therefore engage in the performance assessment process. The evaluation of public agencies' success includes reviewing real results against established and approved performance goals in early 2011. The resulting gaps are resolved in basic scores, weighted scores and finally in composite scores.

2.1.9 Employee participation

This has pushed company to search for quick and profitable ways to attract customers, with almost every company striving to make profit. Employee participation is a participatory mechanism that uses the full worker potential and is intended to promote employee interest in organizational performance, Lawler and Mohrman (as quoted in Richard, 2012). The presence of workers in organizational activities inspires them and allows for optimism according to Price (2014). In addition, he clarified employees being involved indecision-making encourages employees to be committed to their work. Employees are included in the main resources in the company, the main function of managers is to inspire them to perform at a higher degree to attain organizational target. Apostolou (2010), claims that the role of workers is seen separately, and not only as a function of the system, and every worker has interest in aiding have had a company achieved their objectives. The researcher also commented its management solicits and appreciates the feedback of each employee. The Chartered Institute of Personnel and Development (2001) considers worker engagement to be 'ways to involve a cooperation, awareness as well as maximum participation of staff in the institution as well as dedication to goals' so they are allowed to add to the quality improvement as well as performance in employment. Brownell (as quoted in Dodi 2015) focuses on individual control and describes engagement as an organization, involving people and affecting (which affects) related decisions. Handel and Levine (2014), include what other authors define as a common concept of employee engagement that describes activities like work rotation, teamwork complete quality management applications. Worker participation can be defined as participatory mechanism which incorporates all employee skills and seeks to promote employee engagement in organizational performance, creating an atmosphere in which workers control their decision-making and activities. The proper definition of participation therefore does not rely so much on the different activities, but on how they are integrated.

2.2 Theory Review

2.2.1 Agency theory

Jensen & Meckling's (1976) theory on the partnership with shareholder and business interests is focused on and rooted in the belief that an interdependent rivalry between management interests, shareholders and owners within a company exists (Fama & Jensen, 2010). A concept of an organization is in alignment of the wishes and desires of shareholders and managers. Via the idea of separating ownership from power, theory is thus conceptualized.

To Fama and Jensen (2010), a strong assumption for corporate governance derived of agency theory's emphasis is that adequate supervision, productive and control mechanisms should be followed to guard and protect the owners of the company from the conflict of interest of management – the agency costs of modern capitalism. This concept encourages an idea where one is motivated by selfish, self-opportune, non-altruistic as well as humane objectives. Administrators who are responsible for an organization's control functions cannot always behave in the interest of principal owners. Instead, are motivated by self-interest to the downfall of constituents' wellbeing (Akhalumeh, Ohiokha & Ohiokha, 2011). This is later supported by (Cabraal 2011), that "there are instances in which market participants are searching for regulatory lapses and lacuna without being unduly concerned about the prudence underlying their behavior, especially those motivated by short-term self-interests." The Agency's philosophy, by definition (Bosch, 1995; Corporate Financial Aspects Committee, 1992; OECD, 1997) supports the normative position stressing boards must constitute mainly of external independent members. The specific persons should exercise the positions and functions of chairperson and CEO. The driving force behind the theory is that efficiency is improved and the interest of directors is primarily preserved when the boards' structures are governed by non-dependent directorial workers who can not only track management's self-interest behavior (Kaymak & Bektas, 2008, Rashid, 2011). The theory also argues that CEO's duality decreases the executive supervisory position of the Boards and thus has a negative effect on corporate performance.

2.2.2 Stewardship Theory

The philosophy of stewardship, by comparison, takes a compassionate and positive approach. Contrary to the theory of agency, managers agree they are is not selfish, motivated by personal objectives and are encouraged to function with shareholder's interests in mind. Advocates of this school believe that the boards of directors within and outside optimize the shareholders' success and benefit (Akhalumeh, Ohiokha & Ohiokha, 2011). Furthermore, this theory depicts company executives are fundamentally competent, trustworthy and effective guardians of tools they receive (Richard, 2013; Osborne and Plastrik, 2011), therefore reducing the trend towards major agency costs (Osborne and Plastrik, 2011). From the point of view of management theory, administrators would not take decisions negatively affecting owners for fear of endangering their reputations (Osborne and Plastrik, 2011). Also stating that boards make up large majority of in-house directors to ensure prompt, more successful, productive and accelerated decision-making, this concept basically calls for CEO duality (Luan & Tang, 20014; Ong & Lee, 2010; Rashid, 2011), as Osborne and Plastrik (2011), consider as leadership which acts as a constructive factor in fostering healthy business perfectly.

2.2.3 Stakeholders Theory

The Stakeholder Theory is designed primarily to define, evaluate, establish and maintain effective stakeholder cooperation (Freeman, 1984). It is in juxtaposition with the principle of organization.

The maximization of shareholders' capital is central in agency theory, while the stakeholder theory focuses on larger classes of stakeholders. New a day, many companies are trying to increase shareholder capital while stressing other stakeholders' potential at the same time. The theory is popular theory in corporate governance because of the firm's responsibility to larger spectators not just the shareholders. This concept implies corporate success can only be calculated in terms of benefit for its shareholders (Hasan, 2011). Shareholders and stakeholders support independent corporate governance systems and supervisory frameworks. For example, the Anglo-American model which emphasizes the importance and board of shareholders is composed of executives and non-executive directors. Stakeholders have rights in the German model to require them to participate effectively in board meetings, they sit alongside the directors on the supervisory board. Theory and analytical research also struggle to ensure the system of corporate governance will be most effective (Bebchuk & Roe, 1999). There is, however, an argument for a narrow theory, as it makes shareholders the only stakeholders of the corporate interest group (Coleman et al., 2008), which describes the position of corporate governance better than the theory of an organization by stressing the diverse components of a corporation.

The shareholder is considered by laws of business in numerous countries with an original view of the company, since they are the shareholders of the firms. The organization has a fiduciary duty to optimize its returns and make its needs first. The organization transforms the inputs of creditors, staff, and suppliers into types that are sellable to consumers in more recent business models, and therefore returns to its shareholders. This model is structured to meet the needs of customers, employees, suppliers and clients. Concerning the case, stakeholder theory suggests that the parties concerned would include legislative authorities, political organizations, labor organizations, trade unions, families, related businesses, prospective employees and the public at large. Competitors and prospective consumers be stakeholders in certain cases to help boost marketplace business performance.

2.2.4 Transaction Cost Economics

The economics of transaction costs can be associated with the agency theory from Coarse's 1937. His key point view is that companies could save money by carrying out activities within the organization, rather than relying solely on externals. Theory indicates that transaction costs and struggles often help in-house development and sometimes market as a system of economic governance or a mechanism of intervention among extremes of governance structure (Williamson, 1975). This primarily indicates the concept of corporate governance that emphasizes transactional costs in comparison to cost of production.

The concept portrays three hypotheses, i.e. risk neutrality, opportunism and a limited rationality. This also has transaction dimensions; 1) asset specificity, which corresponds to the amount of one-time expenditure in lieu of transaction; 2) transaction frequency; 3) volatility. The three types of uncertainty are i.e. 1) volume uncertainty, not predictable future demand; 2) technology uncertainty and 3) behavioral uncertainty. TCEs emphasize implementation costs or check-and-balance processes in the form of internal and external audit controls, disclosure of information, independent external directors, separation of the chairmanship from the CEO, risk analysis, appointment and remuneration committees (Tricker, 2012).

2.3 Empirical Review

According to Heo (2018), government institutions have a significant role in economic development as well as in providing vital services in sectors like the health, education and electricity.

Government institutions’ underperformance will cause major problems in the development of the society and productivity, it can lead to economic problems for the state and developing efficiency of government institutions continues to be a vital topic for legislators. Lately, attempts made at improving corporate governance are developing traction internationally in a way of enhancing standards of governmental corporations. Heo (2018), used data from 320 government institutions in Korea, his analysis explores the impact of corporate governance on various state-owned Company performance metrics, including outcomes of performance reviews, customer satisfaction and financial performance. Empirical findings show board sizes, accountability as well as full disclosure is involved with the development government institutions, indicating an influence the productivity of government institutions. The independence of the board of directors and the distinction between Board Chair and Chief Executive Officer Roles have negligible effects on individual improvement metrics. The findings indicate larger board, among others open disclosure practices which may help state-owned enterprises' success.

Sarah (2017) examined the benefits for top and bottom Johannesburg Stock Exchange listed SMEs in South Africa proper corporate governance would cause great benefits in the listed companies. The desktop method is applied in evaluating small and medium-sized enterprises in order to understand the governance practices they operate with and the rewards they gain from it. Results indicated SMEs are missing out on the successful investors without proper coverage. When big companies can benefit by comprising corporate governance, small and medium-sized enterprises can certainly also reap these benefits. Many minute businesses among the study have faced suspension as well as liquidation because they are not aware of their activities. Finally, corporate governance is working properly during board proceedings, small and medium-sized enterprises that have commendable corporate governance systems have shown good effects than nonreporting. This researcher also recommended that small and medium-sized enterprises should account for work regularly to prevent the business from curtailing. Small businesses must aim at following reporting requirements for governance in order to increase their companies' efficiency and implement best accounting practices to boost their market share and share capital gains.

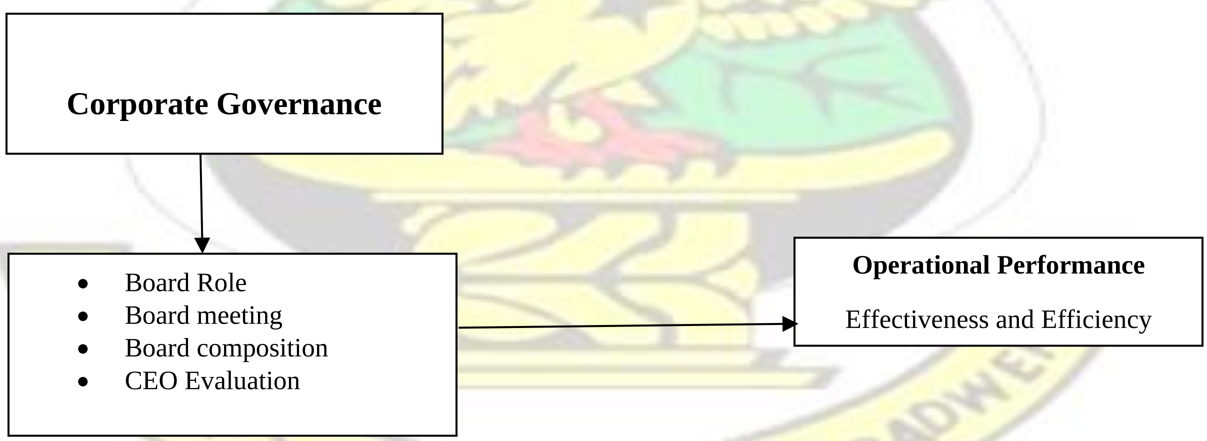
Corporate governance is a philosophy concerning activities affecting the organization of corporate management and power. The relationship between these individuals and groups represents the resourcefulness and commitment it provides to its success, such as shareholders, staff, investors, long-term suppliers and subscribers. For several research in the past, it has been considered reasonable that organizations with corporate governance structures will have good results. Based on this Kyondu (2014), conducted a research on how corporate structure impacts operations of government institutions in Kenya. One aim of this research was finding a connection among operations, corporate governance as well as scope of state corporations. This research employed the use of descriptive surveys. The population of the research was 178 state corporations in Kenya given from Performance Contracting Department-Office of an ex-president’s report on Evaluation of Public Agencies Output in year 2010/2011 released by March 2012. Sample of 60 out of 178 state-owned companies was considered suitable. Senior executives at certain state companies were the respondents. Information is evaluated using descriptive statistics and the methodology of multilinear regression. These results indicated institutions which were practicing corporate governance were properly rated by a performance contracting department presently. Therefore, the study suggests that the board perform financial oversight systematically and that state companies consider implementing routine corporate governance audits and evaluations.

Quang et al. (2014), investigated influence of corporate governance on success of Vietnam's major private companies. To examine effects of corporate governance on results, five corporate governance indicators and three variable results proxies were employed. Estimated findings show that duality between Chair and CEO is positively correlated with improved operations as well as increasing number of directors is negatively associated with bad performance, independent of performance measures. They also pointed out that these empirical results were the same across markets, exports and import-related undertakings, as well as between female and male CEOs. The board's independence has no relation to enterprise efficiency.

2.4 Conceptual Framework

As showed in the Figure 2.1 the main proposition of the study was that corporate governance structure has relationship with operational performance of the selected firm which has been empirically tested in the chapter four.

Figure 2.1 Conceptual Framework



CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter discusses the methodology used in this study. This methodological approach ranges from research design, research approach, population, sample size, sample techniques, sources of data, collection of data and data analysis techniques. Lastly in this chapter, the ethical consideration will be discussed.

3.1 Research Design

Research design is a plan that shows a particular approach (Zikmund et al., 2010), and processes applied in collecting, measuring, as well as analyzing data regarding a study. In2012, Koul argued that research design describes several decisions that must be taken in consideration during data collection. The process involved in reaching the respondents by a researcher or researchers is known as research design (Fink, 2011). Based on this research, the researcher adopts a descriptive research design. This design helps the researcher to describe an assessment of the corporate governance structure of Petroleum Commission. A descriptive research obtains data to respond to quests involving the research topic outlined. Descriptive analysis applies when generalizing features (Babbie, 2010), qualities, or actions of the population from a sample to a population. Bawa (2011) depicts several respondents given similar questions either by e-mail, telephone, or in-person.

3.2. Research Approach

A research approach represents a brief strategy which shows particulars of ways of collecting, analyzing (Chetty, 2016), and interpreting data in relation to the research problem addressed by conducting that research. Getting an established approach to research is important as it enhances the validity of the research results (Creswell, 2013), and the entire project. Research approach is an instance where importance is weighed on the data collection method or on the data analysis method (Creswell, 2013). About this study, quantitative approach will be the approach that the researcher will adopt. This is because the quantitative approach tends to answer the question 'how' corporate governance contributes to the activities of Petroleum Commission Ghana (Nifah & Piesie-Anto, 2019). A deductive methodology will also be adopted in relation to this analysis to assist in evaluating and assessing the corporate governance structure of Petroleum Commission by offering a reasonable justification to affirm or deny this claim.

3.3 Population of the Study and the Sample Size

Zikmund et al. (2010), defined population as being entities which have characteristics that can be used for specific or in this case for a research. Burns and Grove (2010), described population as the elements that meet the criteria for inclusion in a study. The target population for this study is the staff of the Board Secretariat department, Corporate Affairs department and Audit and Internal Control department staff of Petroleum Commission Ghana head office which are 32 in total. The reason for concentrating on these staff is that they have direct access to information regarding the board structure, corporate governance processes and controls and sub-board committees in the Commission. They also have a greater knowledge and experience with regards to the board structures.

3.4. Sampling Technique

Nifah and Piesie-Anto (2019), noted two types of sampling methods, probability and non-probability sampling. The sampling technique used is the purposive sampling technique. This is because particular staff with knowledge and experience on the board structure were selected. “Sampling/sample size is a process of selecting a proportion of the population considered adequate to represent all existing characteristics within the target population for the purpose of generating the finding from the sample itself.” The sample size is 30 consisting of administrative staff from the board secretariat, corporate affairs and internal audit and control department.

3.5 Data Sources

Primary data is principal data source for this study. It is crucial to determine the source from which data will be derived for a research, even before the research commences (Nifah and Piesie-Anto, 2019). This is critical for channeling the research study into a path that will eventually produce credible and accurate data for analysis (Nifah and Piesie-Anto, 2019). Primary data is described as consisting of materials collected by oneself through systematic observation (Blaxter, 2011), knowledge records, questionnaire and interview results and case study compiled by one.

3.6. Data Collection Instruments

Data collection is a procedure for collecting and gaging the data by the researcher or researchers from specific respondents (Enayet and Supinit2016), and the information is targeted variables is in systematic way. This allows an easy answer to the questions and easy evaluation. A closed-ended questionnaire is the main instrument to collect data for this study and interview is used to clarify other issues not captured in the questionnaire. This is the commonest way of gathering primary data in form of questionnaire (Nifah and Piesie-Anto, 2019). A questionnaire is, according to Sekeran (2013), a standardized set of questions given to respondents, usually in a very narrow way. The purpose of collecting data is to capture quality evidence (Enayet and Supinit, 2016), and after translating it into useful information. A questionnaire is, according to Nifah and Piesie-Anto (2019), one less costing and dependable source of collecting data used in analysis and resourceful when properly stated and administered.

3.7 Data Analysis Method

Data is subject to a variety of analytical techniques to be thoughtfully assimilated into meaningful facts, statistics, figures and so on. The Statistical Package for Social Sciences (SPSS) software is used in processing and analyzing data collected from the respondents for this study, also graphs, pie charts, Microsoft Excel and a correlational matrix applied in Chapter 4 was used.

3.8 Ethical Consideration

The research follows all ethical considerations during retrieving information process as well as duration of the research. It involves privacy, divulgation as well as identification, respect for human rights and charity. A letter of introduction was sent to the organization in order to seek approval from the management. In addition, the researcher obtained informed consent from the participants and requested voluntary participation before enrolling in the study. Participation was strictly voluntary and non-compulsory, in terms of human rights, with respect for each participant's dignity, values, attitudes, and value. Information on the topic comprising of potential good or bad effects linked with involvement was presented. During this procedure, the ethics of secrecy and confidentiality were maintained as well. The researcher is committed to the policy of confidentiality that states the public disclosure of information without the participants is not allowed and the participants ‘reactions are locked’ and key, particularly when such information will be linked to the participants' identity.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

In chapter four information retrieved by researcher is analyzed and interpreted providing empirical evidence that conform to the study objective and to support decision making in the field of corporate governance in the public sector.

4.1 Governance Structure

Table 4.1: Board Size

	Frequency	Percent	Valid Percent	Cumulative Percent
3-5	5	16.7	16.7	16.7
5-7	6	20.0	20.0	36.7
7-9	19	63.3	63.3	100.0
Total	30	100.0	100.0	

Source: Field Study, 2020

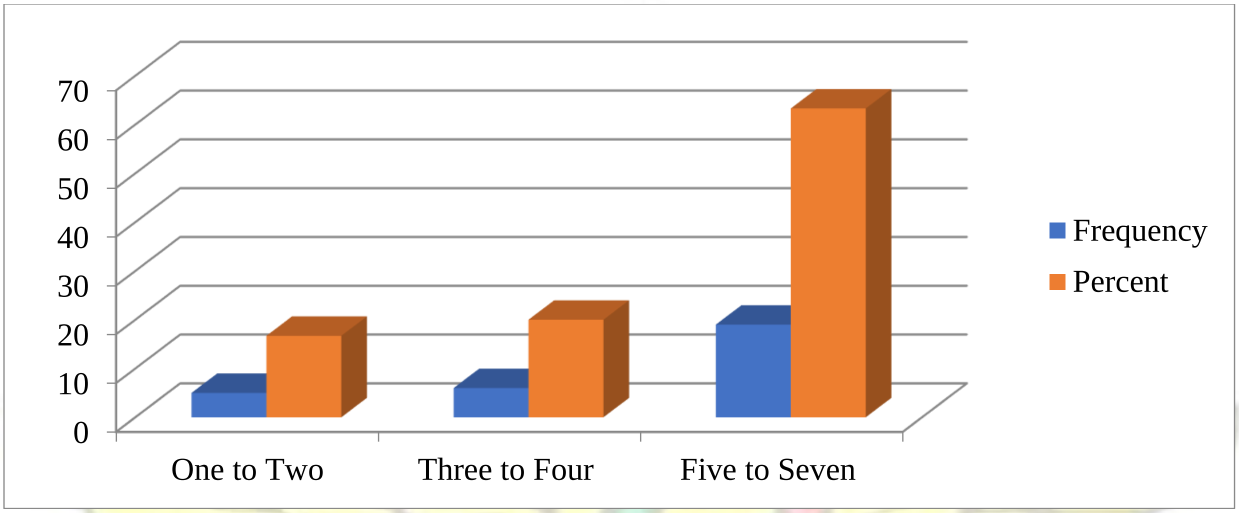
The survey in relations to the size of the board of the sampled respondents discovered that 19 (63.3%) of them were having between 7 and 9 member board size, 6 (20%) were having between 5 and 7 whiles the remaining 5 (16.7%) were having a between 3 and 5 member board size. Considering this result, it can be clearly stated that majority of the respondents were having a board size that comprises more than 7 members.

Table 4.2: Frequency of Board Meeting in a year

	Frequency	Percent	Valid Percent	Cumulative Percent
Quarterly	9	30.0	30.0	30.0
Semi-annually	14	46.7	46.7	76.7
Annually	7	23.3	23.3	100.0
Total	30	100.0	100.0	

Source: Field Study, 2020

The survey results as well showed that the board of 14 (46.7%) of the sampled respondents usually meet on semi-annually basis, the board of 9 (30%) usually meet on quarterly basis whiles the remaining 7 (23.3%) usually meet on yearly. This indicated that the board meetings of most of the sampled respondents were usually held twice in every year.



Source: Field Study, 2020

Figure 4.1 Number of Shareholders as part of the Board

With regards to the number of stakeholders which are members on the board, the survey discovered that between 5 and 7 stakeholders were part of the board of 19 (63.3%) of the respondents, the board of 6 (20%) were inclusive of between 3 and 4 stakeholders whiles the remaining 5 (16.7%) were having a board that between 1 and 2 stakeholders are part. This implies that majority of the respondents were having a board that more than 4 stakeholders are involved.

Table 4.3: Number of Members of the Board being part of the Management

	Frequency	Percent	Valid Percent	Cumulative Percent
1-2	7	23.3	23.3	23.3
3-4	4	13.3	13.3	36.7
5-7	19	63.3	63.3	100.0
Total	30	100.0	100.0	

Source: Field Study, 2020

The study as well revealed that 19 (63.3%) of the respondents were having a board that between 5-7 members were part of management, 7 (23.3%) were also having between 1 and 2 board members who were part of management whiles the remaining 4 (13.3%) were having between 3 and board members who were part of management. This shows that majority of the respondents were having more than 4 members on their board who were also part of the management.

Table 4.4: Average Age group of Board Member

	Frequency	Percent	Valid Percent	Cumulative Percent
18-39	14	46.7	46.7	46.7
40-59	5	16.7	16.7	63.3
60-75	11	36.7	36.7	100.0
Total	30	100.0	100.0	

Source: Field Study, 2020

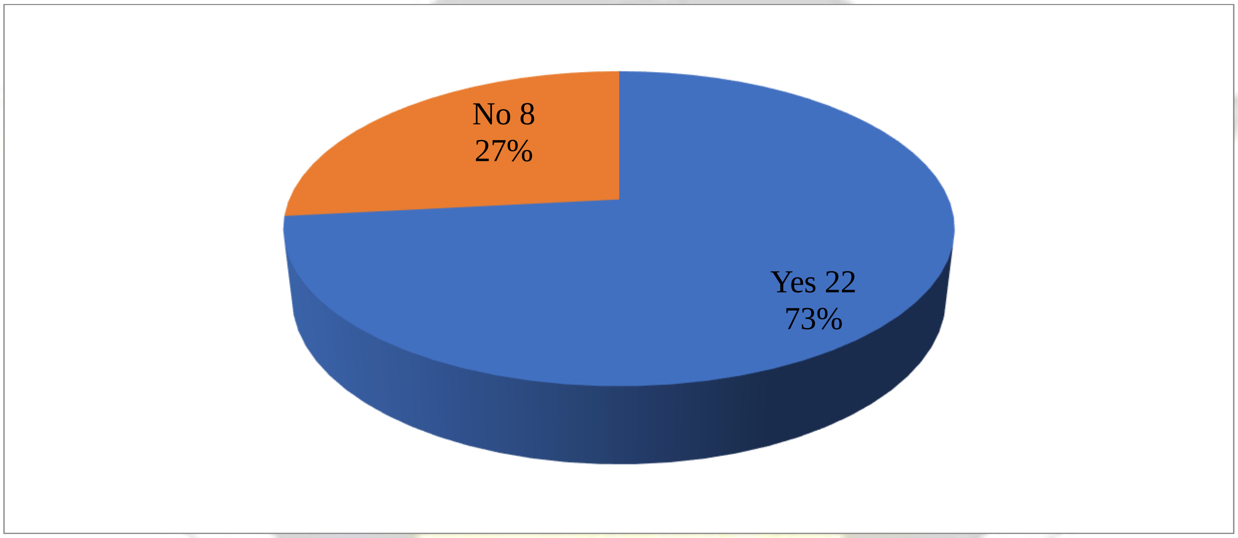
In connections with the average age group of the board member, 14 (46.7%) of the respondents were having a board with member of an average age group of 18 to 39 years, 11 (36.7%) were of an average age group of 60 to 75 years whiles 5 (16.7%) were having a board with members of an average group of 40 to 59 years. Based on these findings, majority of the respondents were having a board which comprises of members with an average age not exceeding 40 years.

Table 4.5: Board appointing CEO

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	23	76.7	76.7	76.7
No	7	23.3	23.3	100.0
Total	30	100.0	100.0	

Source: Field Study, 2020

In relations to whether the board appoint the CEO, the survey results showed that the board of 23 (76.7%) of the respondents was in charge of appointing CEO whiles the board of the remaining 7 (23.3%) was not appointing the CEO. This implies that in the organization of majority of the respondents, the board is responsible for appointing CEO.



Source: Field Study, 2020

Figure 4.2 Chairperson separated from CEO

The study as well revealed that in the organization of 22 (73.3%) of the sampled respondents, the chairperson of the board and the CEO were separated whiles the remaining 8 (26.7%) were in organization that the chairperson of the board and the CEO were not separated. This implies that mostly the chairperson of the board and the CEO play a distinct role.

Table 4.6: Main consideration for appointment of management of the company by Board

	Frequency	Percent	Valid Percent	Cumulative Percent
Government interest	9	30.0	30.0	30.0
Community interest	9	30.0	30.0	60.0
Professional expertise	5	16.7	16.7	76.7
All of the above	7	23.3	23.3	100.0
Total	30	100.0	100.0	

Source: Field Study, 2020

With respect to the study, 9 (30%) of the respondents indicated that government interest is the main consideration for the appointment of management of their company by the board. Similarly, 9 (30%) indicated community interest as a major consideration for appointing managers for their company, 7 (23.3%) opted for all of the mentioned considerations whiles the remaining 5 (16.7%) indicated professional expertise as the key factor that their board base to appoint managements for their company. This implies that in order to appoint managers the board stem on certain consideration of which majority of the respondents indicated that the interest of the government as well as the community is the main ones.

Table 4.7: Company having Board Committees

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	18	60.0	60.0	60.0
No	6	20.0	20.0	80.0
No idea	6	20.0	20.0	100.0
Total	30	100.0	100.0	

Source: Field Study, 2020

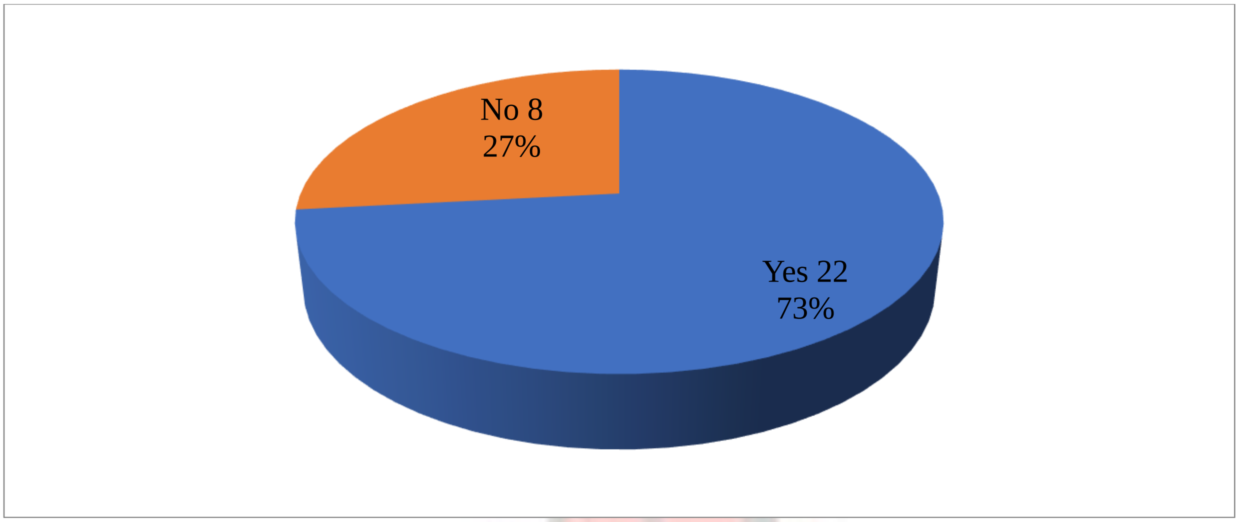
On whether the company of the respondents are having board committees, the survey results discovered that 18 (60%) of them were in organization that have board committees, 6 (20%) were not having it whiles the remaining 6 (20%) had no idea about their company having board committees or not. This implies that majority of the respondents were working in organization that have an active board committee.

Table 4.8: Ranking Subcommittees of Board in order of relevance to the company

Statements	Highest	High	Low	Lowest
Audit committee	22/73.3%	6/20.0%	2/6.7%	-
Compensation and nomination committee	20/66.7%	7/23.3	3/10.0	-
Finance committee	23/76.7%	5/16.7%	2/6.7%	-
Legal and regulatory committee	20/66.7%	10/33.3%	-	-

Source: Field Study, 2020

The study further reviewed the relevancy the following subcommittees of board including audit committee, compensation and nomination committee, finance committee and legal and regulatory committee to the respondents' company. With respect to audit committee, 22 (73.3%) of the respondents indicated that it is of highest relevance to their company, 6 (20%) indicated it as having high relevance to their company whiles the reaming 2 (6.7%) said audit committee is of low importance to their company. Also, 20 (66.7%) showed that compensation and nomination committee is of highest importance to their company, 7 (23.3%) showed that it is high whiles 3 (10%) indicated that the relevance of compensation and nomination committee is low to their company. Furthermore, 23 (76.7%) of the respondents as well disclosed that the relevance of finance committee to their company is highest, 5 (16.7%) of them considered it as high whiles 2 (6.7%) considered the relevance of finance committee is low to their company. Additionally, 20 (66.7%) considered the relevance of legal and regulatory committee as highest to their company whiles 10 (33.3%) deemed it as high. Overall, these results imply that the aforementioned subcommittees, thus including audit committee, compensation and nomination committee, finance committee and legal and regulatory committee are of highest relevance to the company of majority of the sampled respondents.



Source: Field Study, 2020

Figure 4.3 Board Members been Compensated

The survey results disclosed that the board members of majority (73.3%) of the respondents were been compensated whiles the remaining 26.7% were not compensated. This indicates that generally, the board members at the organization of most of the respondents are compensated due to work they carried out in the company.

Table 4.9: Board Meetings

Statements	Mini	Maxi	Mean	Std. D
The frequency of our board meetings ensures timely decisions	1.00	5.00	4.8000	.80516
Board meeting attendance meets the commission's need for inclusive dialogue and decision making	1.00	5.00	4.1667	1.48750
Meeting agendas provide adequate time to discuss and act on significant strategic issues	2.00	5.00	4.6667	.66089
The board chair keeps a tight rein on digressions, side discussions, and issues that have already been addressed	1.00	5.00	4.3000	1.23596
The board saves critical time for important discussions by utilizing a consent agenda covering the routine actions that require approval	1.00	5.00	3.4667	1.71672

Source: Field Study, 2020

Table 4.9 presents the descriptive statistical results on board meetings. Majority of the respondents agreed that due to the regularity of board meetings, timely decision makings are capitalized (mean=4.80; std. dev. =0.80). Also, the number present at board meetings fulfills the needs of the commission which promote inclusive dialogue and decision making (mean=4.16; std. dev. =1.48). Furthermore, majority of the respondents agreed that enough time are provided by the meeting agendas in order to ensure effective discussion and act efficiently on relevant strategic matters (mean=4.66; std. dev. =0.66). The board chair as well maintains a tight rein on digressions, side discussions, and issues that have already been addressed (mean=4.30; std. dev. =1.23). Likewise, the respondents somewhat agreed that in order to secure crucial moment for relevant discussions, the board utilize a consent agenda which includes the routine actions that needs approval (mean=3.46; std. dev. =1.71). The implication of these results is that in the organization board meetings are frequently held which boost timely decision making and per the attendance level, it promotes inclusive dialogue and decision making. Also, enough time is saved in order to ensure effective discussion and act efficiently on relevant strategic matters.

Table 4.10: CEO Evaluation

Statements	Mini	Maxi	Mean	Std. D
The board evaluates the CEO’s performance annually based on pre-defined targets tied to the mission and vision	2.00	5.00	4.8000	.66436
The CEO’s compensation is linked to strategic performance	1.00	5.00	4.3667	1.24522
The board ensures that the CEO’s compensation package stimulates and rewards excellent performance	1.00	5.00	2.9333	1.57422
The board regularly reviews the CEO's compensation to ensure that it is reflective of compensation trends among other comparable commissions	1.00	5.00	2.9333	1.59597

Source: Field Study, 2020

Table 4.10 presents the descriptive statistical results on CEO evaluation. Majority of the respondents agreed that on yearly basis, the CEO’s performance is assessed by the board based on predefined targets related to the mission and vision (mean=4.80; std. dev. =0.66) and besides the compensation scheme of the CEO is set based on the strategic performance (mean=4.36; std. dev. =1.24). Further, the respondents disagreed that CEO’s compensation package does not stimulates and rewards extraordinary performance (mean=2.93; std. dev. =1.57) and also the board does not habitually reviews the CEO’s compensation in order to certify that it is consistent with the compensation trends among other comparable commissions (mean=2.93; std. dev. =1.59). The implication of these findings is that the performance of CEO is frequently monitored and assessed every year on which the CEOs are compensated. However, the CEO’s compensation scheme does not stimulates and rewards extraordinary performance and it is not regularly examined by the board.

4.2 Operational Performance

Table 4.11: Operational Performance

Statements	Mini	Maxi	Mean	Std. D
A corporate governance structure is a system that ensures board decisions are carefully made	1.00	5.00	3.2000	1.64841
Corporate governance structures are the mechanisms which deal with the ways in which companies guarantee investors’ returns on their investments in a company	1.00	5.00	4.2333	1.30472
Corporate governance structures are structures designed to achieve accountability in the company	2.00	5.00	3.8667	.50742
Corporate governance structures are structures designed to achieve transparency in the company	2.00	5.00	4.5333	.89955
Corporate governance structures are structures designed to achieve fairness in the company	1.00	5.00	4.0667	1.48401
Corporate governance structures are structures designed to achieve responsibility in the company	1.00	5.00	4.4000	1.13259
Corporate governance structures are structures designed to achieve social responsibility in the company	1.00	5.00	4.3000	1.26355
Corporate governance structures are structures designed to achieve independence in the company	1.00	5.00	4.4000	1.13259
Corporate governance structures are structures designed to achieve integrity in the company	1.00	5.00	4.3333	1.32179
Corporate governance structures are structures designed to achieve board competence in the company	1.00	5.00	4.2000	1.15669

Source: Field Study, 2020

Table 4.11 presents the descriptive statistical results on operational performance of Petroleum Commission Ghana. Majority of the respondents agreed that corporate governance structures are the mechanisms which cover the means through which companies guarantee investors' return on their investment in a company (mean=4.23; std. dev.=1.30) and they are implemented to ensure transparency, (mean=4.53; std. dev.=0.89), ensure fairness (mean=4.06; std. dev.=1.48), ensure achievement of responsibilities (mean=4.40; std. dev.=1.13), achievement of social responsibility (mean=4.30; std. dev.=1.26), ensure independence (mean=4.40; std. dev.=1.13), ensure integrity (mean=4.33; std. dev.=1.32) and promote board competence (mean=4.20; std. dev.=1.15) in the company. Also, the respondents somewhat agreed that corporate governance structure is mechanism that guide the board to vigilantly made decisions (mean=3.20; std. dev. =1.64) and it is implemented to ensure accountability in the company (mean=3.86; std. dev. =0.50). The implication of these findings is that through corporate governance, the return on investment for a company's investors is assured and it is a mechanism that promotes transparency, fairness, achievement of responsibilities and social responsibilities together ensuring independence and high sense of integrity in the company.

4.3 Employee's Participation

Table 4.12: Employee's Participation

Statements	Mini	Maxi	Mean	Std. D
Decisions made in this organization are communicated to the concerned employees.	1.00	5.00	4.3667	1.24522
Employees are consulted before making decisions on issues affecting them.	2.00	5.00	3.7667	.67891
Employees are involved in decision making in this organization.	2.00	5.00	4.4000	1.06997
I feel happy when I am involved in decision making.	1.00	5.00	3.9667	1.44993
Decisions are taken by the top few in this organization.	1.00	5.00	4.1333	1.27937
I belong to various workers' committees.	1.00	5.00	4.0333	1.42595
I get carried along when decision is made	1.00	5.00	4.1333	1.33218

Source: Field Study, 2020

Table 4.12 presents the descriptive statistical results on employee's participation at Petroleum Commission Ghana. Majority of the respondents agreed that usually decision made in the organization are communicated to the concerned workers (mean=4.36; std. dev. =1.24). Also, in the organization, the participation of workers in decision making is assured (mean=4.40; std. dev. =1.06) though the decisions are taken by few senior managers in the organization (mean=4.13; std. dev. =1.27). Further, the respondents agreed that they are members of various workers' committees (mean=4.03; std. dev. =1.42) and they usually get carried along once a decision is made (mean=4.13; std. dev. =1.33). Further, majority of the respondents somewhat agreed that before a decision is made especially relating matters affecting the workers, they (the workers) are informed (mean=3.76; std. dev. =0.67) and they feel happy once they are involved in decision making (mean=3.96; std. dev. =1.44). The implication of these results is that in the organization employees are made aware of decision taken, they are informed about a decision that is supposed to be made especially those that could affect them and they partake in decision makings which promote employee's participation in the organization.

4.4 Correlation Matrix

Table 4.13: Correlation Matrix

		Governance Structure	Employee Participation	Operational performance
Governance Structure	Pearson Correlation	1		
Employee Participation	Pearson Correlation	-.282	1	
	Sig. (2-tailed)	.131		
Operational Performance	Pearson Correlation	.247	.434	1
	Sig. (2-tailed)	.001	.016	

*. Correlation is significant at the 0.05 level (2-tailed).

As illustrated in the Table 4.13. The study found that, governance structure has no significant relationship with employee participation ($r=-0.282$, p-value > 0.05). Meanwhile, the study found that, governance structure has significant correlation with operational performance ($r=0.247$, p-value < 0.05). Lastly, the study found that, employee participation has significant relationship with operational performance ($r=0.434$, p-value < 0.05).

4.5 Discussions

The study found that, governance structure has significant correlation with operational performance. The results are in line with the study, Heo (2018), explores the impact of corporate governance on various state-owned company performance metrics, including outcomes of performance reviews, customer satisfaction and financial performance. Empirical findings show board sizes, accountability as well as full disclosure is involved with the development government institutions, indicating an influence the productivity of government institutions. The independence of the board of directors and the distinction between Board Chair and Chief Executive Officer Roles have negligible effects on individual improvement metrics. The findings indicate larger board, among others open disclosure practices which may help state-owned enterprises' success.

Kyondu (2014) conducted a research on how corporate structure impacts operations of government institutions in Kenya. One aim of this research was finding a connection among operations, corporate governance as well as scope of state corporations. This research employed the use of descriptive surveys. The population of the research was 178 state corporations in Kenya given from Performance Contracting Department-Office of an ex-president’s report on Evaluation of Public Agencies Output in year 2010/2011 released by March 2012. Sample of 60 out of 178 state-owned companies was considered suitable. Senior executives at certain state companies were the respondents. Information is evaluated using descriptive statistics and the methodology of multilinear regression. These results indicated institutions which were practicing corporate governance were properly rated by a performance contracting department presently. Therefore, the study suggests that the board perform financial oversight systematically and that state companies consider implementing routine corporate governance audits and evaluations.

Quang et al. (2014), investigated influence of corporate governance on success of Vietnam's major private companies. To examine effects of corporate governance on results, five corporate governance indicators and three variable results proxies were employed. Estimated findings show that duality between Chair and CEO is positively correlated with improved operations as well as increasing number of directors is negatively associated with bad performance, independent of performance measures. They also pointed out that these empirical results were the same across markets, exports and import-related undertakings, as well as between female and male CEOs. The board's independence has no relation to enterprise efficiency.

CHAPTER FIVE

SUMMARY FINDINGS, CONCLUSIONS AND RECOMMENDATION

5.0 Introduction

Chapter five gives summary findings, conclusions and recommendations with regards to the subject matter to guide future research.

5.1 Summary Findings

5.1.1 Corporate Governance Structure

The study had revealed that majority of the respondents were having a board size that comprises of more than 7 members with an average age group not exceeding 40 years of which more than 4 stakeholders were inclusive. Also, board meetings were usually held twice in a year. Further, the study showed that majority of the respondents was having more than 4 members on their board who were also part of the management. In addition, the survey results disclosed that the board of majority of the respondents is responsible for appointing CEO in their company. However, the chairperson of the board is different from the CEO which means that both the chairperson and CEO play a distinctive role in the organization.

Moreover, the study revealed that the both the interest of the government and the community were the major consideration that the board was dependent on in the appointment of management of the company. Besides, majority of the respondents agreed that their company have board committees including subcommittees like audit committee, compensation and nomination committee, finance committee and legal and regulatory committee which were of highest relevancy to their company. Finally, the study had shown that the board members of majority of the respondents were been compensated in their organization.

Again, the organization board meetings are frequently held which boost timely decision making and per the attendance level, it promotes inclusive dialogue and decision making. Also, enough time is saved in order to ensure effective discussion and act efficiently on relevant strategic matters. Lastly, the performance of CEO is frequently monitored and assessed every year on which the CEOs are compensated. However, the CEO's compensation scheme does not stimulates and rewards extraordinary performance and it is not regularly examined by the board.

5.1.2 Relationship between Corporate Governance and Operational Performance

The study found that, governance structure has no significant relationship with employee participation. Meanwhile, the study found that, governance structure has significant correlation with operational performance. Lastly, the study found that, employee participation has significant relationship with operational performance.

5.2 Conclusion

The aim of the study is to assess the importance of the corporate governance structure of a public institution such as Petroleum Commission Ghana. Specifically, the study aims at achieving the following objectives: to examine the corporate governance structure in Petroleum Commission Ghana; to assess the influence of corporate governance structure on employees and operations at Petroleum Commission Ghana. A descriptive research design was used in the study. The quantitative research approach was employed. The study adopted purposive sampling technique in selecting 30 respondents. The study found that, governance structure has no significant relationship with employee participation. Meanwhile, the study found that, governance structure has significant correlation with operational performance. Lastly, the study found that, employee participation has significant relationship with operational performance.

5.3 Recommendation

The study recommends that management of organizations should consider smaller size boards compared to larger board's size to enable them to foster their decision making. Also, smaller boards will enable the organization reduce cost associated with larger board sizes. Furthermore, the company board of public institution must balance executive and non-executive (Independent) members and gender diversity to maximize the board performance, since it has been highlighted that non-executive boards introduce an independent voice in the board room to help reduce and minimize conflict of interest from the executive directors. Another branch of literature has highlighted that executive directors possess the knowledge and skills to maintain the organization because they possess skills and experience about the organization's operations.

Further studies regarding the assessment of corporate governance structure on organizational performance in public sector should consider primary as well as secondary data if possible. Testing the secondary data will help determine the degree of effectiveness of the corporate governance structure on the organizational performance in public sector institutions. Also, further research should make a comparative analysis between the public sector governance structure and private governance structure to help in corporate governance reforms.

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APPENDIX

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY (KNUST)

I am a Post Graduate Student at Kwame Nkrumah University of Science and Technology pursuing MSc. Accounting and Finance. In partial fulfilment of the requirements of the degree, I am undertaking a research project on an assessment of corporate governance on the performance of public sector institutions in Ghana using Petroleum Commission Ghana as a case study. I am kindly requesting you to participate in this study by filling the attached questionnaire to the best of your knowledge. The information provided will be used solely for academic purposes. Your kind assistance will be highly appreciated.

SECTION A: Governance Structure

1. What is the size of the board?
   a. 2 - 4 ( )
   b. 5 -7 ( )
   c. 8 – 11 ( )

2. How often does the board meet in a year?

   a. Quarterly ( )
   b. Semi -annually ( )
   c. Annually ( )
   d. Not at all ( )
   e. Others………………………………………

3. How many shareholders are part of the board?
   a. 1-2 ( )
   b. 3-4 ( )
   c. 5-7 ( )
   d. All ( )
   e. None ( )

4. How many members of the board are part of management?
   a. 1-2 ( )
   b. 3-4 ( )
   c. 5-7 ( )
   d. All ( )
   e. None ( )

5. What is the average age group of the board member?
    a. 20 -40 ( )
    b. 40 -60 ( )
    c. 60 -75 ( )
    d. Above 75 ( )

6. Does the board appoint the CEO?
    a. Yes ( )
    b. No ( )

7. Is the chairperson of the Board separated from the CEO?
    a. Yes ( )
    b. No ( )

8. In your opinion which of the following is the main consideration for appointment of management of the company by the Board?
    a. Government interest ( )
    b. Community interest ( )
    c. Professional expertise( )
    d. All of the above ( )
    e. Other (please specify)……………………….

9. Does the company have board committees?
    a. Yes ( )
    b. No ( )
    c. No idea ( )

10. How would you rank the following subcommittees of board in order of relevance to your company? Using the four point Likert scale where 4 - From 4 (highest) to 1 (lowest)

Items	**Highest**	**High**	**Low**	**Lowest**
Audit committee				
Compensation & Nomination committee				
Finance committee				
Legal & Regulatory committee				

11. Are Board members compensated?
    a. Yes ( )
    b. No ( )

Board Meetings

	SA	A	Neutral	D	SD	N/S
The frequency of our board meetings ensures timely decisions	❑	❑	❑	❑	❑	❑
Board meeting attendance meets the commission's need for inclusive dialogue and decision making	❑	❑	❑	❑	❑	❑
Meeting agendas provide adequate time to discuss and act on significant strategic issues	❑	❑	❑	❑	❑	❑
The board chair keeps a tight rein on digressions, side discussions, and issues that have already been addressed	❑	❑	❑	❑	❑	❑
The board saves critical time for important discussions by utilizing a consent agenda covering the routine actions that require approval	❑	❑	❑	❑	❑	❑

CEO Evaluation

	SA	A	Neutral	D	SD	N/S
The board evaluates the CEO's performance annually based on pre-defined targets tied to the mission and vision	❑	❑	❑	❑	❑	❑
The CEO's compensation is linked to strategic performance	❑	❑	❑	❑	❑	❑
The board ensures that the CEO's compensation package stimulates and rewards excellent performance	❑	❑	❑	❑	❑	❑
The board regularly reviews the CEO's compensation to ensure that it is reflective of compensation trends among other comparable commissions	❑	❑	❑	❑	❑	❑

SECTION B: Operational Performance at Petroleum Commission Ghana

What are the operational performance in corporate governance? Use the following scale of 1-5, to answer this question. On the scale, 1= strongly disagree; 2= disagree; 3=uncertain; 4=agree; 5 = strongly agree

Statements	**1**	**2**	**3**	**4**	**5**
A corporate governance structure is a system that ensures board decisions are carefully made					

Corporate governance structures are the mechanisms which deal with the ways in which companies guarantee investors' returns on their investments in a company					
Corporate governance structures are structures designed to achieve accountability in the company					
Corporate governance structures are structures designed to achieve transparency in the company					
Corporate governance structures are structures designed to achieve fairness in the company					
Corporate governance structures are structures designed to achieve responsibility in the company					
Corporate governance structures are structures designed to achieve social responsibility in the company					
Corporate governance structures are structures designed to achieve independence in the company					
Corporate governance structures are structures designed to achieve integrity in the company					
Corporate governance structures are structures designed to achieve board competence in the company					

Adopted and modified from Honghui (2015)

SECTION C: Employee's participation at Petroleum Commission Ghana

Statements	1	2	3	4	5
Decisions made in this organization are communicated to the concerned employees					
Employees are consulted before making decisions on issues affecting them.					
Employees are involved in decision making in this organization.					
I feel happy when I am involved in decision making.					
Decisions are taken by the top few in this organization.					
I belong to various workers' committees.					
I get carried along when decision is made					