KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

INSTITUTE OF DISTANCE LEARNING

DEPARMENT OF ACCOUNTING AND FINANCE

THE EFFECT OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE OF INDIGENOUS UNIVERSAL BANKS IN GHANA

BY:

SHAKURU BABA (PG7226219/20665380)

THESIS SUBMITTED TO INSTITUTE OF DSTANCE LEARNING, DEPARTMENT OF ACCOUNTING AND FINANCE, KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF MASTER OF SCIENCE IN ACCOUNTING AND FINANCE

NOVEMBER, 2020.

DECLARATION

CANDIDATE'S DECLARATION

I hereby declare that this thesis is the result of my own effort and that neither all nor part of it has been presented for another degree in this university or elsewhere**.**

Candidate's Name:	Signature	Date
SHAKURU BABA	…….	.....……

SUPERVISOR'S DECLARATION

I hereby declare that the preparation and presentation of the thesis was supervised in accordance with thesis guidelines as prescribed by Kwame Nkrumah University of Science and Technology, Kumasi.

Supervisor's Name: Mr. MOHAMMED ALHASSAN KAMAL-DEEN

Supervisor's Signature: …… Date: ……

Certified by Head of Department

Name: ……..

Signature …… Date……

DEDICATION

This thesis is dedicated to Allah, God the Almighty for His grace and beneficence, to the blessed memory of my mother for her love and care, and to my father for his guidance and support.

ACKNOWLEDGEMENT

This study would not have been compiled without the support offered by individual beings in terms of material, intellectual and emotional assistance.

I therefore express my gratitude to Allah, God the almighty for His grace. To Him are glory, beneficence, and praise for the strength and dedication needed to carry out the study.

I also owe loads of gratitude and appreciation to my supervisor, Mohammed Alhassan Kamal-Deen for the rich suggestions, corrections, and direction given to me in the process of this study. He has been supportive, patient, and responsive. I am really very grateful to him.

I also appreciate the support of some friends, especially Dr. Alhassan Abdul-Razak, Centre Co-coordinator, IDL (Tamale) who gave me a lot of emotional and relevant material support which contributed to the success of this study. I am very grateful to them.

Finally, I am grateful to all those who gave me various kinds of support in relation to this study, more importantly, the lead facilitators who offered insightful guidance on the study in diverse ways. Allah, God the Almighty, richly bless them all.

ABSTRACT

This study examined the effect of corporate governance variables of Board Size, Board Composition and CEO Duality on financial performance measures of Return on Assets (ROA), Return on Equity (ROE) and liquidity. The study was an explanatory, quantitative, multiple- case study which adopted the deductive philosophy of study. The study gathered and examined secondary data on a sample of eight (8) indigenous universal banks from a population of twenty-three (23) universal banks in Ghana spanning over a period of 5 years from 2014-2018. The study employed the use of Pearson correlation and panel linear regression models and ANOVA in analyzing the degree of association between the variables of study, the effect of the independent variables on the dependent variables and assessing the predictive strength of the regression model as well as the significance of the regression models. The study found that Board Size exerts insignificant and positive effect on ROA whereas Board Composition and CEO Duality influence insignificant and negative effects on ROA; that Board Size influences significant and positive effect on ROE whereas Board Composition and CEO Duality exert insignificant and negative effects on ROE; and that Board Size and CEO Duality influence insignificant and positive effects on liquidity whereas Board Composition exerts insignificant and negative effect on liquidity. The study recommended that board and firm sizes should be appropriately enhanced to impact positively on performance; that board members should be constituted of outside, non-executive directors with expertise in banking; that the professional capacities of the CEO and board chairman should be strengthened and enhanced regardless of whether or not the roles are held by one person or separately by two individuals.

TABLE OF CONTENTS

LIST OF TABLES

Page

LIST OF A FIGURE

Page

LIST OF ACRONYMS AND ABBREVIATIONS

CACG	Commonwealth Association of Corporate Governance
OECD	Organization for Economic Cooperation and Development
ICGN	International Corporate Governance Network
BS	Board Size
BC	Board Composition
FS	Firm Size
LEV	Leverage
FA	Firm Age
CEOD	CEO Duality
ROA	Return on Assets
ROE	Return on Equity
SEC	Securities and Exchange Commission
BOG	Bank of Ghana
CBG	Consolidated Bank of Ghana
BSIC	Sahel Sahara Bank GH Ltd
ADB	Agricultural Development Bank
GCB	Ghana Commercial Bank
NIB	National Investment Bank
BHC	Bank for Housing and Construction
FINSAP	Financial Sector Structural Adjustment Program
BCCI	Bank of Credit and Commerce International

AQR	Asset Quality Review
CEO	Chief Executive Officer
GSE	Ghana Stock Exchange
ACCA	Association of Chartered Certified Accountants
MFIs	Micro-Finance Institutions
SPSS	Statistical Package for Social Sciences
ANOVA	Analysis of Variance
CSR	Corporate Social Responsibility

CHAPTER ONE

INTRODUCTION

1.0 Background to the study

The concept of corporate governance, which rarely appeared or was discussed before the 1990s, has over the turn of the millennium, rapidly gained prominence and since has become one of the most featured and discussed concepts in both finance and business perspectives. This was largely seen to be plausible owing to the high incidence of fiduciary relation maintained between those who own the businesses and those who control them. The agent-principal relationship between the two key stakeholders relatively thrived on utmost good trust, culminating in the convergence of goal congruence between investors and managers. Prior to the 1990s, there was some kind of corporate model that did give strong resistance to the separation between those who own resources and those who control them; this largely allowed for some degree of goal congruence between investors and managers.

Corporate governance, in practice and theory, evolved in a reactionary response to financial crises and corporate scandals and failures. Crowther and Seifi (2014) posited that since, the dawn of the 1980s, much attraction had been given to corporate governance because early motivation for the development of corporate governance were enshrined in Anglo-American codes which had been developed to underscore early practices of corporate governance; they observed that, after the incidence of scandals that hit high profile entities on both sides of the Atlantic, corporate governance has become increasingly important to many corporate entities. Further, investor protection drew more attention from and for financial markets after the corporate debacle.

Commonwealth Association of Corporate Governance (CACG) argued that following the financial debacles in the 1990s, the incidence of corporate governance rose sharply to the height of international agenda which assumed a prominent hold within the global architecture; the association stated further that globalizing international markets has ushered in a period in which the traditional practices of corporate governance earmarked by local rules and national preferences, were increasingly becoming constrained by events that appeared to have an international effect. The upsurge of corporate governance into prominence was largely affected by the worldwide drive for privatization, the emergence of pension funds and institutional shareholders, the mergers and acquisitions that rocked the Western world and the high profile corporate scandals that hit some entities in the US and UK. (CACG, 1999)

In the early 2000s however, corporate governance assumed sharp prominence across the Atlantic largely due to a number of reasons. Johnson et al (2008) have argued that it has become critically an essential issue for entities for three main reasons. Firstly, the separation between ownership and control of organizations (which is now the rule excepting small businesses) means that most entities exist within a hierarchical command of governance. This command consists of those groups that trigger some power over entities through getting involved in the administration of the entities on behalf of important stockholders who provide resources in those entities. Secondly, some corporate scandals in the late 1990s have engendered public debate about how different stakeholders in the governance hierarchy ought to deal with each other. Essentially important is the relationship between investors and the directors of board of businesses, but a similar issue in the public service is the relation between public financing bodies and public sector entities. Thirdly, enhanced answerability to bigger stakeholder interests has also come to be widely advocated; in particular with respect to the view that corporations need to be more clearly

answerable not only to owners and managers in the governance hierarchy but to wider stakeholder spectrum.

Following the collapse of WorldCom and Enron of the US, the Sarbanes Oxley Act (2002) was approved by both Congress and House of Representatives in the enactment of provisions made overly binding on corporate entities to comply or otherwise get sanctioned. Section 906 Sub-section C of the Act prescribes a penalty of not more than $1,000,000 or a prison term of not more than ten (10) years for any officer who makes a false certification of financial statements. In the United Kingdom, following the collapse of Maxwell Communications Corporation, Polly Peck and Bank for Credit and Commerce International (BCCI), it was gathered that the promising prospects of financially viable entities had been eroded away by ineffectively poor internal control systems, poor institutional monitoring and oversight, and unfettered self-arrogation of power wielded by board chairmen and CEOs. To this effect, the Cadbury report was issued in 1992 with recommendations on the need for audit committees and non-executive directors. In 1995, the Greenbury report provided that substantial portion of executive remuneration ought to be performance-related, following the pervasive abuse of power by fat cat executive directors in arrogating to themselves excessive salaries and allowances. Owing to the perceived weaknesses in control systems of entities, the Hampel report was issued in 1998 with recommendations on board responsibility and internal control systems and risk management. All reports s mentioned above were compiled into the Combined Code in 1998.

In Africa, the effect in deficiency of poor corporate governance practices has been widely pervasive since the turn of the century owing largely to the infancy of the stage of development of the private sector and financial markets. This is coupled with the high incidence of non-compliance with the seemingly-robust corporate governance regime and its attendant products of

institutional corruption. Owing largely to the transitional nature of many African economies, these economies are poorly conditioned to implement the market-based corporate governance systems that have characterized the Western world. Corporate governance was perceived to be challenged by the fact that the transitional state of African economies and political systems meant that African countries were ill-equipped to tackle the market-based corporate governance systems developed in the advanced world over the years. This is because Africa is widely characterized by emerging economies which were presaged by an array of economic reforms that pervasively blew over the continent. (CACG, 1999)

In Ghana, principles of corporate governance were issued by Securities and Exchange (SEC) in 2010 with a view to enhancing the governance regime with the Companies Code of 1963. This was envisaged because the regulatory structure conceded that institutional reforms could only be realized with the appropriate application of corporate governance provisions.(Agyemang and Castellini, 2013)

However, despite the seemingly strong performance in corporate governance by many organizations in compliance with the Companies Code of 1963, the enforcement of the code has relatively been weak, culminating in weak corporate governance practices. Reminiscent to problems pertaining in the entire African continent, the enforcement of corporate governance codes have been challenged with a high incidence of corruption that has plagued the continent, including Ghana (Adegbite et al, 2012)

The initial delivery of banking business began in 1896 with the British Bank of West Africa (BBWA) and in 1917 Barclays Bank was set up to complement the banking business in Ghana. The banking business was predominantly conducted in colonial hands until 1953 when Ghana Commercial Bank (GCB) was established and by 1975, three indigenous universal banks,

National Investment Bank (NIB), Agricultural Development Bank (ADB) and Bank for Housing and Construction (BHC) were later established (Adusei, 2011)

Frimpong (2008, as cited in Adusei, 2011) stated that the financial crises that hit Ghana between 1983 and 1988 compelled the BOG to embark on the Financial Sector Structural Adjustment Program (FINSAP), culminating in the creation of the GSE, to revitalize and strengthen the banking sector.

The Bank of Ghana (BOG), in December 2018, issued some binding directives of corporate governance for universal banks and other deposit-taking entities to comply with. The essential objectives of these directives were to ensure that banks and special deposit-taking institutions implement sound corporate governance practices, make commercial decisions sustainably in a way required to build and retain trust and confidence of the Ghanaian public in the banking system, enhance the interests of customers and other stakeholders, and enhance corporate performance and stewardship (Ghana Banking Survey, 2019)

Subsequent to the Asset Quality Review (AQR) that was performed on some banks in 2015 and completed in 2016 by Bank of Ghana (BOG), five domestic banks, Beige Bank Ltd, Royal Bank Ghana Ltd, Unibank Ghana Ltd, Sovereign Bank Ltd and Construction Bank Ltd, were identified as being financially vulnerable, culminating in their licenses being revoked by the BOG in August 2018. KPMG was appointed as a receiver for the management of their assets and liabilities until they were consolidated into new financial institution, the Consolidated Bank of Ghana (CBG). In just about the same time in August 2017, the BOG closed two banks, Capital Bank and UT Bank, which acquisition by the GCB Bank Ltd, was approved under a Purchase and Assumption Agreement. The Governor of BOG, Dr Ernest Addison, in a press release, noted on August 1, 2018 that the vulnerabilities of the closed and consolidated banks were hinged on

low capital adequacy ratio, non-performing loans and poor corporate governance. These deficiencies led to a weakening banking sector with adverse implications for low access to credit and high lending rates in the Ghanaian economy.

Against this background therefore, the study sought to verify the effect of corporate governance practices on financial performance in the indigenous banking sector with a view to making empirical findings that would provide suggestive recommendations for financial performance improvement.

1.1 Statement of the Problem

In the wake of credit and liquidity crises that hit the banking sector quite recently, many of the indigenous universal banks in Ghana were the worst hit by the crises. There appeared therefore a prospect of applying corporate governance principles for improving financial performance in the indigenous banking sector. Hence, the study was motivated by the prospect of applying corporate governance practices to address the challenge faced by Ghanaian indigenous universal banks in creating and maintaining viable financial performance, owing largely to the existing research gap arising out of paucity of empirical evidence that exclusively addresses the effect of corporate governance on financial performance indigenous universal banks in Ghana.

Appiah et al (2017) examined the effect of corporate governance on financial performance but their study focused on both foreign and local banks floated on the GSE. Agyemang et al (2014) assessed the impact of board characteristics and activities and similarly focused on all universal banks listed on the GSE. Adusei (2011) investigated the relationship between board structure and performance but also generally focused on the banking industry in Ghana. Adeabah et al (2019) examined board gender diversity on the bank efficiency. However, their study focused on 21

universal banks in Ghana, both foreign and local. Oteng-Abayie et al (2018) investigated the degree of technical efficiency and productivity and the impact of corporate governance on technical efficiency but focused on Rural and Community Banks (RCBs) in Ghana. Kyereboah-Coleman and Biekpe (2006) examined the impact of board size, board composition and CEO duality on the financial performance measure of ROA and generally concluded their findings on both listed and non-listed banks in Ghana. Darko et al (2016) examined the effect of board structure, ownership structure and corporate control on the performance of both foreign and indigenous entities listed on the GSE.

In the light of the foregoing, it became empirically evident that earlier studies were generally focused on either universal banks, both foreign and local, or rural banks in the country, which gave rise to a research gap in the exclusive examination of the phenomena of corporate governance and financial performance in Ghanaian indigenous universal banks.

1.2 Objective of the study

The study examined the effect of corporate governance on financial performance of indigenous universal banks in Ghana.

1.2.1 Specific Objectives

i. To examine the effects of Board Size, Board Composition and CEO Duality on Return on Assets (ROA) of indigenous universal banks in Ghana.
ii. To assess the effects of Board Size, Board Composition and CEO Duality on Return on Equity (ROE) of indigenous universal banks in Ghana.
iii. To evaluate the effects of Board Size, Board Composition and CEO Duality on liquidity of indigenous universal banks in Ghana.

1.3 Research Questions

i. How is Return on Assets (ROA) affected by Board Size, Board Composition and CEO Duality of indigenous universal banks in Ghana?

ii. How is Return on Equity (ROE) affected by Board Size, Board Composition and CEO Duality of indigenous universal banks in Ghana?

iii. How is liquidity affected by Board Size, Board Composition and CEO Duality of indigenous universal banks in Ghana?

1.4 Significance of the study

The study immensely contributed to my acquiring of further insights and knowledge in the principles and provisions of corporate governance and its practical application across banking organizations. In effect, it enhanced my intellectual conception of theories that underpinned the development of corporate governance and deepened my appreciation of the empirical findings made by other researchers in this field of study.

Further, the study added to the pool of knowledge and research findings empirically made by other research projects on the concept of corporate governance, its practical application and effect on corporate financial performance in other entities. The research findings made by this study can be empirically referenced by other researchers in further studies on the concept.

Also, the research was undertaken in a study of indigenous banks in Ghana and examined phenomena in the context of corporate governance and financial performance. These findings can be adopted as working governance guidelines by the banking sector in managing the relationship between corporate governance and financial performance.

Lastly, the research obtained empirical evidence in the correlation between corporate governance and financial performance, which can be deployed as part of policy directives of government in its effort to strengthen the governance regimes of indigenous banking sector to adapt their practices to corporate governance principles with a view to enhancing and improving upon banking financial performance.

1.5 Scope of the study

Contextually, the study focused on the specific concepts of corporate governance and financial performance with specific concentration on corporate governance variables of Board Size, Board Composition, and CEO Duality. Financial performance variables were limited to Return on Assets (ROA), Return on Equity (ROE) and liquidity. This was necessitated owing to the inability of the researcher to replicate the study on corporate governance and financial performance proxies across all banking institutions. Geographically, the study focused on eight (8) indigenous universal banks in Ghana for examining the correlation and regression effects between corporate governance and performance of the selected banks.

1.6 Summary of Methodology

The study was an explanatory, quantitative, multiple-case study, which philosophically adopted the deductive approach to research in which research hypotheses were tested in analyzing data gathered on variables of the study, which provided empirical evidence for answering the research questions. In designing the research process, descriptive and inferential statistics was employed in the analysis of quantitative data on variables of the study respectively. The study did a content analysis with the use of secondary sources of data; panel quantitative data was gathered and solely used in the descriptive and inferential analyses relevant to the regression prediction model.

The study thus adopted the purposive sampling technique in deciding the size and composition of the sample from a population which consisted of twenty-three (23) universal banks in Ghana. Thus, the study judgmentally sampled eight (8) out of nine (9) indigenous banks in the country as at June, 2019. Purposive sampling was justified on the basis that it afforded the researcher the need to use judgment in purposefully identifying indigenous banks from which sufficient and reliable data could be obtained for achieving the purpose of the empirical study.

1.7 Limitation of the study

The study could not be replicated across all universal banks in the country. This is because the research was only confined to the investigation of indigenous banks within the geographical confines of Ghana; this limitation was, however, overcome by appropriately selecting indigenous banks that were fairly representative of the characteristics common to all universal banking in Ghana.

The study could not also be replicated across all variables of corporate governance and financial performance; this limitation was, however, overcome by selecting variables of study that were fairly indicative of corporate governance practices and financial performance measures, as appropriate.

Lastly, secondary data on corporate governance and financial performance from the Consolidated Bank of Ghana (CBG) could only be obtained for 2019 and 2020, which fell outside the study period, and therefore CBG was not included in the sample.

1.8 Organization of the study

The study was compiled into five chapters. Chapter one (1) did the introduction to the study. Chapter two (2) reviewed of literature on variables of corporate governance and financial performance. Chapter three (3) discussed the methodology which provided guidance on how the research was conducted as well as the basis upon which the outcome of the research was evaluated. Chapter four (4) provided analysis of results and discussions. Lastly, chapter five (5) discussed summaries of findings, recommendations and conclusions of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter did review literature on the relevant variables of the study, which offered the researcher the opportunity to understand and gain more insights into the concepts guiding the study, the theories underpinning the study, as well as the empirical works undertaken by other researchers on the concepts of the study and the relationships thereof. The chapter is therefore divided into four main parts as appropriate.

The first part outlined the conceptual review of the study in which defining statements are made about the main concepts of the study, the relationship between the concepts, the developments and application of the concepts. The second part outlined the theoretical review of the study concepts and elaborated on the main theories which underpinned the concepts of financial performance and corporate governance. The third part outlined the empirical review of concepts of the study, in which a narrative account is made on the objectives, methodologies, analytical presentations and empirical findings of other researchers on concepts of the study. The last part represented a diagrammatic mapping and exposition of the main concepts of the study, financial performance and corporate governance; it provided the existing relationship between the proxies of corporate governance, namely Board Size, Board Composition and CEO Duality as well as the existing relationship between the proxies of financial performance, namely Return on Assets (ROA) and Return on Equity (ROE) and liquidity. All proxies of the concepts were diagrammatically built into the framework to map out the relationship of corporate governance with financial performance.

2.1 Conceptual Review of Literature

This reviewed the concepts that represented the essential variables of the study; it provided an insight into the definitions and perceptions about the main concepts about which the investigation of the study was undertaken.

2.1.1 Corporate Governance

Tricker (1984), who was the first academic to have coined the concept of corporate governance, commented that whilst management activities had been widely explored, little consideration was relatively given to the guidelines by which companies were governed. He further observed that if management was about managing business, corporate governance was about making sure that it was properly managed (Principles of Corporate Governance, 2016); he did not only provide a general definition of the concept of corporate governance but also made a defining distinction between management and corporate governance by providing that corporate governance practices engender an oversight responsibility over management to ensure that management execute strategies in the supreme interests of all stakeholders.

The Organization for Economic Cooperation and Development (OECD) posited that corporate governance is about relationships transpiring between a company's board, the management, shareholders and other stakeholders and sets out the structure within which the long strategic plans of the organization are formulated, and the strategies of achieving strategic plans and the monitoring of performance are determined. (The Principles of Corporate Governance, 2016)

The Cadbury Committee (1992), which was set up in the early promulgation of regulation on corporate governance, and headed by Sir Arian Cadbury, offered a definition of corporate governance as the system by which corporate entities are controlled and directed. The UK Code

of Corporate Governance (2018) further provided that board of directors were accountable for the governance of organizations and that the responsibilities of shareholders were appointment of directors and auditors and satisfying themselves that proper governance structures existed. (The Financial Reporting Council, 2018)

The Commonwealth Association of Corporate Governance (CACG) observed that corporate governance is mainly about leading for achieving efficiency, leading for maintaining probity, leading for fostering responsibility, and leading which is transparent and accountable (Principles of Corporate Governance, 2016)

Moxey and Berendt (2008), in a Discussion Paper written for the Association of Chartered Certified Accountants (ACCA), intimated that good corporate governance is about the boards directing and managing the organizations in the best interests of strategic owners; they noted further that corporate governance is about the boards being answerable to the company owners and accounting effectively for their stewardship to create and maintain sound internal control systems.

Syswantaya (2007, as cited in Mahrani and Soewarno, 2018) posited that sound corporate governance is a collection of rules which govern the relationship between the board, managers, shareholders, creditors, governments, and all other stakeholders in relation to their obligations and rights within the organization.

In view of the foregoing, I define corporate governance as a collection of principles and/or rules which are applied or enforced by the board of an entity to ensure that management decisions are made in the supreme interests of shareholders and other stakeholders but only to the extent of satisfying shareholder interests.

2.1.1.1 Board Size

According to Salehi et al (2018), Board Size is referred to as the number of members on the board. Peasnell et al (2005, as cited in Salehi et al, 2018) provided that the mean value of the number of board membership in British entities was eight (8) whereas Xie et al (2003, as cited in Salehi et al, 2018) noted that American entities reported a mean value of twelve (12) members on the board, which suggests that the ideal number of Board Size being between eight (8) and twelve (12).

2.1.1.2 Board Composition

Pamburai et al (2015) posited that the composition of the board refers to the percentage of non-executive directors (NEDs) on the board. Salehi et al (2018) stated that the non-executive directors on the board are individuals who are highly experienced with expertise in their professions and proficiently skilled in the process of decision making; they noted further that when there is a suitable balance between executive and non-executive members on the board, in relation to how the board is composed, there will be effectiveness in the board as a whole.

2.1.1.3 CEO Duality

According to Mishra and Kapil (2018), the proponents of the theory of agency provide an argument that the CEO and the chairman merged into one individual, which is referred to as CEO Duality, will lead to domination of the individual in the decision making process of the board. Palaniappan (2017) argued that the position occupied by the CEO should be independent of that of the chairman of the board, where CEO Duality isn't practiced, to prevent abuse of power by one individual combining the two roles of the board chairman and that of the CEO.

2.1.2 Financial Performance

Financial performance defies precise definition. It comprises of the various indictors that seek to suggest the extent to which an entity has contributed in financial effect on the organization. Kurniaty et al (2019) argued that financial performance indicates how effectively and efficiently an organization achieves its goals. They posited that increasing financial performance was an essential prerequisite for an organization to attract investors. Bhunia et al (2011) stated that the analysis of financial performance is the process of assessing the operating and financial features of an entity from the accounting and financial statements, the goal of such analysis being ascertaining the degree of efficiency and effectiveness of the entity's management, as presented in the financial statements.

Quevedo et al (2005, as cited in Orozco et al, 2018) suggested a model for financial and reputational entity performance so as to justify how economic creation of value could drive management to work in the supreme interests of all stakeholders to achieve legitimacy. Kurniaty et al (2019) further noted that prior to investment decisions, investors ought to assess the profitability, future prospects and risks attaching to the investment. Omondi-Ochieng (2019) posited that financial performance is the combined examination of financial effectiveness and efficiency for the attainment of the desired goals of an entity and that in a competitive, resource-deprived-environment, the uses, applications, and value of financial ratios have evolved to constitute key financial efficiency measures for organizations.

Financial performance measures are the metrics that are used by businesses in assessing the performance of the entity. Assessing financial performance can be achieved by using ratios (Mahrani and Soewarno, 2018). According to Kurniaty et al (2019), analysts need the measures to make their own economic interpretations and run their own analysis of the financial reports.

2.1.2.1 Return on Assets (ROA)

Return on Assets (ROA) is a financial performance measure which represents the extent to which assets contribute to profitability in the entity. Rostami et al (2016) used the ROA in assessing the influence of corporate governance practices on ROA and returns on stock. Harvey Pamburai et al (2015) employed ROA in evaluating the influence of corporate governance on financial performance; they observed that it is a key measure and a proxy for accounting return in an entity. Palaniappan (2017) used the ROA in assessing the causes of corporate financial performance in relation to features of corporate governance. According to Orozco et al (2018), the most popularly used financial indicators to measure an entity's value are ROA, ROE and Tobin's Q, which represent the ability of the entity to generate and use resources effectively, efficiently and profitably to achieve objectives.

Rodriguez-Fernandez (2016) used the ROA in investigating the bi-directional correlation between financial performance and Corporate Social Responsibility (CSR) of floated companies in Spain. According to Harvey Pamburai et al (2015), the higher the ROA, the higher it will be for the entity to achieve an increase in financial performance. Mahrani and Soewarno (2018) relied on the use of ROA in assessing the influence of corporate governance best practices and CSR activities on entity financial performance in a research on 102 listed Indonesian companies; they formulated ROA as net income divided by total assets as given below:

ROA = Net Income/Total Assets

Where Net Income refers to the total earnings of the reporting entity as adjusted by the deduction of relevant costs and expenses and Total Assets refers the sum of all current and non-current assets.

2.1.2.2 Return on Equity (ROE)

Return on Equity (ROE) is a financial performance metric which measures the extent to which shareholder funds contribute to profitability in the entities. According to Orozco et al (2018), the most popularly used financial indicators to measure an entity's value are ROE, ROA and Tobin's Q, which represents the ability of the entity to generate resources efficiently and profitably achieve objectives. Many writers employed the ROE, which is measured as the percentage of profit returned on shareholder funds, in assessing the influence of corporate governance on financial performance of companies. Adusei (2011) and Appiah et al (2017) used the ROE in assessing the impact of corporate governance on banking performance. Brigham et al (2007, as cited in Kurniaty at al, 2019) stated that ROE is one of the most important ratios for measuring the profitability of the entity and observed further that investors expect high returns on their investment, which is indicated by how much they get in ROE.

Rodriguez-Fernandez (2016) used the ROE as a measure of financial performance in his study of the influence of corporate governance on CSR and financial performance. In the same vein, Kurniaty et al (2018) assessed the correlation between financial performance and corporate governance; they used the ROE as one of the three key measures in measuring financial performance. Ichsani and Suhardi (2015) assessed the impacts of Return on Equity (ROE) and Return on Investment (ROI) on trading volumes; they stated that the ROE is derived as follows:

ROE = Net Income /Equity

Where Net Income refers to total earnings as adjusted by the deduction of relevant costs and expenses and Equity refers to shareholder funds.

2.1.2.3 Liquidity

Liquidity is generally defined as the ability of an entity to settle and discharge its liabilities with the resources available to the entity. As noted by Salem and Ur Rehman (2011), liquidity is the measure of the entity's ability to meet its obligations by making a comparison between its available cash and near-cash with its obligations. Chung et al (2010) employed the measure of liquidity as a dependant variable in their study of assessing the empirical correlation between corporate governance and stock market liquidity. Safiullah and Shamsuddin (2018) also used and measured liquidity in assessing liquidity risk between Islamic and conventional banks. Lartey et al (2013) similarly examined the relationship between profitability and the measure of liquidity. Diaz and Huang (2017) employed liquidity as a dependant variable in assessing the regression between internal bank governance and bank liquidity.

Salem and Ur Rehman (2011) measured liquidity, being one of their study independent variables, as follows:

Quick Ratio = Current Assets – Inventory/Current Liabilities

However, Lartey et al (2013), in assessing the relation between liquidity and profitability, measured liquidity as the Temporary Investment Ratio – Cash and Cash Equivalents/Total Assets. Similarly, the Ghana Banking Survey (2019) measured and offered the following measurements for Quick Ratio and liquidity as follows:

Quick (Acid Test) ratio = (Total cash assets + Total liquid assets)/ (Total liabilities - Long term borrowings)

Liquidity = Liquid Funds/Total Assets.

2.2 Theoretical Review of Literature

This part reviewed the theories that explain and prescribe the principles which underpin the concepts of financial performance and corporate governance in an outsider-oriented entity; it provided an insight into the fundamental premise upon which the variables of the study have been built.

2.2.1 Normative Theories

These comprise of a set of theories that seek to explain and/or predict the concept of corporate governance in relation to corporate financial performance of entities.

2.2.1.1 Agency Theory

Eun and Resnick (2015) postulated that the agency problem refers to the potential conflicts of interests between self-seeking management and investors who are owners of the business. This is because, the manager, having assumed residual control rights, can exert significant influence over the disbursement of shareholder capital, which could lead to shareholders potentially not receiving fair returns on their investment. According to Kurniaty et al (2019), agency theory is effectively applied in a working agreement that spells out the obligations and rights of each party so as to achieve the overall benefit; the basis of agency theory is the formulation of the agency contract such that the interests of the principal are aligned to those of the agent. Mahrani and Soewarno (2018) posited that the agency-principal relationships may encourage management to engage in earnings management pertaining to the presentation of financial information and that corporate governance can be harnessed to resolve the conflict. According to Jensen and Meckling (1976, as cited Rodriguez-Fernandez, 2016), the agency theory establishes that the

agent and the principal entertain opposing interests that could engender conflicts between the two parties.

2.2.1.2 Stewardship Theory

The stewardship theory seeks to explain the existing relationship between the agent (managers) and the principal (shareholders) within the context of managers committing themselves to uphold the interests of shareholders. Muth and Donaldson (1998, as cited in Rodriguez-Fernandez, 2016) are of the view that ethical and professional concerns exist that can prevent conflicts arising from the agent-principal relationship. Hart (1983, as cited in Salehi et al, 2018), observed that the market assumes it own mechanisms used in tackling the agency problem and that outside directorship wasn't necessary as the market can coordinate the interests of managers and shareholders. Donaldson and Davis (1991, as cited in Mishra and Kapil, 2018) argued that the in stewardship theory, the aspirations of agents and principals wasn't confrontational because managers are considered as good trustees for the resources entrusted for stewardship and that to attain excellent performance, CEOs should exercise full authority over the entities they control, with their roles being properly clarified and unchallenged.

2.2.1.3 Stakeholder Theory

The stakeholder theory was a development from the shareholder theory subsequent to agitations by other interested parties affected by operating entities. Messier at al (2000, as cited in Kurniaty at al, 2019) stated that sound corporate governance is required to monitor the activities of management in investing corporate resources, which is expected to affect all stakeholders, processes and activities designed for effective management of the entity's assets. Mahrani and Soewarno (2018) intimated that a business entity ought not to function in the interest of

shareholders alone but rather to the wider expectations of all stakeholders of the entity. Thus, the stakeholder theory ties in with the Multiple Stakeholder Obligations which suggests that the entity ought to operate in the supreme interests of stakeholders.

2.2.1.4 Resource Dependency Theory

The resource dependency theory suggests that the managers of an entity ought to connect the firm to the external environment by providing from the environment the resources required for the entity to survive. Pfeffer and Salancik (2003, as cited in Omondi-Ochieng, 2019) propagated the resource dependency theory with a view that entities depend on their external environments for their resources, which could potentially render them powerless and less autonomous. According to Rodriguez-Fernandez (2016), the board of directors plays an essential role in securing essential resources for the entity, which can later be deployed in socially-responsible investments. Hillman and Dalziels (2003, as cited in Orozco et al, 2018) posited that human and social capital of the board of directors extensively have a command on the monitoring and advisory roles whilst incentives awarded to directors have an effect on moderating the connection between characteristics of the board and financial performance. However, Salehi et al (2018) contended that the proponents of the resource dependency state that larger audit committees should never be relegated because they can procure people with requisite expertise to improve the accounting function. Pfeffer and Salancik (1978, as cited in Orozco et al, 2018) posited that the resource dependency theory has found evidence that an upsurge in the number of members on the board enhances external relationships and access to resources and information for quality decision making.

2.2.2 Prescriptive Theories

These theories set down the principles and/or rules that underpin effective corporate governance practices; they provide either the framework within which the principles ought to be applied or the law within which the rules ought to be enforced.

2.2.2.1 Board Leadership

The UK Corporate Governance Code (2018) provides that a successful company should be led by an entrepreneurial and competent board whose duty it is to promote strategic and continuing prosperity of the company; that the board should establish values, objectives and strategies and align them to the culture of the organization; that the board should necessarily ensure that resources are available for the organization to meet its goals and measure performance against the goals; that the board should encourage involvement of shareholders and other stakeholders in business decisions; that the board should ensure work place guidelines are consistent with its values and support its strategic and sustainable prosperity. Similarly, the Principles of Corporate Governance (2016) contends that the board should exercise integrity, leadership, entrepreneurship and informed decision making in directing the entity so as to achieve sustainable success and to act in the supreme interests of the business entity.

2.2.2.2 Divisions of Responsibilities

Principles of Corporate Governance (2016) prescribes that the board ought to ensure that no one person or group of persons is conferred with unlimited powers over decision making and an appropriate balance of authority and power should exist on the board. The UK Corporate Governance Code (2018) also prescribes that the chairman should spearhead the affairs of the board and facilitate constructive board relations and the effective contribution of independent

non-executive directors and ensure the board receives timely and accurate information; the board should include an appropriate number executive and non-executive directors such that no one individual or group of individuals overrides board decision making and that non-executive should have sufficient time to execute their duties; that the board has the policies, procedures, processes, information, resources and time to work more effectively and efficiently.

2.2.2.3 Composition, Succession Planning and Evaluation

The UK Corporate Governance Code (2018) postulates that all appointments to the board should be based on sound and transparent processes and that succession arrangements should be developed for the board of directors and other senior members of management; that board committees should have a mix of skills, experience and expertise and that annual assessment of the board should consider the composition and diversity of members of the board. The Principles of Corporate Governance (2016) prescribes that there should be an effective and managed process for board appointments that provide for a mix of competent directors who can add value and bring sound judgment onto decision making.

2.2.2.4 Audit, Risk and Internal Control

The Principles of Corporate Governance (2016) prescribes that the board should continuously review the processes and procedures as to ensure the effectiveness of internal control systems to ensure its capability for decision making and reliability of its reporting and financial presentations. In the same vein, the UK Corporate Governance Code (2018) prescribes that the board should institute formal and transparent policies and processes regarding the effectiveness and independence of internal and external audits so as to be content with the reliability of financial statements; that the board should present a true and clear assessment of the company's

state of affairs and potential and that the board should set up procedures for risk assessment, oversight over the internal control system and determination of the profile of risks the company is willing to bear so as to achieve strategic objectives.

2.2.2.5 Remuneration

The UK Corporate Governance Code (2018) prescribes that executive compensation ought to be linked to company's reason of existence and values and be clearly related to the company's delivery of successful long term strategy; that there must be transparent an formal procedures for determining executive remuneration and that the board should provide fair judgment and independent discretion when deciding on the remuneration levels for directors.

2.3 Empirical Review of Literature

This part reviewed literature on the works of other authors in empirical works of research undertaken on the influence of corporate governance on financial performance; it provided further insights into what other authors have investigated, the methodologies they employed in what they investigated, the analytical tools they employed in examining what they investigated and the conclusive findings they made from what they investigated.

2.3.1 Board Size and Financial Performance

Oteng-Abayie et al (2018) investigated the effect of corporate governance variables on the technical efficiency of Rural and Community Banks. In a regression analysis with a sample of 70 out of 140 rural banks, they found that Board Size has significant influence on bank efficiency. Karami et al (2016) investigated the correlation and regression between financial performance and corporate governance of banks within the non-usury sector of banking in Tehran; they

collected secondary data on 21 banks and used correlation techniques in making statistical inferences. They found empirically that there is a significant and positive regression and correlation between board size and financial performance of banks. Adusei (2011) investigated the effect, in a panel regression model, of Board Size on ROE and found that Board Size has a negative effect on ROE. Delis et al (2009) examined the effect of the board of directors on liquidity with a sample of one hundred and twenty-seven (127) banks from ten (10) OECD countries; they concluded Board Size has a negative effect on liquidity. On the basis of the foregoing, the following hypotheses were proposed:

$_1H_0$: Board Size does not have significant effect on ROA

$_2H_{1:}$ Board Size does have significant effect on ROA

$_3H_0$: Board Size does not have significant effect on ROE

$_4H_{1:}$ Board Size does have significant effect on ROE

$_5H_0$: Board Size does not have significant effect on liquidity

$_6H_{1:}$ Board Size does have significant effect on liquidity

2.3.2 Board Composition and Financial Performance

Owiredu and Kwakye (2020) examined the effect of corporate governance principles on banking performance in Ghana. With the Random Effect model used in the analysis of secondary data on sampled banks, they empirically found that board independence and composition have a positive but insignificant impact on financial performance of Ghanaian banks. Karami et al (2016) examined the impact of corporate governance on performance of non-usury banks in Tehran and

found that there is no significant correlation between the role of non-executive directors and financial performance. Isik and Ince (2016) assessed the influence of corporate governance on financial performance of commercial banks in Turkey; they deployed panel linear regression model, in the analysis of secondary data, and empirically revealed that board composition influences financial performance to a large extent. In a research conducted by Salehi et al (2018) to assess the regression between the characteristics of audit committee and the board and corporate profitability, they employed the use of panel regression model in the analysis of secondary data and found empirically that there is a positive and significant regression between the proportion of non-executive, outside directors on the board and profitability. Mishra and Kapil (2018) explored the relationship between board characteristics and corporate financial performance; they examined panel data on Indian listed entities and empirically revealed that board independence significantly influences firm performance. On the basis of the foregoing, the following hypotheses were proposed:

$_{7}H_0$: Board Composition does not have significant effect on ROA

$_{8}H_{1:}$ Board Composition does have significant effect on ROA

$_{9}H_0$: Board Composition does not have significant effect on ROE

$_{10}H_{1:}$Board Composition does have significant effect on ROE

$_{11}H_0$: Board Composition does not have significant effect on liquidity

$_{12}H_{1:}$Board Composition does have significant effect on liquidity

2.3.3 CEO Duality and Financial Performance

Agyemang et al (2014) evaluated the influence of board of directors on firm performance of banking institutions in Ghana; they employed OLS regression model in a content analysis of secondary data and empirically made a finding that there is no significant relationship between CEO status, Board Size and banks' financial performance. Mamatzakis and Bermpei (2015) investigated the correlation and regression between principles of corporate governance on the financial performance of US investment banks; they employed dynamic panel threshold analysis to assess the regression between governance and performance of the investment banks and empirically found that CEO power applies positive influence on financial performance of banks, which is consistent with the stewardship theory. According to Kyereboah-Coleman and Biekpe (2006), CEO duality has significant and positive effect on financial performance in non-listed banks, as a result of a regression analysis they did on secondary data from banking entities in Ghana. Mishra and Kapil (2018) explored the regression and correlation between board characteristics and firm performance; with a panel regression model, they found that separation of the powers between the CEO and the board Chairman adds significantly to value creation and that over-worked directors contribute less to corporate performance; this was consistent with the agency theory. Salehi et al (2018) assessed the regression between audit committees and profitability and concluded that there is no relationship between profitability and CEO Duality. On the basis of the forgoing, the following hypotheses were proposed:

$_{13}H_0$: CEO Duality does not have significant effect on ROA

$_{14}H_1$: CEO Duality does have significant effect on ROA

$_{15}H_0$: CEO Duality does not have significant effect on ROE

$_{16}H_1$: CEO Duality does have significant effect on ROE

$_{17}H_0$: CEO Duality does not have significant effect on liquidity

$_{18}H_1$: CEO Duality does have significant effect on liquidity

Hence, the decision rule of thumb to either accept or reject the null hypotheses was the level of statistical significance and the criterion adopted was to set the significance level for either rejecting or failing to reject the null hypotheses at 5% significance level, which was also designated as the alpha. Therefore, the study concluded that if the p-value derived from the analyses turned out to be greater than 5% significance level, the conclusion would be that the regression effect of the independent variables on the dependent variables was insignificant and therefore the null hypotheses were supported and therefore should be accepted.

2.4 Conceptual Framework: Effect of Corporate Governance on Financial Performance

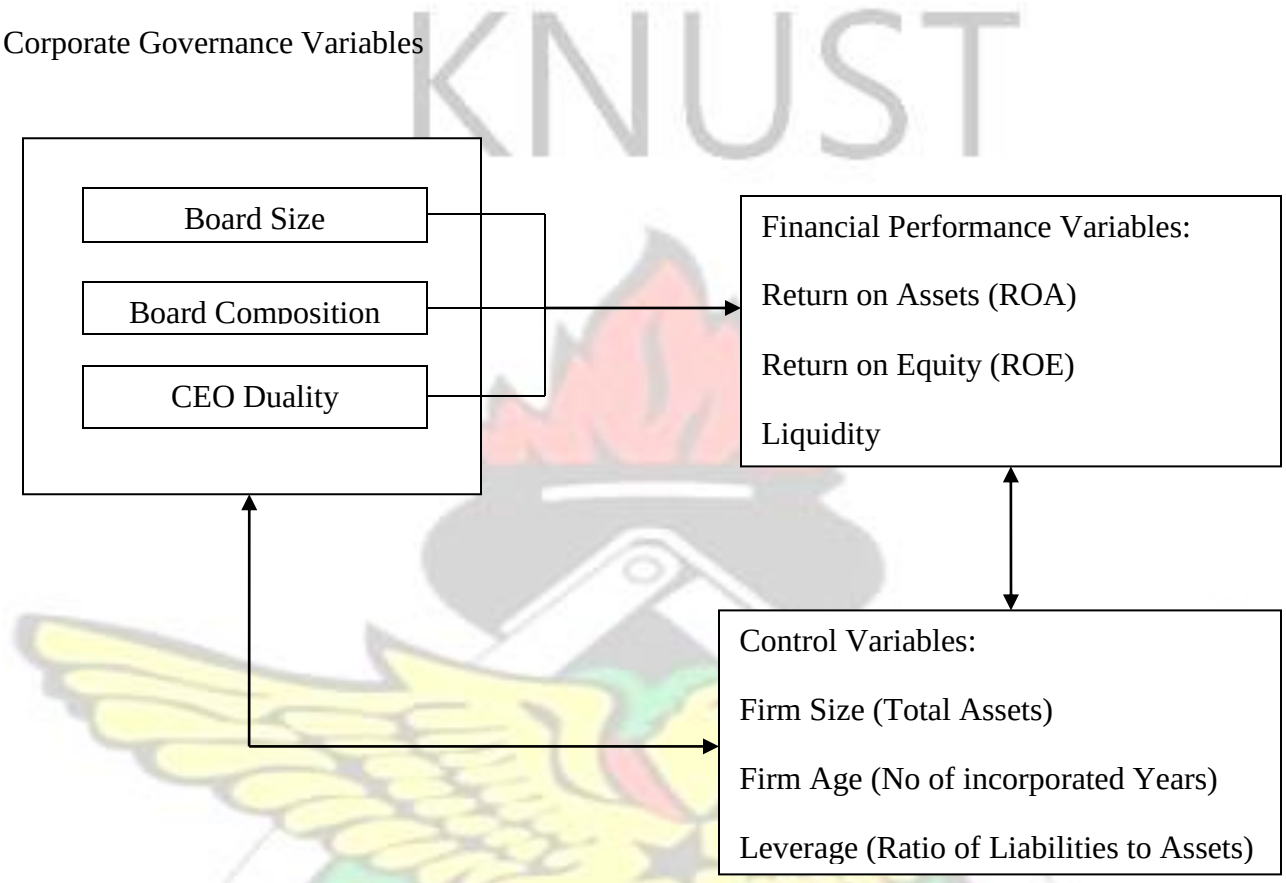

Figure 2.1: Conceptual Framework

The conceptual framework, as constructed above, depicts the diagrammatic relationship between the three proxies of corporate governance and the three proxies of financial performance. Corporate governance, which is reflected in Board Size, Board Composition, and CEO Duality, influenced financial performance, which is signified by ROA, ROE and liquidity, as appropriately defined.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter comprehensively set out the research plan and strategy the author used in carrying out the study and against which the outcome of the empirical findings were evaluated; it discussed the philosophy of the study, the research approach preferred, the research design used, the sources of data employed for the study, the analytical tools used and the sampling techniques adopted.

3.1 Research Design

The study was an explanatory, quantitative, multiple-case study which adopted the deductive approach of research. Mahrani and Soewarno (2018) and Palaniappan (2017) adopted the deductive approach in the studies they had carried out and answered their research questions on the evidence from hypotheses test results; logical suppositions, based on hypotheses, were tested to ascertain the correlation and regression effects between the dependent and explanatory variables of study.

The adopted research design helped in conceptualizing the research plan that guided the various tasks and procedures designed to complete the research activity and ensured that the said procedures were reliable and valid in achieving answers to the research questions. Descriptive and inferential statistics were employed in describing and analyzing quantitative secondary data for ascertaining the relationships and effects between the study variables.

3.2 Population

The population of the research consisted of twenty-three (23) universal banks as at June, 2019, which was operational under licenses from the Bank of Ghana (BOG), subsequent to the new recapitalization requirements that were promulgated by the BOG in the same year, following the AQR conducted by the BOG in 2015 and 2016.

3.3 Sampling Technique and Sample Size

The study used purposive sampling technique in the determination of the sample size for the study. Out of the population of twenty-three (23) universal banks as at June 2019, judgment was employed in deciding on the choice of banks that were characteristically indigenous in ownership and control. In deciding on the size and composition of the sample, the study therefore employed judgment in selecting eight (8) indigenous banks in the country from which the required data could be purposefully obtained for use in the study analysis. Thus, the eight (8) indigenous banks that constituted the sample size were: Agricultural Development Bank (ADB), National Investment Bank (NIB), Fidelity Bank Ghana Ltd, CAL Bank Ltd, GCB Bank Ltd, Prudential Bank Ltd, Universal Merchant Bank Ltd and BSIC GH Bank.

Purposive sampling technique was used in the study owing largely to the fact that financial institutions that were affected by the Asset Quality Review (AQR) conducted by the Bank of Ghana in 2018 were characteristically indigenous and were thus purposefully useful for achieving the purpose of the study. Judgment was similarly used in selecting indigenous universal banks from which reliable and sufficient data could be obtained for the study.

3.4 Data Collection

The researcher collected and used quantitative secondary data for the study by sourcing such data from the websites of banks that were sampled for the study. According to Saunders et al (2012), secondary data consists of both quantitative and qualitative data and is used principally in both inferential and descriptive research activities. Quantitative data was accordingly sourced; this was essentially informed by the research plan and strategy of using panel data in a content analysis of the relationship between corporate governance and financial performance. Quantitative data was thus sourced from the Ghana Banking Survey report, 2019 and the websites of the sampled banks as well as the Ghana Stock Exchange (GSE). However, where it was impracticable to obtain data for the sample within the time period studied, reference was made thereof in the Limitation of Study section of the research work.

3.5 Sources of Secondary Data

The study employed exclusively secondary sources of data in a content analysis of the relationship between variables of the study. The author collected data for the research by mainly sourcing data from the websites and documents of banks that were selected for the study. Thus, the researcher adopted both survey-based and documentary secondary data. In effect therefore, the study used survey-based secondary data on ROA, ROE and liquidity of the selected banks from the report of the Ghana Banking Survey (2019). Other documentary secondary data on corporate governance was obtained from the records and websites of banks chosen for the sample as well as the website of the Ghana Stock Exchange (GSE), the stock market on which some of the banks were listed.

3.6 Data Analysis Technique

The study adopted both descriptive and inferential methods of analyzing data; these methods complemented each other in analyzing the central location and dispersion of data gathered for the study, as well as the extent to which the variables of the study correlated with each other and the extent to which the dependent variables were regressed on the independent variable.

3.6.1 Descriptive Statistics

Description of data was statistically analyzed by using Version 22 of Statistical Package for Social Sciences (SPSS). Thus, the mean, median, standard deviations, skewness and kurtosis were measured across both independent and dependent variables of the study; measures of central location and dispersion were thus derived and used in measuring the extent to which data on the variables was centrally located and the degree of dispersion of data items from sample mean values. Thus, the descriptive statistics made use of measurement parameters of key variables of the study. The description covered measures of location and dispersion in relation to Board Size, Board Composition, CEO Duality, Return on Assets (ROA), Return on Equity (ROE) and liquidity.

3.6.1.2 Summary of Measurement of Study Variables

Table 3.1: Measurement of Variables

Variables	**Description and Measurement Criteria**
Independent Variables	
Board Size	Total no. of members on the board
Board Composition	Ratio of non-executive directors to total no. of board members
CEO Duality	Dummy variable of 1 if one person combines roles of CEO and chairman and 0 if roles are separated and held by different persons
Dependent Variables	
ROA	% of Earnings before tax returned on total assets
ROE	% of Earnings after tax returned on equity
Liquidity	Ratio of liquid funds to total deposits
Control Variables	
Firm Size	Natural logarithm of total assets
Leverage	Ratio of total liabilities to total assets
Firm Age	Natural logarithm of years since commencement of business to the year of study

Source: Author's computation of field secondary data, 2020

3.6.2 Correlation Analysis

According to Saunders et al (2012), correlation is the relationship in which one variable is caused by the other but in which it is not clear which variable caused the change in the other; correlation analysis is the statistical technique that can be used in the determination of the association

between two variables. Hence, the study deployed the correlation technique in the derivation of association between the various variables, which statistically complemented the prediction model of regression. Degree of multi-collinearity between independent variables was also measured, which assessed the extent of association between Board Size, Board Composition and CEO duality and the control variables. The coefficients of correlation were interpreted between and including -1 and +1; 0 denoted no correlation, $r \leq \pm 0.29$ denoted that correlation was weak, $\pm 0.3 \leq r \leq \pm 0.49$, denoted that correlation was moderate, $r \geq \pm 0.5$, denoted that correlation was strong and -1 or 1 denoted that correlation was either perfectly negative or perfectly positive.

3.6.3 Regression Analysis

Regression analysis was used in the derivation of the co-efficient of regression between the dependent and independent variables in relation to ROA, ROE and liquidity with a view to establishing the influence or causality between the dependent and independent variables. In other words, it analyzed the extent to which the dependent variables were regressed on, or were caused, by the independent variables. Thus, the study used ROA, ROE and liquidity as proxies for financial performance which were regressed on Board Composition, Board Size and CEO Duality as proxies for corporate governance, as appropriate.

3.6.3.1 Empirical Model Specification

The research hypotheses were tested by using the following panel regression model that was employed in derivation of the regression effects:

$$Y_{it} = \alpha + \beta X_{it} + \delta C_{it} + \varepsilon_{it} \quad \text{.....(1)}$$

Where Y_{it} is the dependent variable of bank i in time t, α is the constant, β = the coefficient of the independent variables, X_{it} is the independent variable of bank i in time t, δ is the coefficient of the control variables, C_{it} is the control variable of bank i in time t and ε_{it} is error term of bank i in time t. Thus, the panel regression models were restated as follows:

$$ROA_{it} = \alpha + \beta_1 BS_{it} + \beta_2 BC_{it} + \beta_3 CEOD_{it} + \delta_1 FS_{it} + \delta_2 LEV_{it} + \delta_3 FA_{it} + \varepsilon_{it} \ldots\ldots \quad (2)$$

$$ROE_{it} = \alpha + \beta_1 BS_{it} + \beta_2 BC_{it} + \beta_3 CEOD_{it} + \delta_1 FS_{it} + \delta_2 LEV_{it} + \delta_3 FA_{it} + \varepsilon_{it} \ldots\ldots \quad (3)$$

$$Liquidity_{it} = \alpha + \beta_1 BS_{it} + \beta_2 BC_{it} + \beta_3 CEOD_{it} + \delta_1 FS_{it} + \delta_2 LEV_{it} + \delta_3 FA_{it} + \varepsilon_{it} \ldots\ldots \quad (4)$$

3.6.4 ANOVA

Analysis of Variance (ANOVA) was employed in the derivation of the F statistic and the degree of freedom. ANOVA measured the amount of variations in the means of the various groups of data used in the analysis. The F statistic was used in relation to its evidence of significance to the regression model and as a basis of complementing the prediction accuracy and significance of the regression model used for the study.

3.7 Reliability and Validity

Oluwaseun et al (2019) have argued that reliability of data is the overall consistency, accuracy, and repeatability of findings from processed data, given the uses they are meant for, which relates with the fact that data is reasonably accurate and complete if it meets the intended purposes and are not vulnerable to inappropriate alteration.

In this regard, the study took a considered view that, since data collected for the research was mainly secondary data, the credibility of all data gathered was properly verified with respect to the reputation and trustworthiness of the source. In effect, due consideration was given to the audience for which the data was prepared. Thus, the study sourced all secondary directly from the report of the report of Ghana Banking Survey 2019, documentary records and websites of the sampled banks as well as the GSE largely due to the fact such data was prepared for reliable information needs of key stakeholders of the banking business. Hence, the method of data collection for this study considered the quality of the secondary sources from which data was sourced. In an instance where data could not be obtained for the study, it was acknowledged in the Limitation of Study section of the report.

3.8 Ethics

The researcher conceded that the study ought to be guided by ethical guidelines that underpin every research project. In this context, the study maintained caution in minimizing the risk of harm to the reputation of the sampled banks for the study. Also, all secondary data that was sourced for the study were used with objectivity for achieving exclusively the specific objectives of the study. Lastly, the researcher largely took measures to avoid deceptive practices by ensuring that the motive of the study was honestly conceived and maintained throughout the research period. Thus, due diligence and professional care were strictly adhered to in sourcing and deploying secondary data for the study.

3.9 Organizational Profile

The study was situated within the context of assessing corporate governance practices and how these could influence performance of institutions in the indigenous universal banking sector. Thus, the study only profiled banking entities that was owned and operated by indigenes of the Ghanaian economy with a view to assessing their financial worth in relation to corporate governance practices subsequent to the financial crises that hit the banking sector in 2018.

3.10 Conclusion

This chapter of the study provided the explicit research guidelines that border on providing the requisite approach and strategy for the conduct of the study and upon which the outcome of the study was evaluated in relation to finding empirical evidence for providing answers for the research questions. It therefore provided detailed insights into the research philosophy adopted; the research design employed and the type and source of data used, the sampling technique deployed, and the statistical tools used in describing and analyzing the data used for the research.

CHAPTER FOUR

ANALYSIS OF RESULTS AND DISCUSSION

4.0 Introduction

This chapter, on the basis of the data gathered on the objectives of the study, discussed and provided empirical analysis and discussion of research results that emerged out of the investigation; it analyzed secondary data on governance practices of universal indigenous banks and the extent to which such practices impacted financial performance of such indigenous universal banking in Ghana.

4.1 Examination of the effects of Board Size, Board Composition and CEO duality on ROA

An empirical assessment was conducted in this part on the relationship between corporate governance variables of Board Size, Board Composition and CEO duality on the financial performance variable of ROA with a view to determining the correlation and regression effects between the independent variables and dependent variable of ROA.

4.1.1 Assumption of Multi-collinearity Test

In assessing the predictive strength of the explanatory variables in relation to ROA, multi-collinearity test was assessed in SPSS to determine the extent of correlation between the predictor variables. In Table 4.3, as can be seen in the correlation matrix, multi-collinearity is non-existent in the predictor variables. Board Size has significant association with Board composition, CEO Duality and firm age (r=0.741, p=0.000; r=-0.219, p=0.088; r=0.318, p=0.023) and an insignificant association with firm size and leverage (r=0.134, p=0.204;

r=0.127, p=0.218). Board Composition has an insignificant association with CEO Duality, firm size, leverage and firm age (r=-0.168, p=0.151; r=0.120, p=0.230; r=0.049, p=0.382; r=-0.043, p=0.418). CEO Duality has insignificant association with firm size and leverage (r=0.144, p=0.188; r=0.107, p=0.255) and a significant association with firm age (r=-0.332, p=0.018). Firm size has significant association with leverage (r=0.788, p=0.000) and an insignificant association with firm age (r=-0.027, p=0.435). Leverage has an insignificant association with firm age (r=-0.241, p=0.067).

Thus, multi-collinearity is assumed to be non-existent in the predictor variables because the correlation co-efficients are all less than 0.8, according to Lewis-Beck and Michael (1980, as cited in Palaniappan, 2017) who posited that where the correlation between the explanatory variables is equal to or higher than 0.8, then multi-collinearity is deemed to exist.

4.1.2 Descriptive Statistics

Measures of central location, dispersion, skewness and kurtosis were derived in relation to the predictor variables and ROA in a descriptive analysis of the research data.

Table 4.1: Descriptive Statistics

Variable	Mean	Std. Deviation	Skewness	Kurtosis	N
ROA	.01793	.022981	0.211	0.093	40
Board Size	9.15	2.815	-1.671	3.928	40
Board Composition	.6743	.19307	-2.306	5.996	40
CEO Duality	.05	.221	4.292	17.285	40
Firm Size	6.6170	2.90872	1.780	1.653	40
Leverage	.7685	.26273	-2.644	5.543	40
Firm Age	3.3205	.75684	-0.671	-0.977	40

In the table above, it can be inferred that the mean value of ROA is 0.01793, which suggests that, on average, the ROA of the indigenous banks is approximately 0.02. The mean value of Board Size is 9.15, suggesting that, on average, board sizes have about 9 members in the indigenous universal banks in Ghana whereas Board Composition was approximately 0.6743, which suggests that, on average, boards have approximately 70% of outside directors. The mean value of CEO Duality is 0.05, which is less than the dummy value of 1; this suggests that separation between the roles of the CEO and board chair is preferred, on average.

Tests of normality for distribution of the variables, with the use of the skewness and kurtosis indices suggest largely that the variables are not normally distributed; skewness indices are reported to be positively or negatively skewed by being either greater than or less than zero (0) whereas kurtosis indices largely are reported to be greater than 3.0.

Table 4.2: Pearson Correlation Matrix

Model A		ROA	Board Size	Board Composition	CEO Duality	Firm Size	Leverage	Firm Age
Correlation	ROA	1.000	.372	.275	-.075	.378	.253	.072
	Board Size	.372	1.000	.741	-.219	.134	.127	.318
	Board Composition	.275	.741	1.000	-.168	.120	.049	-.034
	CEO Duality	-.075	-.219	-.168	1.000	.144	.107	-.332
	Firm Size	.378	.134	.120	.144	1.000	.788	-.027
	Leverage	.253	.127	.049	.107	.788	1.000	-.241
	Firm Age	.072	.318	-.034	-.332	-.027	-.241	1.000
Sig.*	ROA	.	.009	.043	.323	.008	.058	.330
	Board Size	.009	.	.000	.088	.204	.218	.023
	Board Composition	.043	.000	.	.151	.230	.382	.418
	CEO Duality	.323	.088	.151	.	.188	.255	.018
	Firm Size	.008	.204	.230	.188	.	.000	.435
	Leverage	.058	.218	.382	.255	.000	.	.067
	Firm Age	.330	.023	.418	.018	.435	.067	.
N	40	40	40	40	40			

*Correlation is at 5% significance level.

In the table above, ROA has significant association with Board Size, Board Composition, firm size, leverage and firm age (r=0.372, p=0.009; r=0.275, p=0.043; r=0.378, p=0.008) and an insignificant association with CEO Duality, leverage and firm size (r=-0.075, p=0.323; r=0.253, p=0.058; r=0.072, p=0.330). Board Size has significant association with Board composition, CEO Duality and firm age (r=0.741, p=0.000; r=-0.219, p=0.088; r=0.318, p=0.023) and an insignificant association with firm size and leverage (r=0.134, p=0.204; r=0.127, p=0.218). Board Composition has an insignificant association with CEO Duality, firm size, leverage and firm age (r=-0.168, p=0.151; r=0.120, p=0.230; r=0.049, p=0.382; r=-0.043, p=0.418). CEO Duality has insignificant association with firm size and leverage (r=0.144, p=0.188; r=0.107, p=0.255) and a significant association with firm age (r=-0.332, p=0.018). Firm size has significant association with leverage (r=0.788, p=0.000) and an insignificant association with firm age (r=-0.027, p=0.435). Leverage has an insignificant association with firm age (r=-0.241, p=0.067).

Thus, ROA largely has a moderate and positive correlation with the independent variables.

4.1.4 Inferential Statistics

This provided an analysis of the secondary data, which derived the cause and effect relationships between the variables of study and thus supported the research strategy and empirically inferred the dependent variables from the independent variables. The regression effects from the analysis were thus derived from these statistics; these include the model summary, ANOVA and the regression co-efficients.

Table 4.3: Model A Summary[b]

Model A	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.521[a]	.272	.139	.021321	1.389

a. Predictors: (Constant), Firm Age, Firm Size, Board Composition, CEO Duality, Board Size, Leverage

b. Dependent Variable: ROA

In the table above, the strength of correlation between the dependent variable of ROA and the independent variables was derived as R = 0.521 which is a strong correlation. The Adjusted R Square was derived as $R^2 = 0.139$, which suggests that about 14% of total variation effect on the dependent variable is caused by the independent variables. The positive correlation effect in the model generally concurs with correlation between ROA and the individual independent variables. The Durbin-Watson statistic, which signified positive autocorrelation, is within the safe range of 1 and 3, according to Field (2009).

Table 4.4: ANOVA[a]

Model A		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.006	6	.001	2.052	.086[b*]
	Residual	.015	33	.000		
	Total	.021	39			

*F statistic is at 5% significance level.

a. Dependent Variable: ROA

b. Predictors: (Constant), Firm Age, Firm Size, Board Composition, CEO Duality, Board Size, Leverage

In the table above, ANOVA was used as a measure of the amount of variations in the means of the various groups of data used in the analysis. It can be observed that the F statistic value of 2.052 is statistically insignificant at 0.05 (p=0.086).

Table 4.5: Regression Coefficients[a] of Model A

Model A		Coefficients		T	Sig.*
		B	Std. Error		
1	(Constant)	.001	.030	.035	.972
	Board Size	.004	.002	1.677	.103
	Board Composition	-.018	.032	-.569	.573
	CEO Duality	-.011	.017	-.621	.539
	Firm Size	.004	.002	2.015	.052
	Leverage	-.023	.025	-.911	.369
	Firm Age	-.005	.007	-.778	.442

*Regression is at 5% significance level.

a. Dependent Variable: ROA

In the table above, it can be inferred that the predictor variables, Board Size, Board Composition, CEO duality, firm size, leverage and firm age were all numerically regressed on the dependent variable with coefficients of 0.004, -0.018 and -0.011, 0.004,-0.023 and -0.005 respectively with a constant value of 0.001. The control variables have insignificant and positive effect on ROA.

In the regression model above, it is suggested that for every unit change in BS, ROA increases by 0.4%; for every unit change in BC, ROA decreases by 1.8% and for every unit increase in CEOD, ROA would decrease by 1.1%. With every unit change in the control variables, ROA increases by 0.4% for firm size and decreases by 2.3% and 0.5% for leverage and firm age respectively. Thus, this suggests evidently that Board Size exerts an insignificant and positive effect on ROA. Hypothesis $_1H_0$ is therefore supported. Both Board composition and CEO duality exert insignificant and negative effects on ROA. Hypotheses $_7H_0$ and $_{13}H_0$ are therefore supported. However, where all independent variables are evidently naught, then ROA maintains with a constant of 0.001. The other control variables have insignificant effects on ROA respectively.

4.2 Assessment of the effects of Board Size, Board Composition and CEO duality on ROE

An empirical assessment was conducted in this part on the relationship between corporate governance variables of Board Size, Board Composition and CEO duality on the financial performance variable of ROE with a view to determining the correlation and regression effects between the independent variables and dependent variable of ROE.

4.2.1 Assumption of Multi-collinearity Test

In examining the predictive accuracy of the explanatory variables in relation to ROE, multi-collinearity test was conducted in SPSS to determine the extent of correlation between the explanatory variables. In Table 4.9, as can be seen in the correlation matrix, multi-collinearity is non-existent in the explanatory variables. Board Size has significant association with Board composition, CEO Duality and firm age (r=0.741, p=0.000; r=-0.219, p=0.088; r=0.318, p=0.023) and an insignificant association with firm size and leverage (r=0.134, p=0.204; r=0.127, p=0.218). Board Composition has an insignificant association with CEO Duality, firm size, leverage and firm age (r=-0.168, p=0.151; r=0.120, p=0.230; r=0.049, p=0.382; r=-0.043, p=0.418). CEO Duality has insignificant association with firm size and leverage (r=0.144, p=0.188; r=0.107, p=0.255) and a significant association with firm age (r=-0.332, p=0.018). Firm size has significant association with leverage (r=0.788, p=0.000) and an insignificant association with firm age (r=-0.027, p=0.435). Leverage has an insignificant association with firm age (r=-0.241, p=0.067).

Thus, multi-collinearity is deemed to be non-existent in the predictor variables because the correlation co-efficients are all less than 0.8, according to Lewis-Beck and Michael (1980, as cited in Palaniappan, 2017) who posited that where the correlation between the predictor variables is equal to or higher than 0.8, then multi-collinearity is deemed to exist.

4.2.2 Descriptive Statistics

Measures of central location, dispersion, skewness and kurtosis were derived in relation to the predictor variables and ROE in a descriptive analysis of the research data.

Table 4.6: Descriptive Statistics

Model B	Mean	Std. Deviation	Skewness	Kurtosis	N
ROE	.11592	.141366	-0.148	-0.112	40
Board Size	9.15	2.815	-1.671	3.928	40
Board Composition	.6743	.19307	-2.306	5.996	40
CEO Duality	.05	.221	4.292	17.285	40
Firm Size	6.6170	2.90872	1.780	1.653	40
Leverage	.7685	.26273	-2.644	5.543	40
Firm Age	3.3205	.75684	-0.671	-0.977	40

As similarly seen in Model A, it can be inferred in the table above, that the mean value of ROE is 0.1159, which suggests that, on average, the ROE of the indigenous universal banks is approximately 0.12. The mean value of Board Size is 9.15, suggesting that on average, board sizes are made up of 9 members in the indigenous universal banks in Ghana whereas Board Composition was approximately 0.6743, which suggests that, on average, boards have approximately 70% of outside directors. The mean value of CEO Duality is 0.05, which is less than the dummy value of 1; this suggests that separation between the roles of the CEO and board chair is preferred, on average.

Tests of normality for distribution of the variables, with the use of the skewness and kurtosis indices suggest largely that the variables are not normally distributed; skewness indices are reported to be positively or negatively skewed by being either greater than or less than zero (0) whereas kurtosis indices are largely reported to be greater than 3.0.

Table 4.7 Pearson Correlation Matrix

Model B		ROE	Board Size	Board Composition	CEO Duality	Firm Size	Leverage	Firm Age
Correlation	ROE	1.000	.367	.245	-.027	.420	.273	-.004
	Board Size	.367	1.000	.741	-.219	.134	.127	.318
	Board Composition	.245	.741	1.000	-.168	.120	.049	-.034
	CEO Duality	-.027	-.219	-.168	1.000	.144	.107	-.332
	Firm Size	.420	.134	.120	.144	1.000	.788	-.027
	Leverage	.273	.127	.049	.107	.788	1.000	-.241
	Firm Age	-.004	.318	-.034	-.332	-.027	-.241	1.000
Sig.*	ROE	.	.010	.064	.434	.003	.044	.491
	Board Size	.010	.	.000	.088	.204	.218	.023
	Board Composition	.064	.000	.	.151	.230	.382	.418
	CEO Duality	.434	.088	.151	.	.188	.255	.018
	Firm Size	.003	.204	.230	.188	.	.000	.435
	Leverage	.044	.218	.382	.255	.000	.	.067
	Firm Age	.491	.023	.418	.018	.435	.067	.
N	40	40	40	40	40	40	40	40

*Correlation is at 5% significance level.

In the table above, ROE has significant association with Board Size, firm size, and leverage (r=0.367, p=0.010; r=0.420, p=0.003; r=0.273, p=0.044) and an insignificant association with Board Composition, CEO Duality and firm age (r=0.245, p=0.064; r=-0.027, p=0.434; r=-0.004, p=0.491). Board Size significant association with Board composition, CEO Duality and firm age (r=0.741, p=0.000; r=-0.219, p=0.088; r=0.318, p=0.023) and an insignificant association with firm size and leverage (r=0.134, p=0.204; r=0.127, p=0.218). Board Composition has an insignificant association with CEO Duality, firm size, leverage and firm age (r=-0.168, p=0.151; r=0.120, p=0.230; r=0.049, p=0.382; r=-0.043, p=0.418). CEO Duality has insignificant association with firm size and leverage (r=0.144, p=0.188; r=0.107, p=0.255) and a significant association with firm age (r=-0.332, p=0.018). Firm size has significant association with leverage (r=0.788, p=0.000) and an insignificant association with firm age (r=-0.027, p=0.435). Leverage has an insignificant association with firm age (r=-0.241, p=0.067).

Thus, ROE largely has an insignificant but positive correlation with the independent variables.

4.2.3 Inferential Statistics

This provided a regression analysis of the secondary data so as to derive the cause and effect relationship between the variables of study and thus support the empirical premise to infer the dependent variables from the independent variables. The regression effects from the analysis were thus derived from these statistics; these included the model summary, ANOVA and the regression co-efficients.

Table 4.8: Model B Summary[b]

Model B	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.592[a]	.350	.232	.123907	1.206

a. Predictors: (Constant), Firm Age, Firm Size, Board Composition, CEO Duality, Board Size, Leverage

b. Dependent Variable: ROE

In the table above, the strength of correlation between the dependent variable of ROE and the independent variables was derived as R = 0.592 which is a strong correlation. The Adjusted R Square was derived as $R^2 = 0.232$, which suggests that about 23% of total variation effect on the dependent variable is caused by the independent variables. The overall positive correlation effect in the model concurs with the correlation effects between ROE and the individual independent variables. The Durbin-Watson statistic, which signified positive autocorrelation, is within the safe range of 1 and 3, according to Field (2009).

Table 4.9: ANOVA[a]

Model B		Sum of Squares	Df	Mean Square	F	Sig.*
1	Regression	.273	6	.045	2.961	.020[b]
	Residual	.507	33	.015		
	Total	.779	39			

*F statistic is at 5% significance level.

a. Dependent Variable: ROE

b. Predictors: (Constant), Firm Age, Firm Size, Board Composition, CEO Duality, Board Size, Leverage.

In the table above, ANOVA measured the amount of variations in the means of the various groups of data used in the analysis. It can be observed that the F statistic value of 2.961 is statistically significant at 0.05 (p=0.020).

Table 4.10: Regression Coefficients[a] of Model B

Model B		Coefficients		T	Sig.*
		B	Std. Error		
1	(Constant)	.151	.175	.866	.393
	Board Size	.034	.013	2.511	.017
	Board Composition	-.256	.187	-1.374	.179
	CEO Duality	-.072	.100	-.719	.477
	Firm Size	.035	.013	2.813	.008
	Leverage	-.237	.147	-1.614	.116
	Firm Age	-.066	.038	-1.737	.092

*Regression is at 5% significance level.

a. Dependent Variable: ROE

In the table above, it can be seen that the predictor variables, Board Size, Board Composition, CEO duality, firm size, leverage and firm age were all numerically regressed on the dependent variable with coefficients of 0.034, -0.256, -0.072, 0.035,-0.237 and -0.066 respectively with a constant value of 0.151. The predictor variables, except Board Size and firm size, were all derived as being insignificant at 0.05 (p=0.017, p=0.179, p=0.477, p=0.008, p=0.116, p=0.092).

In the regression model B above, it is suggested that for every unit change in BS, ROE increases by 3.4%; for every unit change in BC, ROE decreases by 25.6% and for every unit increase in CEOD, ROE would decrease by 7.2%. With every unit change in the control variables, ROE

increases by 3.5% for firm size and decreases by 23.7% and 6.6% for leverage and firm age respectively. Thus, this suggests evidently that Board Size exerts significant and positive effect on ROE. Hypothesis $_4H_1$ is therefore supported. Both Board composition and CEO duality exert insignificant and negative effects on ROE. Hypotheses $_9H_0$ and $_{15}H_0$ are therefore supported. However, where all independent variables are evidently naught, then ROE maintains with a constant of 0.151. The other control variables, except firm size, have insignificant effects on ROE respectively.

4.3 Evaluation of effects of Board Size, Board Composition and CEO duality on Liquidity

Empirical analysis was conducted in this part on the effect of corporate governance variables of Board Size, Board Composition and CEO duality on the financial performance variable of liquidity.

4.3.1 Assumption of Multi-collinearity Test

In assessing the regression robustness of the predictor variables in relation to liquidity, test for multi-collinearity was conducted in SPSS to examine the extent of correlation between the explanatory variables. In Table 4.15, as can be seen in the correlation matrix, multi-collinearity is non-existent in the independent variables. Board Size has significant association with Board composition, CEO Duality and firm age (r=0.741, p=0.000; r=-0.219, p=0.088; r=0.318, p=0.023) and an insignificant association with firm size and leverage (r=0.134, p=0.204; r=0.127, p=0.218). Board Composition has an insignificant association with CEO Duality, firm size, leverage and firm age (r=-0.168, p=0.151; r=0.120, p=0.230; r=0.049, p=0.382; r=-0.043, p=0.418). CEO Duality has insignificant association with firm size and leverage (r=0.144, p=0.188; r=0.107, p=0.255) and a significant association with firm age (r=-0.332, p=0.018). Firm size has significant association with leverage (r=0.788, p=0.000) and an insignificant association with firm age (r=-0.027, p=0.435). Leverage has an insignificant association with firm age (r=-0.241, p=0.067).

Thus, multi-collinearity is assumed to be non-existent in the predictor variables because the correlation co-efficients are all less than 0.8, according to Lewis-Beck and Michael (1980, as cited in Palaniappan, 2017) who posited that where the correlation between the predictor variables is equal to or higher than 0.8, then multi-collinearity is deemed to exist.

4.3.2 Descriptive Statistics

Central location, dispersion, skewness and kurtosis measures were derived in relation to the predictor variables and liquidity in a descriptive analysis of the research data.

Table 4.11: Descriptive Statistics

Variables	Mean	Std. Deviation	Skewness	Kurtosis	N
Liquidity	.6207	.32480	-0.754	-0.213	40
Board Size	9.15	2.815	-1.671	3.928	40
Board Composition	.6743	.19307	-2.306	5.996	40
CEO Duality	.05	.221	4.292	17.285	40
Firm Size	6.6170	2.90872	1.780	1.653	40
Leverage	.7685	.26273	-2.644	5.543	40
Firm Age	3.3205	.75684	-0.671	-0.977	40

As similarly seen in Models A and B, it can be inferred, from the table above, that the mean value of liquidity is 0.6207, which suggests that, on average, the ROE of the indigenous universal banks is about 0.62. The mean value of Board Size is 9.15, suggesting that on average, board sizes are made up of 9 members in the indigenous universal banks in Ghana whereas Board Composition was 0.6743, which suggests that, on average, boards have approximately 70% of outside directors. The mean value of CEO Duality is 0.05, which is less than the dummy value of 1; suggesting that separation between the roles of the CEO and board chair is preferred, on average.

Tests of normality for distribution of the variables, with the use of the skewness and kurtosis indices, suggest largely that the variables are not normally distributed; skewness indices are reported to be positively or negatively skewed by being either greater than or less than zero (0) whereas kurtosis indices are largely reported to be greater than 3.0.

Table 4.12: Pearson Correlation Matrix

Model C		Liquidity	Board Size	Board Composition	CEO Duality	Firm Size	Leverage	Firm Age
Correlation	Liquidity	1.000	.048	.012	.214	.859	.672	-.113
	Board Size	.048	1.000	.741	-.219	.134	.127	.318
	Board Composition	.012	.741	1.000	-.168	.120	.049	-.034
	CEO Duality	.214	-.219	-.168	1.000	.144	.107	-.332
	Firm Size	.859	.134	.120	.144	1.000	.788	-.027
	Leverage	.672	.127	.049	.107	.788	1.000	-.241
	Firm Age	-.113	.318	-.034	-.332	-.027	-.241	1.000
Sig.*	Liquidity	.	.383	.470	.092	.000	.000	.244
	Board Size	.383	.	.000	.088	.204	.218	.023
	Board Composition	.470	.000	.	.151	.230	.382	.418
	CEO Duality	.092	.088	.151	.	.188	.255	.018
	Firm Size	.000	.204	.230	.188	.	.000	.435
	Leverage	.000	.218	.382	.255	.000	.	.067
	Firm Age	.244	.023	.418	.018	.435	.067	.
N	40	40	40	40	40	40	40	40

*Correlation is at 5% significance level.

In the table above, liquidity has significant association with firm size and leverage (r=0.859, p=0.000; r=0.672, p=0.000) and an insignificant association with Board Size, Board Composition, CEO Duality and firm age (r=0.048, p=0.383; r=0.012, p=0.470; r=0.214, p=0.092; r=-0.113, p=0.244). Board Size significant association with Board composition, CEO Duality and firm age (r=0.741, p=0.000; r=-0.219, p=0.088; r=0.318, p=0.023) and an insignificant association with firm size and leverage (r=0.134, p=0.204; r=0.127, p=0.218). Board Composition has an insignificant association with CEO Duality, firm size, leverage and firm age (r=-0.168, p=0.151; r=0.120, p=0.230; r=0.049, p=0.382; r=-0.043, p=0.418). CEO Duality has insignificant association with firm size and leverage (r=0.144, p=0.188; r=0.107, p=0.255) and a significant association with firm age (r=-0.332, p=0.018). Firm size has significant association with leverage (r=0.788, p=0.000) and an insignificant association with firm age (r=-0.027, p=0.435). Leverage has an insignificant association with firm age (r=-0.241, p=0.067).

Thus, liquidity largely has a low and positive correlation with the independent variables.

4.3.3 Inferential Statistics

This provided a regression analysis of the secondary data so as to derive the cause and effect relationship between the variables of study and thus support the empirical premise to infer the dependent variables from the independent variables.. The regression effects from the analysis were thus derived from these statistics; these include the model summary, ANOVA and the regression co-efficients.

Table 4.13: Model C Summary[b]

Model C	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.875[a]	.765	.723	.17100	1.586

a. Predictors: (Constant), Firm Age, Firm Size, Board Composition, CEO Duality, Board Size, Leverage

b. Dependent Variable: Liquidity

In the table above, the strength of correlation between the dependent variable of liquidity and the independent variables was derived as R = 0.875 which is a strong correlation. The Adjusted R Square was derived as $R^2 = 0.723$, which suggests that about 72% of total variation effect on the dependent variable is caused by the independent variables. The overall positive correlation effect in the model concurred with the correlation effects between liquidity and the individual independent variables. The Durbin-Watson statistic, which signified positive autocorrelation, is within the safe range of 1 and 3, in accordance with Field (2009).

Table 4.14: ANOVA[a]

Model C		Sum of Squares	Df	Mean Square	F	Sig.*
1	Regression	3.149	6	.525	17.952	.000[b]
	Residual	.965	33	.029		
	Total	4.114	39			

*F statistic is at 5% significance level

a. Dependent Variable: Liquidity

b. Predictors: (Constant), Firm Age, Firm Size, Board Composition, CEO Duality, Board Size, Leverage

In the table above, ANOVA measured the amount of variations in the means of the various groups of data used in the analysis. It can be observed that the F statistic value of 17.952 is statistically significant at 0.05 (p=0.000).

Table 4.15: Regression Coefficients[a] of Model C

Model C		Coefficients		T	Sig.*
		B	Std. Error		
1	(Constant)	.352	.241	1.460	.154
	Board Size	.017	.019	.943	.353
	Board Composition	-.352	.258	-1.366	.181
	CEO Duality	.050	.139	.360	.721
	Firm Size	.108	.017	6.243	.000
	Leverage	-.176	.202	-.872	.390
	Firm Age	-.071	.052	-1.351	.186

*Regression is at 5% significance level.

a. Dependent Variable: Liquidity

In the table above, it can be seen that the predictor variables, Board Size, Board Composition, CEO duality, firm size, leverage and firm age were all numerically regressed on the dependent variable with coefficients of 0.017, -0.352, 0.050, 0.108, -0.176 and -0.071 respectively with a constant value of 0.151. The independent variables, except firm sizes, were all processed as being insignificant at 0.05 (p=0.353, p=0.181, p=0.721, p=0.000, p=0.390, p=0.186).

In the regression model above, it is suggested that for every unit change in BS, liquidity increases by 1.7%; for every unit change in BC, liquidity decreases by 35.2% and for every unit increase in CEOD, liquidity increases by 5%. With every unit change in the control variables, liquidity increases by 0.8% for firm size and decreases by 17.6% and 7.1% for leverage and firm age respectively.

Thus, this suggests evidently that both Board Size and CEO Duality exert insignificant and positive effects on liquidity. Hypotheses$_5H_0$ and $_{17}H_0$ are therefore supported. Board composition exerted insignificant and negative effect on liquidity. Hypothesis$_{11}H_0$ is therefore supported. However, where all independent variables are evidently naught, then liquidity maintains with a constant of 0.352. The other control variables, except firm size, were all insignificant with a positive effect for firm size and negative effects for leverage and firm age on liquidity respectively.

In effect, firm size is a statistically important variable in the model. This is because it has a p=value of 0.000 which is lower the 5% significance level and a t-statistic of 6.243 which falls outside the boundaries of -2 and +2.

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMENDATIONS AND CONCLUSIONS

5.0 Introduction

This part of the study provided a summary of the empirical findings made by the study, suggested recommendations for use as policy interventions arising out of the study, and made conclusions on answers that were provided by the research questions of the study and decisions made on the acceptance or otherwise of the research hypotheses.

5.1 Summary of Findings

The empirical evidence made in the research findings was summarized and presented from the data analyses made on the relationship between corporate governance and financial performance.

5.1.1 Effects of Board Size, Board Composition and CEO Duality on ROA

In the correlation matrix and regression model of ROA, there is a significant and positive correlation between Board Size and ROA and empirically evident that Board Size influences an insignificant and positive effect on ROA. This finding diverged from the finding of Oteng-Abayie et al (2018) whose study revealed that the numbers on the boards of RCBs has a significant impact on efficiency. The finding is also consistent with Karami et al (2016) who found that Board Size has a positive effect on ROA and Kyereboah-Coleman and Biekpe (2006) who revealed empirically that Board Size has a significant and positive effect on ROA. Therefore, this finding suggests that there is a positive association between Board Size and financial performance and a policy implication that increase in the number of board members of

indigenous banks in Ghana may have a positive but insignificant impact on their financial performance in indigenous universal banks of the Republic of Ghana.

Board Composition has a positive and weak correlation with, and empirically influences an insignificant and negative effect on, ROA. This finding disagreed with Karami et al (2016) and Pamburai et al (2015) who concluded that there is no positive correlation between the compositions or independence of board members and financial performance and that board composition has a significant and positive effect on ROA respectively. It is however consistent with the finding of Owiredu and Kwakye (2020) who found that there is an insignificant impact of the number of non-executive directors on ROA. This finding suggests that there is some association between Board Composition and financial performance and revealed a policy implication for composition of the board or independence of the board in influencing a positive impact on financial performance in Ghanaian indigenous universal banks.

The study empirically found a negative and weak correlation between CEO Duality and ROA but revealed that CEO Duality similarly influences an insignificant and negative effect on ROA. This finding concurred with Agyemang et al (2014) and Salehi et al (2018) who empirically established that CEO Duality has no significant impact on financial performance and that there is no virtually relationship between CEO Duality and profitability. However, it disagreed with Kyereboah-Coleman and Biekpe (2006) who revealed empirically that CEO Duality has a significant and positive effect on ROA. This finding suggests that there is an insignificant association between CEO Duality and financial performance and a policy implication that combining between the roles of the CEO and the board chair has no any significant bearing on financial performance in the indigenous universal banks of Ghana.

Generally, in the regression model A for ROA, the effects of all the predictor variables accounted for about 14% change in variation on the dependent variable, with the control variables exerting largely insignificant and negative effects.

5.1.2 Effects of Board Size, Board Composition and CEO Duality on ROE

In the correlation matrix and regression model for ROE, Board Size has a significant and positive association with ROE and empirically evident that Board Size exerts significant and positive effect on ROE. This finding is consistent with that of Owiredu and Kwakye (2020) who established empirically that there is a positive relationship between Board Size and ROE. However, the finding diverged from that of Salehi et al (2018) who concluded that Board Size has a negative impact on profitability. This therefore suggests that there is a positive association between Board Size and ROE which could be exploited to enhance performance of the indigenous universal banks and a policy implication in exerting a significant and positive effect on ROE in Ghanaian indigenous universal banks.

Board Composition is positively related in a weak association with ROE but it empirically exerts an insignificant and negative effect on ROE. This finding concurred with the empirical evidence of Adusei (2011) who concluded there is insignificant association between Board Composition and ROE and that Board Composition influences a negative effect on ROE. This, however, diverged from the finding of Appiah et al (2017) who empirically established that Board Composition has a significant and positive effect on ROE. The empirical evidence suggests that there is virtually no association between Board Composition and ROE and a policy implication in influencing a negative effect on ROE in universal banks owned by indigenes in Ghana.

The correlation and regression results established that there is a weak and negative relationship between CEO Duality and ROE and that CEO Duality influences an insignificant and negative effect on ROE.

The finding disagreed with that of Salehi et al (2018) and Palaniappan (2017) who found that CEO Duality influences positive impact on profitability and that CEO Duality has a positive and significant and positive effect on ROE. It concurred with Darko et al (2016) that CEO Duality has no relationship or any significant impact on ROE. The finding thus provided that there is virtually no association between CEO Duality and ROE and further suggested a policy implication for CEO Duality in exerting a negative impact on ROE in the indigenous universal banks of Ghana.

Generally, in the regression model B for ROE, the effects of all the predictor variables accounted for about 23% change in variation on the dependent variable, with the control variables exerting largely insignificant and negative effects.

5.1.2 Effects of Board Size, Board Composition and CEO Duality on Liquidity

In the correlation matrix and regression model for liquidity, there is a positive but weak association between Board Size and liquidity and that Board Size has an insignificant but positive effect on liquidity. This finding agreed with that of Diaz and Huang (2017) who concluded that executive boards of directors exerts positive impact on liquidity. The empirical evidence, however, diverged from the findings of Delis et al (2009) who concluded that Board Size has a negative effect on liquidity. This suggests that Board Size is positively related in an insignificant association with liquidity and has a policy implication in influencing an insignificant but positive effect on liquidity in the indigenous universal banks of Ghana.

The empirical results suggest that Board Composition has a positive but weak correlation with liquidity and influences an insignificant and negative impact on liquidity of banks. This empirically concurred with the findings of Isik and Ince (2016) who found that Board Composition has a negative impact on financial performance of banks. This finding further provided that there is a positive but weak association between Board Composition and liquidity and that Board Composition holds a policy implication in influencing a negative effect on bank liquidity in Ghanaian indigenous universal banks.

Lastly, in the correlation and regression results as empirically revealed, CEO Duality relates positively but maintains a weak correlation with liquidity and exerts an insignificant but positive impact on bank liquidity. This finding disagreed with that of Mishra and Kapil (2018) and Salehi et al (2018) who concluded empirically that separation between the roles of the CEO and the board chair significantly improved financial performance and that there was no positive relationship between bank performance and corporate governance respectively. It is thus found that there is virtually no association between CEO Duality and liquidity and that there exists a policy implication of CEO Duality in exerting a positive influence on financial performance.

Generally, in the regression model C for CEO Duality, the effects of all the predictor variables accounted for about 72% change in variation on the dependent variable, with the control variables exerting largely insignificant and negative effects.

5.2 Recommendations

To begin with, in view of the insignificant effects of the independent variables on ROA of the indigenous universal banks of Ghana in Model A, the independent variables are therefore not statistically important in the model. In this vein, it is recommended that a corporate governance policy intervention should not only focus on corporate governance variables of the study but should also deliver wider consideration for other best practices of corporate governance in relation to board independence, board meetings, constitution of appropriate board committees, board accountability and effectiveness as well as relations with shareholders.

Similarly, in view of the significant and positive effects of Board Size and Firm Size on ROE of the indigenous universal banks of Ghana in Model B, the two variables are statistically important in the model. In this vein, the recommendation is that the indigenous universal banks of Ghana should essentially consider appropriately expanding board sizes of the banks as well as increasing the operating assets of the indigenous universal banks so as to enhance and improve on their financial performance.

Not only that but also, as a result of the significant and positive effect of Firm Size on liquidity in Model C, this variable is statistically important in the model. In this regard, it is recommended that the indigenous universal banks of Ghana should similarly enhance on the value of operating assets of the banking entities so as to create and maintain robust operating capacities to sustain improved financial performance. This is suggested to be done by adopting operating policies aimed at increasing customer deposits, minimizing non-performing loans and prudent management of bank reserves.

Furthermore, in view of the insignificant effect of Board Composition in Models A, B and C, the study recommended that policy directives should focus on board expertise whereby the board members include outside, non-executive directors who are well versed in banking industry knowledge and experience so that they can bring all that to bear on their performance; that independent, non-executive directors should be selected on the basis of unquestioned objectivity and independence; and that outside, non-executive directors should be continually placed on, and equipped with, Continuing Professional Development (CPD) programs and courses in banking and business strategy so as keep them commercially and strategically abreast with changing dimensions in the banking business.

Finally, owing to the insignificant effects of CEO Duality in Models A, B an C, it is recommended for a policy directive that best practice of corporate governance in the banking industry should concentrate on building and enhancing the operational capacities of the CEO and the board chair in handling the roles assigned to them; and that no information asymmetry should be made to exist between the CEO and the chairman, where the two roles are separated.

5.3 Conclusions

The study investigated the influence of corporate governance practices on financial performance of eight (8) indigenous universal banks in Ghana. With a combination of correlation and regression analyses, the study examined the relationship between corporate governance and financial performance of Ghanaian indigenous universal banks. Empirical findings in relation to the effects of Board Size, Board Composition and CEO Duality on financial performance were made and suggested policy recommendations relevant to the indigenous banking sector.

Table 5.1 Results of Hypotheses Tests

Independent Variable	Null-hypothesized Effects			Empirical Effects		
	ROA	ROE	Liquidity	ROA	ROE	Liquidity
Board Size	Insignificant	Insignificant	Insignificant	Insignificant and positive	Significant and positive	Insignificant and positive
Board Composition	Insignificant	Insignificant	Insignificant	Insignificant and negative	Insignificant and negative	Insignificant and negative
CEO Duality	Insignificant	Insignificant	Insignificant	Insignificant and negative	Insignificant and negative	Insignificant and positive

Dependent Variables: ROA, ROE and liquidity.

In the table above, the hypotheses test results suggest evidently that Board Size exerts insignificant and positive effect on ROA. Hypothesis $_1H_0$ is therefore supported. Both Board composition and CEO duality exert insignificant and negative effects on ROA. Hypotheses $_7H_0$ and $_{13}H_0$ are therefore supported. Board Size exerts significant and positive effect on ROE. Hypothesis $_4H_1$ is therefore supported. Both Board composition and CEO duality exert insignificant and negative effects on ROE. Hypotheses $_9H_0$ and $_{15}H_0$ are therefore supported. Both Board Size and CEO Duality exert insignificant and positive effects on liquidity. Hypotheses $_5H_0$ and $_{17}H_0$ are therefore supported. Board Composition exerts insignificant and negative effect on liquidity. Hypothesis$_{11}H_0$ is therefore supported.

REFERENCES

Adeabah, D., Gyeke-Dako, A., & Andoh, C. (2019). Board gender diversity, corporate governance and bank efficiency in Ghana: a two stage data envelope analysis (DEA) approach. *Corporate Governance (Bingley)*, *19*(2), 299–320. https://doi.org/10.1108/CG-08-2017-0171

Adegbite, O. G. (2012). Corporate governance developments in Ghana: the past , the present and the future. *Public and Municipal Finance*, *1*(2), 2–6.

Adusei, M. (2011). Board Structure and Bank Performance in Ghana.*Journal of Money, Investment and Banking*, *19*(19), 72–84. http://www.eurojournals.com/JMIB.htm

Agyemang, O. S., & Castellini, M. (2013). The Guidelines of Corporate Governance of Ghana: Issues, Deficiencies and Suggestions. *International Business Research*, *6*(10). https://doi.org/10.5539/ibr.v6n10p163

Agyemang, O., Aboagye, E., Antwi, S., &Frimpong, J. (2014). *Board of Directors and Firm Performance of Banking Institutions: A Ghanaian Experience*. *67*.

Awuah Nyarko, S., AwunyoVitor, D., & Appiah, K. O. (2017). Corporate governance and financial performance of listed banks: evidence form emerging market. *International Journal of Economics and Accounting*, *8*(1), 29. https://doi.org/10.1504/ijea.2017.10005910

Chung, K. H., Elder, J., & Kim, J. C. (2010).Corporate governance and liquidity.*Journal of Financial and Quantitative Analysis*, *45*(2), 265–291. https://doi.org/10.1017/S0022109010000104

Crowther, D & Seifi, S (2014) Corporate Governance and International Business, Bookboon.com. ISBN 978-87-7681-737-4

Darko, J., Aribi, Z. A., & Uzonwanne, G. C. (2016). Corporate governance: the impact of director and board structure, ownership structure and corporate control on the performance

of listed companies on the Ghana stock exchange. *Corporate Governance (Bingley)*, *16*(2), 259–277. https://doi.org/10.1108/CG-11-2014-0133

Delis, M., Gaganis, C., & Pasiouras, F. (2009).Bank liquidity and the board of directors. *MPRA Paper*, *18872*.

Díaz, V., & Huang, Y. (2017). The role of governance on bank liquidity creation.*Journal of Banking and Finance*, *77*(January 2017), 137–156. https://doi.org/10.1016/j.jbankfin.2017.01.003

Field, A. (2009). *Discovering Statistics Using SPSS ISM (London, England) Introducing Statistical Methods Series*.

G20/OECD Principles of Corporate Governance.(2016). In G20/OECD Principles of Corporate Governance. https://doi.org/10.1787/9789264257443-tr

Ghana Banking Survey. (2019). *Banking reforms so far: topmost issues on the minds of bank CEOs*. *August*, 91. https://www.pwc.com/gh/en/assets/pdf/ghana-banking-survey-2019.pdf

Harvey Pamburai, H., Chamisa, E., Abdulla, C., & Smith, C. (2015). An analysis of corporate governance and company performance: a South African perspective. South African Journal of Accounting Research, 29(2), 115–131. https://doi.org/10.1080/10291954.2015.1006482

Ichsani, S., & Suhardi, A. R. (2015). The Effect of Return on Equity (ROE) and Return on Investment (ROI) on Trading Volume. *Procedia - Social and Behavioral Sciences*, *211*, 896–902. https://doi.org/10.1016/j.sbspro.2015.11.118

ISIK, O., & Riza INCE, A. (2016). Board Size, Board Composition and Performance: An Investigation on Turkish Banks. *International Business Research*, *9*(2), 74. https://doi.org/10.5539/ibr.v9n2p74

Johnson, G., Scholes, K., & Whittington, R. (2008). Strategy Methods & Evaluation.In *Exploring Corporate Strategy*.

Karami, G., Karimiyan, T., &Ghaznavi, M. (2016).Board Size, Non-Executive Board Members and Financial Performance in Non-Usury Banks in Iran.*International Journal of Business and Social Research*, *6*(6), 49. https://doi.org/10.18533/ijbsr.v6i6.921

Kurniaty, K., Suhadak, S., Handayani, S. R., & Rahayu, S. M. (2019). Stock return and financial performance as moderation variable in influence of good corporate governance towards corporate value. Asian Journal of Accounting Research, 4(1), 18–34. https://doi.org/10.1108/ajar-07-2018-0021

Kyereboah-Coleman, A., & Biekpe, N. (2006). Do boards and CEOs matter for bank performance? A comparative analysis of banks in Ghana.Corporate Ownership and Control, 4(1 A), 119–126. https://doi.org/10.22495/cocv4i1p10

Lartey, V. C., Antwi, S., & Boadi, E. K. (2013).The Relationship between Liquidity and Profitability of Listed Banks in Ghana.*International Journal of Business and Social Science*, *4*(3), 48–56.

Mahrani, M., & Soewarno, N. (2018).The effect of good corporate governance mechanism and corporate social responsibility on financial performance with earnings management as mediating variable.*Asian Journal of Accounting Research*, *3*(1), 41–60. https://doi.org/10.1108/ajar-06-2018-0008

Mamatzakis, E., & Bermpei, T. (2015).The effect of corporate governance on the performance of US investment banks.*Financial Markets, Institutions and Instruments*, *24*(2–3), 191–239. https://doi.org/10.1111/fmii.12028

Mishra, R. K., & Kapil, S. (2018). Board characteristics and firm value for Indian companies. *Journal of Indian Business Research*, *10*(1), 2–32. https://doi.org/10.1108/JIBR-07-2016-0074

Moxey, P., & Berendt, A. (2008).*Corporate Governance and the Credit Crunch*. 16. http://www.accaglobal.com/en/research-insights/risk-reward/corporate-governance.html

Oluwaseun, S., Olawale Ibrahim, O., & Akeem Abayomi, B. (2019).An Assessment of the Reliability of Secondary Data in Management Science Research.*International Journal of Business and Management Review*, *7*(3), 27–43. https://www.eajournals.org/wp-content/uploads/An-Assessment-of-the-Reliability-of-Secondary-Data-in-Management-Science-Research.pdf

Omondi-Ochieng, P. (2019). Financial performance trends of United States Hockey Inc: a resource-dependency approach. *Journal of Economics, Finance and Administrative Science*, *24*(48), 327–344. https://doi.org/10.1108/JEFAS-02-2018-0022

Orozco, L. A., Vargas, J., & Galindo-Dorado, R. (2018). Trends on the relationship between board size and financial and reputational corporate performance: The Colombian case. *European Journal of Management and Business Economics*, *27*(2), 183–197. https://doi.org/10.1108/EJMBE-02-2018-0029

Oteng-Abayie, E. F., Affram, A., &Mensah, H. K. (2018). Corporate Governance and Efficiency of Rural and Community Banks (RCBs) in Ghana. *Econometric Research in Finance*, *3*(2), 93–118. https://doi.org/10.33119/erfin.2018.3.2.2

Owiredu, A., &Kwakye, M. (2020).The Effect of Corporate Governance on Financial Performance of Commercial Banks in Ghana Alexander Owiredu Mercy Kwakye Department of Accounting and Finance Pentecost University College Ghana.*International Journal of Business and Social Science*, *11*(5), 18–27. https://doi.org/10.30845/ijbss.v11n5p3

Palaniappan, G. (2017). Determinants of corporate financial performance relating to board characteristics of corporate governance in Indian manufacturing industry: An empirical study. *European Journal of Management and Business Economics*, *26*(1), 67–85. https://doi.org/10.1108/EJMBE-07-2017-005

Ghana Banking Survey (2019). *Banking reforms so far: topmost issues on the minds of bank CEOs*. *August*, 91. https://www.pwc.com/gh/en/assets/pdf/ghana-banking-survey-2019.pdf

Rodriguez-Fernandez, M. (2016). Social responsibility and financial performance: The role of good corporate governance. *BRQ Business Research Quarterly*, *19*(2), 137–151. https://doi.org/10.1016/j.brq.2015.08.001

Rostami, S., Rostami, Z., &Kohansal, S. (2016). The Effect of Corporate Governance Components on Return on Assets and Stock Return of Companies Listed in Tehran Stock Exchange. *Procedia Economics and Finance*, *36*(16), 137–146. https://doi.org/10.1016/s2212-5671(16)30025-9

Safiullah, M., &Shamsuddin, A. (2018).Risk in Islamic banking and corporate governance.*Pacific Basin Finance Journal*, *47*(October 2017), 129–149. https://doi.org/10.1016/j.pacfin.2017.12.008

Saleem, Q., & Rehman, R. U. (2011). Impacts of liquidity ratios on profitability (Case of oil and gas companies of Pakistan). *Interdisciplinary Journal of Research in Business*, *1*(July), 95–98.

Salehi, M., Tahervafaei, M., & T arighi, H. (2018).The effect of characteristics of audit committee and board on corporate profitability in Iran.*Journal of Economic and Administrative Sciences*, *34*(1), 71–88. https://doi.org/10.1108/jeas-04-2017-0017

Suhadak, S., Kurniaty, K., Handayani, S. R., & Rahayu, S. M. (2019). Stock return and financial performance as moderation variable in influence of good corporate governance towards corporate value.Asian Journal of Accounting Research, 4(1), 18–34. https://doi.org/10.1108/ajar-07-2018-0021

Saunders, M., Lewis, P., & Thornhill, A., (2012) Research Methods for Business Students, Sixth Edition, Pearson Education Ltd, Edinburgh.

The Financial Reporting Council (2018) The UK Corporate Governance Code, The Financial Reporting Council, London Wall, London

APPENDIX A – DATA ON STUDY VARIABLES

Bank	Year	Independent Variable	Independent Variable	Independent Variable	Control Variable
		Board Size	Board Composition	CEO Duality	LEVERAGE
CAL Bank	2014	9	0.78	0	0.85
	2015	10	0.80	0	0.84
	2016	10	0.80	0	0.86
	2017	10	0.80	0	0.84
	2018	10	0.80	0	0.85
Fidelity Bank	2014	10	0.60	0	0.87
	2015	10	0.60	0	0.87
	2016	7	0.57	1	0.88
	2017	6	0.50	1	0.90
	2018	8	0.63	0	0.90
Prudential Bank	2014	10	0.80	0	0.89
	2015	10	0.80	0	0.90
	2016	10	0.80	0	0.90
	2017	10	0.80	0	0.89
	2018	10	0.80	0	0.85
GCB Bank	2014	12	0.75	0	0.84
	2015	11	0.82	0	0.82
	2016	12	0.75	0	0.83
	2017	12	0.75	0	0.88
	2018	12	0.75	0	0.87
UMB	2014	11	0.64	0	0.00
	2015	11	0.64	0	0.90
	2016	11	0.64	0	0.94
	2017	13	0.54	0	0.93
	2018	13	0.54	0	0.90
BSIC	2014	7	0.71	0	0.78
	2015	7	0.71	0	0.82
	2016	7	0.71	0	0.80
	2017	7	0.71	0	0.81
	2018	7	0.71	0	0.74
ADB	2014	8	0.38	0	0.84
	2015	7	0.57	0	0.84
	2016	8	0.50	0	0.85
	2017	9	0.67	0	0.86
	2018	8	0.75	0	0.82
NIB	2014	11	0.81	0	0.79
	2015	11	0.83	0	0.79
	2016	11	0.83	0	0.00
	2017	11	0.83	0	0.00
	2018	11	0.83	0	0.00

Source: Financial Reports 2014-2018

APPENDIX B – DATA ON STUDY VARIABLES

Bank	Year	Dependent Variable	Dependent Variable	Dependent Variable	Control Variable	Control Variable
		ROA	ROE	Liquidity	Firm Size	Firm Age
CAL Bank	2014	0.052	0.358	0.90	7.80	3.30
	2015	0.048	0.316	0.84	8.06	3.29
	2016	0.002	0.014	0.52	8.07	3.26
	2017	0.034	0.224	0.79	8.25	3.22
	2018	0.030	0.213	0.77	8.49	3.18
Fidelity Bank	2014	0.027	0.213	0.60	7.98	2.48
	2015	0.036	0.293	0.79	8.28	2.39
	2016	0.004	0.030	0.81	8.29	2.30
	2017	0.017	0.169	1.03	8.54	2.18
	2018	0.023	0.237	1.17	8.80	2.07
Prudential Bank	2014	0.017	0.171	0.33	6.96	3.21
	2015	0.007	0.068	0.39	7.15	3.17
	2016	0.005	0.057	0.45	7.32	3.14
	2017	-0.012	-0.111	0.70	7.57	3.09
	2018	0.005	0.033	0.57	7.65	3.04
GCB Bank	2014	0.064	0.409	0.89	8.29	4.17
	2015	0.053	0.300	0.77	8.37	4.16
	2016	0.049	0.295	0.99	8.64	4.14
	2017	0.022	0.191	0.85	9.02	4.13
	2018	0.030	0.244	0.80	9.18	4.11
UMB	2014	0.000	0.000	0.00	0.00	3.85
	2015	-0.004	-0.004	0.65	7.11	3.82
	2016	0.070	0.124	1.09	7.85	3.81
	2017	0.016	0.224	0.86	7.92	3.78
	2018	0.000	0.000	0.00	0.00	3.76
BSIC	2014	0.012	0.057	0.82	5.80	2.30
	2015	0.030	0.165	0.70	6.14	2.18
	2016	0.018	0.088	0.60	6.28	2.08
	2017	0.012	0.063	0.60	6.39	1.94
	2018	0.000	0.000	0.00	0.00	1.79
ADB	2014	0.022	0.139	0.62	7.62	3.97
	2015	-0.037	-0.237	0.57	7.57	3.95
	2016	-0.023	-0.154	0.83	7.93	3.93
	2017	0.007	0.055	0.84	8.09	3.91
	2018	0.002	0.009	0.89	8.12	3.89
NIB	2014	0.034	0.163	0.40	7.55	4.00
	2015	0.045	0.221	0.40	7.60	3.98
	2016	0.000	0.000	0.00	0.00	3.97
	2017	0.000	0.000	0.00	0.00	3.95
	2018	0.000	0.000	0.00	0.00	3.93

Source: Ghana Banking Survey Report, 2019

APPENDIX C – UNIVERSAL BANKS IN GHANA AS AT JUNE, 2019

1. Access Bank (Ghana) Limited	Foreign
2. Agricultural Development Bank Limited	Indigenous
3. Bank of Africa Ghana Limited	Foreign
4. Barclays Bank Ghana Limited	Foreign
5. Cal Bank Limited	Indigenous
6. Consolidated Bank Ghana Limited	Indigenous
7. Ecobank Ghana Limited	Foreign
8. FBNBank Ghana Limited	Foreign
9. Fidelity Bank Ghana Limited	Indigenous
10. First Atlantic Bank Limited	Foreign
11. First National Bank	Foreign
12. GCB Bank Limited	Indigenous
13. Guaranty Trust Bank (Ghana) Limited	Foreign
14. National Investment Bank Limited	Indigenous
15. Omni-Bank Ghana Limited	Indigenous
16. Prudential Bank Limited	Indigenous
17. Republic Bank Ghana Limited	Foreign
18. Société General Ghana Limited	Foreign
19. Stanbic Bank Ghana Limited	Foreign
20. Standard Chartered Bank Ghana Limited	Foreign
21. United Bank for Africa (Ghana) Limited	Foreign
22. Universal Merchant Bank Limited	Indigenous
23. Zenith Bank (Ghana) Limited	Foreign