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**CORPORATE GOVERNANCE AND PERFORMANCE OF
BANKS IN GHANA**

BY

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**A thesis submitted to the Department of Accounting and Finance in partial fulfilment of
the requirements for the award of
Master of Business Administration (Finance)**

SEPTEMBER 2015

ABSTRACT

Corporate governance is a subject that has become of paramount interest to all economic and business stakeholders, especially since the onset of undesirable global events in the corporate world in the recent past which pointed to weaknesses in governance mechanisms. The purpose of this study was to identify whether there was a relationship between corporate governance practices and performance of banks in Ghana. This study also sought to examine the level of compliance with the Corporate Governance code by banks in Ghana and also compare the corporate governance practices of banks which are listed on the Ghana Stock Exchange with those which are not, and ascertain whether there were notable differences in compliance levels. Nine (9) out of the twenty-eight (28) banks currently operating in the country were involved in this study. Data were gathered mainly from their annual reports over a four-year period. A scorecard approach was used to assess the corporate governance practices of the banks. Return on equity, return on assets, and earnings per share were selected as the performance indicators of the banks. The results of the study showed a general improvement in the corporate governance practices of the banks over the period. Higher levels of corporate governance were found with banks listed on the Ghana Stock Exchange, as compared to those which are not. Further analysis of the results revealed a weak, positive correlation between corporate governance and both return on equity and earnings per share. However, a weak negative correlation was found between corporate governance and return on assets. Recommendations were made that regulations which will compel banks to adhere to corporate governance principles be instituted by the Bank of Ghana. Similar research work on corporate governance practices by firms in other industries in Ghana was also suggested.

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LIST OF ABBREVIATIONS

CAL	-	CAL Bank Limited
CEO	-	Chief Executive Officer
EBG	-	Ecobank Ghana Limited
EPS	-	Earnings per Share
FBL	-	Fidelity Bank Limited
FRC	-	Financial Reporting Council
GSE	-	Ghana Stock Exchange
GTB	-	Guaranty Trust Bank (Ghana) Limited
ICGN	-	International Corporate Governance Network
IFC	-	International Finance Corporation
OECD	-	Organisation for Economic Co-operation and Development
PBL	-	Prudential Bank Limited
PWC	-	PriceWaterhouseCoopers
ROA	-	Return on Assets
ROE	-	Return on Equity
ROSC	-	Reports on the Observance of Standards and Codes
SCB	-	Standard Chartered Bank Ghana Limited
SEC	-	Securities and Exchange Commission
UGL	-	UniBank Ghana Limited
UK	-	United Kingdom
USA	-	United States of America
UTB	-	UT Bank Ghana Limited
ZBL	-	Zenith Bank (Ghana) Limited

ACKNOWLEDGEMENTS

I thank God for the gift of life and every endowment that made it possible for me to complete this work despite all the challenges faced.

My sincere thanks also goes to my supervisor, Mr. Gideon Boako for the time, guidance and suggestions offered towards this thesis.

I am also grateful to all lecturers of KSB for their contribution to the knowledge I acquired during my course of study.

Finally, my deepest gratitude to my family for their prayers, motivation and diverse forms of support. God bless you all richly.

DEDICATION

This work is dedicated to my entire family, especially my wife Nora, and our son Nathan.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The crumble of organisations around the world in the past decade, especially in some advanced countries, sparked off remarkable interest in the subject matter of corporate governance globally. Corporate establishments such as Enron and Lehman Brothers in the United States of America (USA), Barings Bank in the United Kingdom (UK) and Parmalat in Italy were deemed to have collapsed due to weaknesses in the systems of governance they had in place.

The UK Corporate Governance Code published by the Financial Reporting Council (2012) defines corporate governance simply as ‘the system by which organisations are directed and controlled’. It further states the purpose of corporate governance as being ‘to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company’.

The need for corporate governance principles arises from the agency relationship that exists between shareholders and directors or managers of the company. Jensen and Meckling (1976) defined agency relationship as ‘a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent’. They further postulated that in the instance where each of the two sides are seeking to maximize their benefits, then it is reasonable to expect that the actions of the agent may conflict with the desires or expectations of the principal. This problem, the agency problem, necessitates the formulation of corporate principles or guidelines that will help eliminate this problem.

Various countries employ different measures or approaches to ensure that companies within their jurisdictions comply with corporate governance provisions. While some countries such as the United States of America use a rules-based approach, other countries use a more flexible principles-based approach; for example, the United Kingdom. Regulatory bodies which are charged with the oversight of corporate governance issues come out with regulatory instruments in the form of acts or codes which contain the laws or principles to be complied with by companies operating within their jurisdiction. So while the USA has the Sarbanes Oxley Act for US-based companies, the UK Corporate Governance Code has been established to govern UK-based companies. In Ghana, the Corporate Governance Guidelines on Best Practices in Ghana, was published by the Securities and Exchange Commission (SEC) in the same vein. On the international level also, there are bodies such as the Organisation for Economic Co-operation and Development (OECD) which address corporate governance issues in line with their mandate to promote sustainable economic growth and financial stability in their member countries.

It is the expectation that all the rules and principles contained in these Acts and Codes will help improve the operational and financial performance of companies, and consequently the wealth created for their shareholders.

Some studies have been carried out in certain countries to ascertain whether good corporate governance practices actually had a relationship with performance of companies. This research pertains to the banking industry in Ghana.

Banks in Ghana were selected for this study because they belong to one of the most vibrant and fast-growing sectors in the Ghanaian economy. Also, higher standards of governance are expected from banks due to the fact that they mobilize and keep funds from the public and are therefore expected to exhibit higher levels of accountability.

1.2 Problem Statement

The Organisation for Economic Co-operation and Development (2004) proposed that good corporate governance must result in higher motivation for the board and executive managers to pursue goals which are in harmony with those of the company and its shareholders. It should also facilitate effective supervision. When an effective corporate governance mechanism is instituted, either within a corporate establishment or in the larger economic setting, the level of confidence needed for the optimal operation of that economy is heightened. It is therefore expected that the corporate governance practices of a company will reflect in its operational and financial performance.

Initial research performed on this subject matter found the volume of work that has previously been carried out in this area in Ghana to be somewhat limited and inadequate. No study conducted in Ghana which sought to investigate a relationship between corporate governance and performance of banks came to the researcher's attention. In view of this absence of study on the research topic in Ghana, this was opined to be a worthwhile area for study, and highly significant contribution to the body of knowledge on the subject matter in this country.

1.3 Research Objectives

The primary purpose of this research is to ascertain the correlation between compliance with corporate governance principles and the level of performance of banks in Ghana.

Specifically, the objectives of this study are three-fold, namely:

- To examine the level of compliance of the Corporate Governance Code by banks in Ghana.
- To compare the corporate governance practices of banks which are listed on the Ghana Stock Exchange with those which are not.
- To examine the relationship between corporate governance practices and performance of banks in Ghana.

1.4 Research Questions

To be able to achieve the objectives of this study, I attempt to analyze and find answers to the following questions.

1. To what extent do banks in Ghana comply with the corporate governance code?
2. Is there a difference in the level of compliance between banks which are listed on the Ghana Stock Exchange and those which are not?
3. Is there a relationship between level of compliance with corporate governance principles by banks in Ghana and their performance?

1.5 Significance of the study

The banking industry in Ghana has been quite vibrant over the past decade. There has been an increase in the number of banks as well as an introduction of new and varied products within this sector. It thus plays a vital role by contributing significantly to the economy of Ghana. It is highly important that banks are directed and controlled in a manner that maximizes the level of accountability to all stakeholders, especially their shareholders. Considering the size and level of

significance of the banking industry in Ghana, a study on the topic of corporate governance is highly relevant and necessary. Also, the findings and conclusions drawn from this research can impact on other firms within the financial services sector and indeed within the Ghanaian economy as a whole.

Also, this is a highly relevant study because of the widely accepted concept of shareholder wealth maximization as a key reason for a company's existence. The wealth of shareholders can be maximized if the company is delivering better performance levels. It is therefore essential that a critical examination is performed to determine whether the governance of companies, in this context banks, has anything to do with the company's performance.

Finally, because the data which has been used in this research is quite current, this study can serve as a relevant source of information.

1.6 Scope of Research

The research focuses on the adoption of key aspects of corporate governance principles. The study will assess how corporate governance principles per the SEC's Corporate Governance Guidelines are being adhered to. A scorecard of principles extracted from the SEC's code was used for the purpose of this assessment. The scorecard measures various requirements of the code, which are categorized into the following:

- Leadership structure
- Board Structure
- Board size and composition
- Board committees
- Corporate Reporting and Disclosure

All licensed universal banks in Ghana whose annual reports were available on the internet, numbering nine (9) in all, were selected to be part of this research. These banks can be categorized into listed and non-listed banks.

Secondary data was used for this research. The data was predominantly obtained from the annual reports prepared by the banks from 2009 to 2012.

Performance was measured using key financial ratios, Return on Assets (ROA), Return on Equity (ROE) and Earnings per share (EPS). A higher ROA, ROE and EPS indicates higher performance of the banks.

1.7 Limitations of the study

The research will be restricted to the banks for which the relevant information necessary for undertaking evaluation is obtained. All banks for which annual reports cannot be obtained will therefore not be included in this study.

1.8 Organisation of the study

The research report is organised into five chapters:

Chapter one focuses on the background of the study, the problem statement, objectives and significance of the study.

A literature review is done in chapter two. Various theories and concepts are discussed in this chapter.

In chapter three, details of methodological approach followed to achieve results is outlined. Included in the methodology are the research design, sampling, data collection method, and data analysis.

The results and discussions from the study, supported with findings from other research works are captured in the fourth chapter.

Chapter five focuses on a summary of the main findings, conclusions and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter constitutes a survey of the literature pertaining to the topic. The conceptual framework of corporate governance, as well as some theories and views of others who have previously delved into the subject will be examined. We will also look at some corporate governance codes and systems that have been instituted in various jurisdictions, with an emphasis on Ghana. I then review literature on the banking industry in Ghana, and how their performance may be influenced by corporate governance practices.

2.2 Meaning of Corporate Governance

Various definitions have been given to corporate governance by different authors and bodies. Perhaps one of the simplest is the one given by the Cadbury Committee in UK. They define corporate governance as the system by which companies are directed and controlled. (Cadbury, 1992). However, the Cadbury Committee expands on the definition by stating that the directors of a company are responsible for the proper leadership and control of those establishments. The duty of shareholders in governance is to appoint the right individuals to the board and to assure themselves that the governance set-up which has been instituted is appropriate and adequate. The roles that should be played by the board include formulating the corporate strategy, steering the course for realization of this strategy, monitoring managerial activities and relating to shareholders in an accountable manner in view of the responsibilities entrusted to them. The activities of directors are subject to the laws and regulations pertaining to the particular jurisdiction and the organized decision of shareholders.

Another definition is offered by the Organisation for Economic Corporation and Development. According to the OECD (2001) “Corporate governance refers to the private and public institutions, including laws, regulations and accepted business practices, which together govern the relationship, in a market economy, between corporate managers and entrepreneurs (corporate insiders) on one hand, and those who invest resources in corporations, on the other”.

Ghana’s Corporate Governance Guidelines on Best Practices, published by the Securities and Exchange Commission (SEC) describes Corporate governance in the context of a modern corporation as being synonymous with “the practices and processes used to direct and manage the affairs of a corporate body with the object of balancing the attainment of corporate objectives with the alignment of corporate behaviour to the expectations of society and accountability to shareholders and other stakeholders”.

It is apparent from the definitions given above that the manner of relationship between the shareholders and the managers of a company is vital so far as organizations are concerned. This relationship is termed the agency relationship, and is the bedrock of corporate governance. The agency relationship will be looked into in more detail in the next section of this study.

2.3 Theoretical Perspectives on Corporate Governance

A number of theories have been postulated to explain corporate governance. Prominent among them are the agency theory, the stakeholder theory, and the stewardship theory.

2.3.1 Agency Theory

According to Investopedia (2015), agency theory is a theory that offers explanation as to how principals and agents within the corporate setting relate with each other. This theory also seeks to

assist with finding solution to issues that can be present in the relations between principals, mainly the owners of companies and agents (executives who have been appointed to run the company).

Much of agency theory is rooted in the work of Berle and Means (1932) who asserted that the separation between ownership and control of large corporations gives managers the opportunity to pursue their own selfish interests ahead of the interests of the owners. This problem that owners or shareholders encounter is what is referred to as the agency problem. An underpinning notion of the agency problem is that there is a great tendency for human beings to be more passionate about satisfying their own ambitions and wants, and will not be willing to forfeit those personal desires for other peoples' interests. (Daily, Dalton and Cannella, 2003).

Some potential sources of agency conflict are moral hazard, risk aversion and earnings retention.

Moral Hazard: According to Wikipedia (2015) moral hazard occurs when individuals pursue ventures which involve greater risk because the liability created by those actions are assumed by another party. Shleifer and Vishny (1989) argue that executives have a preference to make investments best suited to their own set of abilities, to increase both their worth to the firm and how much it may cost to replace them. It is held that option-based contracts and stock-based contracts are useful tools to reduce moral hazard problem. (Choe and Yin, 2004)

Risk-aversion: Managers are generally seen to be risk averse, and will prefer to choose an action with a lower risk and pay-off whenever posed with uncertainty of the outcome. This aversion to risk may however be in discord with some shareholders who may want to accept higher risks with the expectation that they will be adequately compensated by receiving higher returns.

Earnings Retention: As part of finding solutions to the agency problem, they considered the board of directors as a needful tool for monitoring company executives. The agency role of the directors refers to role of the board to govern the company in their service to shareholders. This is achieved by sanctioning the decisions arrived at by management and giving guidance and supervision on the implementation of those decisions (Baysinger and Butler, 1985). Due to the importance of this role, a lot of research work has gone to examine the composition of the board of directors (Barnhart, Marr and Rosenstein 1994; Bhagat and Black, 1998).

Jensen and Meckling also make significant contributions to this topic. They define an agency relationship as “a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent”. They further assert that if the two parties to the relationship are seeking optimal utility, there is good reason to believe that the agent will not always act to suit the principal’s best interest. The principal can limit divergences from his interest by establishing appropriate incentives for the agent and by incurring monitoring costs designed to limit the aberrant activities of the agent. Jensen and Meckling therefore introduce the necessity of incurring certain costs, known as agency costs, to institute mechanisms to mitigate the agency problem. They define agency costs as being the sum of the cost of monitoring management (the agent); bonding the agent to the principal; and residual losses. According to Jensen and Meckling, corporate governance mechanisms are put in place with the expectation that they will contribute to aligning the interests of shareholders and managers and minimizing agency costs.

2.3.2 Stakeholder theory

According to Freeman (1984), stakeholders are a group of persons who have the potential to affect, or can be affected by, the activities of the company, in achieving the goals of the company. Other objectives apart from maximizing the wealth of shareholders may arise because of the presence of stakeholder groups within the organization. These stakeholder groups, including employees, clients, lenders and immediate community will have diverging opinions on what the objectives of the company should be. (Watson and Head, 2007). The stakeholder theory takes the position that the needs of various stakeholders of an organization are different, and the organization must make the effort of satisfying these diverse needs of stakeholders.

Critics to stakeholder theory point at the problem of identifying who the genuine stakeholders of a company are. Smallman (2004) asserts that an endeavour to meet all stakeholders' needs may be an avenue for corruption, as it may only be a means to channel the wealth which is due the investors elsewhere.

The proponents of the stakeholder theory advocate that the representatives of the various stakeholders on the board of firms will successfully satisfy their claims (Ping, Cheng and Wing, 2011). Representatives are to act in the interest of their respective groups, hence corporate governance is improved as the board converges to meet the needs of all stakeholders, including the primary objective of maximizing shareholders' wealth.

2.3.3 Stewardship theory

A contrasting theory to the agency theory is the stewardship theory. This theory, propounded by Donaldson and Davis (1991) holds that appointed executives are considered good stewards who will act in the best interest of the shareholders. The stewards' actions are pro-

organisational and collectivistic, and will therefore result in higher utility than self-seeking behaviour. The activities of appointed directors acting as stewards will be aligned towards the firm's goals because they are acting in the firm's best interest. (Davis, Schoorman and Donaldson, 1997).

2.4 Historical Perspective on Corporate Governance

Systems of corporate governance have changed over many decades. These changes have often been as a result of events of failed corporations or system collapses. The first recorded breakdown of governance was the South Sea Bubble which occurred in the 18th century. This event caused a marked turn-around of corporate law and practices in the United Kingdom. In the same vein, many of the regulations regarding the stock market and other financial instruments in the United States were introduced subsequent to the market collapse of 1929 (Borgia, 2005).

Various attempts have been made to address issues that have come up with corporations since then. In the US, these include the formulation of the Foreign and Corrupt Practices Act of 1977 which included specific provisions relating to establishing, maintaining and reviewing internal control mechanisms. The Treadway Report, which was released in 1987 focused on the necessity for a good control environment, independent audit committees and an objective internal audit function, among other things.

In the UK, major impetus for better corporate governance practices came in the 1980s and 1990s when companies like Bank of Credit, Commerce and Industry, Polly Peck International and Barings Bank collapsed unexpectedly and it was discovered that for each of them, there had been financial reporting irregularities and weak internal controls. The Cadbury committee was set up

to probe into the financial aspects of corporate governance due to the fact that there were high suspicions of “window dressing” of accounts by firms.

Other reports such as the Hampel, Turnbull and Higgs report were combined and refined to become the UK Combined Code.

The subject of corporate governance received serious global attention at the onset of the 21st century after some corporate and business collapses and scandals such as the Enron, Tyco, Worldcom and Lehman Brothers cases which were attributed to poor governance practices.

2.4.1 Major corporate events which influenced Corporate Governance

Enron is the most prominent among all others in terms of corporate failures. The giant energy company went bankrupt in 2001 after it admitted that its earnings over the preceding years was short of what they had reported by more than half a billion dollars. The position of the company was worsened when it came to light that certain “special purpose vehicles” were used to boost its profits and lower its liabilities. To make matters worse, it was revealed that the company’s Chief Financial Officer was a stakeholder in one of the special purpose vehicles, a situation which posed seeming conflict of interest problems.

Another company that found itself at the centre of public discussion was Tyco. Tyco was a conglomerate with businesses ranging from health to communications. Shareholders of the group tried to mount pressure on Dennis Kozlowski, its founder, to break up the group. They however set aside that plan some time afterwards. Mr. Kozlowski then decided that he would only float Tyco's finance division. He upset shareholders with poor earnings and a big write-down of telecom assets, and managed to conceal information regarding other inappropriacies.

Charges were leveled against the founder that he had illegally avoided payment of tax up to the tune of one million dollars in respect of art works he traded. Without exercising patience for a conclusion to the matter, his board kicked him out.

WorldCom is another big telecoms group which suffered a collapse in 2002 attributable to weak corporate governance mechanisms. The company confessed that almost \$4 billion of expenses had been inadvertently recognized as capital expenditure, and that earnings realized for more than a year were actually supposed to have been losses. A member of the US House of Congress who was investigating the company claimed that the fraud had begun much earlier than the time that it became public. In the heat of these revelations, Worldcom sacked its Chief Finance Officer. The founder and CEO was also made to step down. Despite these developments, the SEC was still dissatisfied and proceeded to audit the company's financial records. Upon the investigation, Worldcom's accounts were found to have numerous shortfalls, including non-compliance with the requirements of American accounting standards.

Another company noted for its collapse, principally as a result of failed corporate governance is Lehman Brothers. Lehman was the fourth-largest U.S investment bank, with more than 20,000 employees globally. The company went bankrupt in the latter part of 2008. With its assets and liabilities each in excess of \$600 billion, the company's application for insolvency was the highest in history, surpassing even that of Enron and WorldCom. The collapse of Lehman also made it the worst hit by the financial crisis that affected a chunk of the global economy in 2008. According to Mawutor (2014), the investment bank used window-dressing presentation to assist in 'massaging' their accounts to help make the firm more attractive to investors by portraying a better image of the bank. The firm's auditors, Ernst and Young, were also charged because they were found culpable of aiding the investment bank in committing a number of accounting malpractices.

In reaction to some of these corporate scandals and failures, concern about corporate governance practices was heightened and many countries introduced new corporate governance codes or revised existing ones to enhance the accountability of company executives to shareholders.

2.5 Corporate Governance Codes

Codes of corporate governance are defined as “a set of ‘best practice’ recommendations with regard to the behavior and structure of the board of directors of a firm” (Aguilera, Cuervo-Cazurra, and Kim, 2008).

The first highly recognized national corporate governance code was published in the United Kingdom in 1992. The publication was produced by a committee which was led by Sir Adrian Cadbury. The title of the code was “The Financial Aspects of Corporate Governance”. It was also simply referred to as the Cadbury Code.

A great deal of emphasis must of necessity be made on the fact that governance codes are expressed as principles and not as laws which may attract penalties when not complied with. This is the case because those responsible for formulating the codes take cognizance of the reality that circumstances of various companies may differ, and codes can offer some flexibility. Codes are meant to continue from the point where rules cease.

2.5.1 International Codes

International bodies which have released Codes of Corporate Governance include the Organisation for Economic Co-operation and Development (OECD), the International Corporate Governance Network (ICGN) and the United Nations.

The OECD Principles of Corporate Governance was initially released in 1999, after it received an endorsement from the OECD Ministers. The OECD code has subsequently turned into a global standard for decision makers, shareholders, enterprises and other stakeholders around the world. They have propelled the corporate governance agenda and have given customized direction for regulatory activities in countries both within and outside OECD jurisdiction

The OECD code was reviewed and the revised principles published in 2004 to factor new happenings in OECD member and non-member countries at the time.

The International Corporate Governance Network (ICGN) is a governance organization led by investors which was formed in 1995 and is established in over 50 countries. Its aim is to promote effective corporate governance standards to assist in further developing efficient markets and economies globally. The ICGN Global Governance Principles (“the Principles”) describe the responsibilities of boards and shareholders respectively and aim to promote a deeper level of discussion between the two parties. The current edition, which is the fourth, was published in 2014.

The United Nations Conference on Trade and Development (UNCTAD) published the Guidance on Good Practices in Corporate Governance Disclosure in 2006. This guidance was meant to serve as an optional technical aid for policy makers and firms in developing economies and emerging markets. The emphasis of the document was put on generally relevant disclosure issues that should apply to most organisations in order to enhance the benefits expected from the document. The guidance draws heavily from some of the major codes like the UK Combined Code, the OECD Principles of Corporate Governance (OECD Principles), the International Corporate Governance Network Corporate Governance Principles, and also the Sarbanes Oxley Act, and draws some insights from the contents of these documents, with an emphasis on an

array of disclosures including finance-related information, information relating to general meetings, information regarding the level of adherence to rules pertaining to their respective jurisdictions and how timeously and the manner in which information is disclosed.

2.5.2 National Codes

In Australia the Australia Securities Exchange (ASX) Corporate Governance Council released the third edition of the corporate governance principles and recommendations in 2014 for listed entities. The stated purpose was to “lay down recommendations of corporate governance practices for companies listed on the Australian Stock Exchange which have a great chance of resulting in better governance outcomes per the Council’s opinion and meet the reasonable expectations of most investors in most situations”. According to the ASX Corporate Governance Council, it is not compulsory to follow the principles and recommendations as they do not intend to prescribe a set of rules that a listed company must adopt. However, under the ‘if not, why not’ principle, if an organization does not adopt the recommendations, it must explain why it has not.

In Belgium, the 2009 Belgian Code on Corporate Governance is in place. It is also structured around the ‘comply or explain’ methodology. It is believed that the code will create more and faster transparency and will also stimulate compliance since it will be increasingly harder to justify deviations. Transparency is attained by means of disclosure through two separate documents: the Corporate Governance Charter, which is displayed on the company's website, and the Corporate Governance Statement, a special portion of the company’s annual report. A number of researchers who have studied the topic point to the fact that adherence to the code is reasonably high and that it is only in a few instances that non-compliance was observed.

France has the Corporate Governance Code of Listed Corporations, Amended in June 2013, which was prepared by working parties of the Association Française des Entreprises Privées (Afed) and the Mouvement des Entreprises de France (Medef). In its preamble, it is stated that the business sector made significant inputs in the recommendations. This reflects the importance that the business community attaches to laying down key principles of good operation and transparency geared towards bettering managerial behaviour in response to the expectation of stakeholders, especially those who have financial investments in the entity.

In South Africa, The Institute of Directors in Southern Africa and the King Committee on governance came out with the King Code of Governance for South Africa in 2009. The King III Report, as it is commonly called is a revision of the King I and King II reports. About 13 supporting bodies are associated with the report. The King III report is on an ‘apply or explain’ basis. The ‘apply or explain’ approach is to a large degree equivalent to the ‘comply or explain’ approach used in other jurisdictions. In compliance with this approach, the board of directors may, collectively as a decision-making unit, come to a conclusion that following a particular recommendation may not be best suited to the company in question. The board may decide on a different application of the recommendation or on a different practice altogether and yet arrive at the aim of fulfilling the broader corporate governance principles of fairness, transparency, and accountability.

Several reports and codes relating to corporate governance have been released in the UK over the past two or three decades. Notable among them are the Cadbury Report, the Greenbury Report, the Hampel Report, the Higgs Report and the Combined Code of Corporate Governance. The UK Corporate Governance Code, which is the most recent, was published by the Financial Reporting Council in 2014 with the main purpose being to enhance effective, entrepreneurial and prudent management that can result in the enduring prosperity of companies. According to the

FRC, the code is not a rigid set of rules. It consists of principles (main and supporting) and provisions. The Listing Rules demand that entities apply the main principles and give an account to shareholders on how they have done so. The principles are the central component of the code and the way in which an entity chooses to apply them should be the main concern for a board which is deciding on how to steer its activities in compliance with the Code.

The United States of America is the only major jurisdiction which does not have any authoritative code of corporate governance serving as a generally-accepted standard. The general resistance to centralized regulation of corporate law, which is subject to state rather than federal statutes and an inclination towards rules-based regulation rather than principles-based consensus are probable reasons why the US does not have a code. (Haskovec, 2012). After the Enron scandal and collapse, the Sarbanes-Oxley Act of 2002, which is the major legislation that focuses on corporate governance issues in the US, was introduced.

2.5.3 The Corporate Governance Guidelines of Best Practices - Ghana

Ghana's Corporate Governance Guidelines of Best Practices was published in 2010 by the SEC. The code applies to every corporate entity sanctioned as stock exchanges, dealers and investment advisers under the Securities Industry Law, the managers, operators, trustees and custodian of unit trusts and mutual funds and the issuers of publicly traded securities. However, like codes in other jurisdictions, the practices embodied in the Ghana code are not in the form of rules and thus, violations are not met with legal penalties. They are principally meant to provide direction to companies and benchmarks against which levels of governance achieved by companies may be measured. (Ghana SEC, 2010)

Ghana SEC (2010) noted certain common elements that are associated with good corporate governance upon which further changes and improvements in governance structures are built upon today. They are: (1) shareholder rights (2) the equitable treatment of shareholders; (3) the roles of stakeholders; (4) disclosure and transparency; (5) the responsibilities of the board. These central themes are explicitly uncovered in the 2010 guidelines of best practices published by the Ghana Securities and Exchange Commission through more than a hundred provisions contained in the code.

2.6 Corporate Governance Mechanisms

Corporate governance involves the set of institutional and market mechanisms that induce self-interested managers to increase the value of the residual cash flows of the company to optimal levels on behalf of the owners of the entity. To have the necessary impact, a governance mechanism should bridge the gap between the interests of management and shareholders, and must have a substantial and positive impact on corporate performance and value (Denis, 2001). Various mechanisms are therefore set in place with the view that they will ultimately enhance the firm's performance and maximize shareholder wealth. In this study, I limit my discussion to the following mechanisms:

- Separation of CEO and Chairman position
- Board Size
- Board Composition
- Board Committees
- Executive Remuneration
- Corporate reporting

2.6.1 Separation of CEO and Chairman

The two topmost positions in an organization are that of the CEO and the Board Chairman. When a single individual occupies both positions, he is assumed to be excessively powerful, a situation which may be detrimental to the organization. According to Cadbury (2002), combined leadership structure happens when the CEO plays two different roles, firstly as the CEO and then also serves as the board chairman. On the other hand, when two separate individuals occupy the position of CEO and Board Chairman, then there is separate leadership (Rechner and Dalton, 1991). The distinction of the two roles of CEO and board chair is rooted fundamentally in agency theory (Dalton et al. 1998).

Since the main responsibilities of the board includes supervising management and safeguarding the investment made the shareholders, merging the duties of the CEO and the chairman, will lead to too much power being entrusted to one person, thereby potentially making him excessively dominant, and this may result in ineffective monitoring of management by the board (Lam and Lee, 2008). A separation of the two positions is believed to result in a more independent assessment of the CEO and executive management as a whole, creating the atmosphere for better accountability (Monks and Minow, 2004). On the contrary, there are suggestions from other quarters that CEO duality enhances the fortunes of the organization. Suryanarayana (2005) advocates that leadership is strengthened when the positions of CEO and Chairman are merged. Dehaene, De Vuyst and Ooghe (2001), find that a combined leadership structure impacts on ROA significantly. Brickley, Coles and Jarrell (1997) claim that there is no single optimal leadership structure because both duality and separate leadership style have costs and benefits associated with them.

2.6.3 Board Size

The optimal board size for a firm has been discussed over the years, with differing views been shared. Jensen (1993) was of the view that board sizes should be restricted, as a large board is likely to have many of its members being inactive (or free-riding). When this happens, the board becomes more of a mere formality and less effective in its role as part of the management process. However, a board which is too small in size may also lack the diversity of knowledge, skills and experience that may help the board to be effective. The UK Combined Code is of the opinion that the board should be sizeable enough such that the requirements of the business can be met and that changes to the constitution of the board as well as the make-up of its committees can be managed without unnecessary disruption. It should also not be too large such that it is not adequately managed to be effective in its role.

2.6.4 Board Composition

Board composition refers to the manner in which executive and non-executive directors, including independent non-executive directors are represented on the board. Singapore's Corporate Governance Code (2012) directs that there should be a strong element on the board, which is able to exercise independent and objective judgment on corporate affairs. No person or small group of persons should be given the leeway to be domineering during the board's decision making. The presence of executive directors on the board is highly essential. They bring to bear their expertise in specific areas and a vast amount of knowledge to the entity (Weir and Laing, 2001). However, as opined by Daily and Dalton (1993), they are not well placed to monitor or discipline the CEO since they report to him. Dalton et al (1998) therefore asserted that the larger proportion of a properly functioning board should comprise of non-executive directors who are expected to provide better performance because of their independence from the entity's

management. Studies conducted by Fama (1980) and Fama and Jensen (1983) point to the fact that non-executive directors are more inclined to protect the interest of the entity's owners, because of the need to preserve their reputation within the business circles. This view is supported by Weisbach (1988), who states that non-executive directors are more effective at monitoring than executive directors because of their concern for maintaining their reputation.

Whereas some studies have shown that there is a positive link between board composition with more independent non-executive directors and firm performance (Rosentein and Wyatt, 1990; Lee et al., 1992), other studies have resulted otherwise, that is, that there is an inverse relationship between a high proportion of outside directors on the Board and a company's performance (Weir and Laing, 2001; Bhagat and Black, 1998).

2.6.5 Board Committees

Board committees as part of the manner in which boards are organized, play vital roles by rendering objective and non-biased supervisory and consultancy services to the company with the aim of preserving the interest of shareholders. (Harrison, 1987). In many jurisdictions, it is now required of the Boards of companies to have committees performing certain key functions.

The Swiss Code demands that the Board of Directors of a company appoints committees from within its membership to be in charge of performing a detailed analysis of particular company-related issues before making recommendations to be acted upon by the full board as part of fulfilling its supervisory responsibilities. The board remains accountable for every action it takes which was informed by the work of its committees. It is becoming widely accepted that properly governed organisations should have audit, remuneration and nominations committees of the board in place to assist in delivering a system for objective monitoring of the firm's activities.

This will enhance the extent to which the firm remains accountable and continues to act in the best interests of the firm's owners. (Harrison, 1987).

The UK Combined Code outlines the role of the various committees. The Audit Committee are among others, to ensure that the company's accounting records are accurate, review the organisation's internal financial controls and monitor and review the independence and effectiveness of both internal and external auditors. The remuneration committee, which should be constituted of two or more independent non-executive directors should be given the powers to determine the level of compensation and incentives that are to be given to the executive directors and chairman.

The function of the nominations committee is to assess the mix of expertise, experience and independence on the board, and on the basis of this assessment, come out with the responsibilities and competencies relating to a specific appointment.

Keong (2002) argues that board committees may be rendered useless and ineffective unless their members are objective and unbiased, well informed and have access to expert advice. They must also have an appreciable level of financial acumen.

A study conducted by Klein (1998) concerning this topic came out with the findings that the existence of remuneration committees had a correlation with firm performance, but the correlation was weak. On the other hand, more recent studies by Petra (2007) on board structures observed that the presence of board committees did not have any correlation with the level of earnings. Similarly, Weir and Laing et al. (2002) found out that the structure of the audit committee had no effect on firm performance.

2.6.6 Director Remuneration

A key provision in some corporate governance codes including the Dutch, UK and Singapore code has to do with executive remuneration.

The compensation and incentive packages given to board members and senior management must be at a level that will be attractive enough to court and retain those with the requisite qualification and expertise. The pay structure, including severance pay should not be complex, and it should promote the medium to long-term interests of the company. Thus, the system should be such that management and board members would be dissuaded from acting in their own selfish interest rather than the company's, and failing board members would not be rewarded for their incompetence upon termination of their appointment.

According to Jensen and Meckling (1976), higher levels of remuneration and other forms of financial incentives should have a positive impact on firm performance. However, Jensen and Murphy (1990) show that executive salary is not an effective mechanism for increasing the value of the organisation. Brennan (1995) also argues that financial packages are insufficient to ensure complete harmony between the interests of hired executives and the firm's owners.

2.6.8 Corporate Reporting and disclosures

Many investors consider the annual report, more than anything else, as the most valuable source of input for making investment decisions (ACCA, 2013). Corporate reporting is important because it is a major means by which Boards account to shareholders. The essence of corporate reporting is to make essential information known to all interested parties in the organization. (Zairi and Letza, 1994). Corporate reporting involves both financial reporting and non-financial reporting. Financial reports are sought after because of information asymmetry and conflict

between company executives and shareholders. (Healey and Palepu, 2001). Studies have shown that systems of corporate governance which produce a more transparent and accountable system of leadership have a greater propensity to disclose information voluntarily. (Huafang and Jianguo, 2007).

2.7 Corporate Governance in Banks

According to the businessdictionary.com, a bank is an entity which is licensed by the governing authorities to receive clients' deposits, make interest payments, provide credit facilities and intermediate between two or more parties in financial transactions, as well as render other services of similar nature to its clients.

Two key differences distinguish banks from non-financial firms. Firstly, banks have multiple stakeholders. Secondly, the business of banking is complex, opaque and potentially highly dynamic. About 90% of a bank's capital may be attributable to debt holders (mainly depositors) as opposed to just 40% for non-financial firms. (Mehran, Morrison and Shapiro, 2011).

Corporate governance of banks should be seen as unique as compared to other ordinary firms and may pose a rather complicated agency problem. Whereas for an ordinary firm, the interest of the shareholders are being protected as top priority, the clients, principally depositors, are the ones who need more protection in the case of a bank. In actual fact, a bank in which a shareholder has managerial powers may be more at risk than other banks not experiencing that situation due to the fact that such persons will have the ability to be domineering over other managers who are committed to the continued existence of the bank. A theory of corporate governance must therefore take into consideration a combination of forces both within and

outside the organization so as to obtain the right balance of private and public interest. (Ciancanelli and Gonzalez, 2000)

Corporate governance in banks therefore has a broader objective of seeking to protect not just the shareholders but also depositors and the public at large. The role of regulatory bodies and regulations cannot be downplayed in the effort to accomplish this.

2.8 Banking Industry in Ghana

Ghana has experienced substantial foreign direct investments in the banking sector in the past decade or two. The asset base of the banking industry has grown substantially and placed the nation in a situation where it can capitalize on up-to-date banking technology. The level of competition within the industry has heightened and banks continually try to outdo each other in offering better products and services to customers. This has resulted in the banks spending huge sums of money on innovative marketing, developing new products and state of the art technology to keep abreast with the times and remain competitive. Banks are also switching from investing in short-term risk free government securities to medium to long term high-risk investments such as retail loans, loans to businesses, mortgage financing and asset leasing.

A banking survey conducted by PriceWaterhouseCoopers (PWC) revealed that as at May 2014, there were 27 universal banks, 137 rural banks and 58 non-bank financial institutions, which include savings and loans companies, finance houses, leasing and mortgage firms. However, with the granting of a universal banking license to First National Savings and Loans Ltd, now operating as GN Bank, there are currently 28 licensed universal banks in Ghana. It is therefore obvious that there is significant competition within the banking industry in Ghana.

Of the 28 universal banks in Ghana at the moment, 15 of them have majority of the shares being owned by foreign entities or individuals, while 13 are locally owned.

Also, only seven of the banks are listed on the Ghana Stock Exchange.

2.8.1 Regulatory Framework in Ghana's banking industry

The Bank of Ghana, which is Ghana's central bank, has oversight responsibility over universal banks operating in the country. It has as one of its mandates, to regulate, supervise and direct the banking and credit system and ensure the smooth operation of the financial sector. This function is primarily performed through its Banking Supervision Department. The Bank of Ghana (BoG) has actively pursued better corporate governance in Ghanaian banks (World Bank ROSC Report, 2010).

In Ghana the business that banks are sanctioned to undertake include acceptance of deposits and other repayable funds from the public, lending, investment in financial securities, financial leasing, electronic banking, issuing and administering means of payment including credit cards, money transmission services, payment order, guarantees and commitments, trading for own account or for account of customers in, money market instruments, foreign exchange, or transferable securities; participation in securities issues and rendering of services related to those issues, advice to undertakings on capital structure, acquisition and merger of undertaking, portfolio management and advice, the keeping and administration of securities, safe custody of valuables, credit reference services and any other services as the Bank of Ghana may determine (Ghana Banking Act, 2004)

The activities of banks are subject to the Companies Code, 1963 (Act 179) and the Banking Act (Act 673) of Parliament of the Republic of Ghana.

Currently, the Bank of Ghana demands that new entrants into the banking industry wishing to operate as universal banks need a minimum stated capital of One hundred and twenty million Ghana cedis (GHS 120,000,000.00), which is twice the previous stipulated amount of Sixty million Ghana cedis (GHS 60,000,000.00). Existing banks, were not affected by this regulation, but were however expected to grow their capital to GHS 120 m on a voluntary basis. (PWC, 2014).

The increased level of competition within the banking sector has necessitated the adoption of more technologically advanced systems to enable them deliver more efficient services that will enhance customer satisfaction. Banks have also had to roll out more innovative products and services to give them an upper hand over competitors and also help them maximize profits and shareholders wealth.

2.9 Measuring Bank Performance

Before a good assessment of performance can be done, it is important to ascertain the variables that constitute good performance indicators. Oakland (1989) posited that a good performance indicator must be measurable, relevant and important to the performance of the organization. It must also be meaningful, and the cost of obtaining it should be less than the benefit that would be derived from it.

Various methods may be used to measure a firm's performance. According to Kiel and Nicholson (2003), financial measures used in empirical research on corporate governance fit into two broad categories, namely accounting-based measures and market-based measures. They also assert that return on assets (ROA) is the most commonly used accounting-based measure.

Baysinger and Butler (1985) identify return on equity (ROE) as a widely used accounting-based measure. A great deal of debate continues to ensue about which measures are most reliable.

Available records of findings obtained through empirical studies on the relationship between measures of a company's performance as depicted by accounting and market-based performance indicators, and corporate governance attributes show varied outcomes. A meta-analytic review of corporate governance literature seems to reveal a lack of consensus with respect to the dependability of one measure over the other. (Dalton et al. 1998).

2.9.1 Return on Assets

Return on assets (ROA) is a performance measure widely used in the governance literature for accounting-based measures (Finkelstein and D'Aveni 1994; Kiel and Nicholson 2003; Weir and Laing 2001). ROA is calculated as net income divided by total assets and is an indicator of short-term performance (Finkelstein and D'Aveni, 1994). It is a measure which assesses the efficiency of assets employed (Bonn, Yoshikawa and Phan 2004). According to Epps and Cereola (2008), ROA shows investors the earnings that have been generated by funds which have been channeled into capital assets. Efficient use of an organisation's assets is best shown by the rate of return on its assets. Since an entity's management is responsible for the activities of the firm and deployment of the company's assets, ROA is a measure that allows users to ascertain how well an organisation's corporate governance system is functioning so far as enhancing the level to which the entity's management is running efficiently is concerned. (Epps and Cereola 2008).

2.9.2 Return on Equity

This is another key accounting-based measure of an entity's performance which is used in researching on corporate governance practices. (Baysinger and Butler 1985; Dehaene, De Vuyst and Ooghe 201). Epps and Cereola (2008) assert that one of the principal reasons for which companies operate is to make profits which will reward its shareholders. As such, ROE is a measure which shows shareholders, as well as other stakeholders, the earnings which have resulted from the money put in by investors. It is arrived at by dividing net income by common equity.

The ROE is described as having certain limitations. These include the fact that it is not risk-sensitive (for example, the proportion of risky assets and the solvency situation is missing in the ROE figure), it does not take into account the institution's long-term strategy or significant extraordinary elements.). ROE is therefore not a stand-alone performance measure.

2.9.3 Earnings per Share

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability (Investopedia, 2015). It is the subject of IAS 33, released by the International Accounting Standards Board (IASB). EPS may be calculated in two forms- basic and diluted. Basic EPS is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of shares outstanding during the period. Diluted EPS takes into consideration options and other dilutive potential ordinary shares such as convertibles and warrants in arriving at the weighted average number of shares outstanding (Deloitte, 2015)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the methodology used for the study. The chapter covers the research design, method of data collection, population and sample size, sampling procedure, and data analysis.

3.2 Research Design

The research design is the overall strategy through which the different components of the study will be integrated in a coherent and logical manner thereby ensuring that the research problem will be effectively addressed. It constitutes the blueprint for the collection, measurement and analysis of data. The research design is the structure from which the work plan will flow, and is dependent on the purpose of the research. The three main types of research are Descriptive Research, Explanatory Research and Exploratory Research.

This work adopts a descriptive research design. Descriptive research is used to obtain information regarding the current status of the phenomena and describes what exists with respect to variables in a situation. Good descriptive research work can challenge accepted assumptions about the way things are, and tends to provoke further explanatory studies into the phenomena.

3.3 Population

The population for this research consisted of all 28 universal banks in Ghana as at the time of conducting this research.

3.4 Sample Selection

Two criteria were used in selecting the sample for this study.

- i) Banks which were licensed and operating during the period between 2009 and 2012
- ii) Banks whose annual reports for the period, 2009 to 2012, were available either on their websites or elsewhere on the internet.

Of the 28 universal banks currently operating in Ghana, 24 had universal banking status as at the beginning of 2009. Annual reports for 15 out of these 24 banks could not be obtained, thus the resultant sample size of 9 banks. These are CAL Bank, Ecobank, Fidelity Bank, Guaranty Trust Bank, Prudential Bank, Standard Chartered Bank, Unibank Ghana Ltd, UT Bank and Zenith Bank Ghana Ltd.

3.5 Data Collection Method

Data on corporate governance practices and financial performance of banks were collected from secondary sources. I primarily sourced my data from the annual reports of banks, obtained from the internet. Wikipedia defines an annual report as a detailed publication of a firm's activities throughout the previous year. They are designed in a manner so as to give investors and other stakeholders' information about the firm's activities and financial performance over the period in question.

This study therefore is based on secondary data. Secondary data is data that has already been collected for some other purpose.

My study examined data for the years 2009 to 2012. I chose these years because the Corporate Governance Guidelines of Best Practices in Ghana was released in 2010. This enables me to identify whether the level of compliance to corporate governance principles has increased significantly since the introduction of the code. It is the researcher's belief that by 2012, the various banks would have had ample time to comply with the provisions of the SEC's Guidelines of Best Practices.

3.6 Measuring Corporate Governance Practices

I used a scorecard approach to measure corporate governance practices of banks in Ghana. According to the International Finance Corporation (IFC) (2014), a scorecard is a quantitative tool to measure the level of observance of a code and/or a standard of corporate governance. Scorecards compare governance practices to a benchmark.

According to the OECD (2014), market analysts, directors, policy makers and enforcers, shareholders and other stakeholders may be assisted by scorecards to assess the general level of corporate governance that particular firms have achieved. If desired, a ranking or grading may be generated out of these scores to determine or indicate the position of a firm in comparison to others.

The International Finance Corporation found that the mere existence of a local corporate governance code did not automatically translate into better practice on the part of companies. According to them, part of the answer to this problem was in the use of scorecards, which had been inspired by the experience of private sector investors assessing compliance with national codes. Measuring corporate governance helps companies know where they stand and helps them

improve performance through better strategy, decision making, risk management, control, and organization. (IFC, 2014).

The IFC toolkit for developing corporate governance scorecards suggests the following steps in building a corporate governance scorecard:

1. Agree on broad indicator categories;
2. Select and adapt specific indicators;
3. Set the performance scale;
4. Decide whether weightings are needed; and if so,
5. Select weightings.

The scorecard is benchmarked on the provisions contained in the Corporate Governance Guidelines for Best Practice as released by the Ghana SEC. The main body of the code comprises of 105 principles capped under 6 Sections with the following headlines:

- i) The Mission, Responsibilities and Accountability of the Board of Directors,
- ii) Committees of the Board,
- iii) Relationship to Shareholders and Stakeholders,
- iv) Financial Affairs and Auditing,
- v) Disclosures in Annual Reports and
- vi) Code of Ethics.

For the purpose of this study, I developed the scorecard with 22 questions to which a ‘yes’ or ‘no’ answer may be given. A score of 1 is given for every ‘yes’ answer while a score of 0 is given for every ‘no’ answer. Where the annual report is silent on a matter that needs disclosure,

it is regarded as a 'no', and therefore a score of 0 is awarded. The scorecard was designed to give results that can be as objective as possible. Appendix I shows the questionnaire used for the scorecard while Appendix II shows the extracts of provisions in the Corporate Governance Guidelines of Best Practices to which the scorecard relates.

The total score that will be obtained determines the measure of compliance to the Corporate Governance Guidelines of Best Practices and is an indicator of sound corporate governance practices of the bank.

3.7 Measuring Performance

I use three ratios to measure performance of banks, namely the return on equity, return on assets and earnings per share.

3.7.1 Return on Equity

The Return on Equity ratio is used to indicate the efficiency of use of shareholders' investments, in other words, the extent to which shareholders' funds have been used to generate profits.

It is calculated as: $ROE = (\text{Profit after tax} / \text{Shareholders funds}) \times 100\%$

3.7.2 Return on assets

Return on assets shows the extent to which Management has put the firm's assets to efficient use.

It is calculated as $ROA = (\text{Profit after tax} / \text{Total assets}) \times 100\%$.

3.7.3 Earnings Per Share

EPS is calculated as profit attributable to ordinary equity holders divided by weighted average number of shares. This research depended on EPS as computed and stated by the various banks in their annual reports.

3.8 Data Analysis

Total scores of the banks per the corporate governance scorecard (referred to as the corporate governance score) were compared for each of the years within the sample period. Descriptive statistics were employed, including computations to ascertain the percentage increase or decrease in corporate governance scores over the 4-year period were performed for each bank. Identified patterns and trends were mostly presented in a graphical form to aid understanding.

Corporate governance scores of banks were compared with their performance to ascertain whether there was a correlation between corporate governance score and bank performance.

A Pearson's correlation was run to establish whether there was a significant correlation between corporate governance practices of banks and their performance.

CHAPTER FOUR

ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter is in four parts. In the first part, I present a brief profile of the banks involved in this study and their performance results for 2009 to 2012. Part two contains a summary of the results obtained from the corporate governance scorecard and assesses whether there has been an improvement in compliance with the SEC's corporate governance principles over the four year period.

In part three, I perform a comparative analysis of the corporate governance practices of banks which are listed on the Ghana Stock Exchange with those which are not.

In the next part, I examine the trends in performance of the banks using the chosen performance indicators, i.e. ROE, ROA and EPS. I use descriptive statistics to make the results easier to appreciate.

4.2 Brief Profile of Banks

In this section we consider the profile of each the banks forming our sample briefly.

4.2.1 CAL Bank Limited

CAL Bank Limited (CAL) is an indigenous Ghanaian Bank which has been operating in Ghana since 1990. It started off as Continental Acceptances Limited and then CAL Merchant Bank, before finally switching to CAL Bank. The bank was issued a license by the Bank of Ghana to

operate as a universal bank in 2004, hence has since then been operating as such. The bank currently has a network of about 24 branches which are located in various parts of the country. The bank is listed on the Ghana Stock Exchange. The table below highlights the bank's performance for the period 2009 to 2012.

Table 4. 1 - CAL Bank– Performance for 2009 to 2012

	2009	2010	2011	2012
Profit after tax (GHS)	8,303,000.00	9,466,000.00	16,905,000.00	51,651,000.00
Shareholders' funds (GHS)	58,424,000.00	78,778,000.00	88,353,000.00	207,424,000.00
Total Assets (GHS)	452,812,000.00	509,992,000.00	809,364,000.00	1,162,855,000.00
Return on Equity	14.21%	12.02%	19.13%	24.90%
Return on Assets	1.83%	1.86%	2.09%	4.44%
Earnings Per Share	0.044	0.039	0.068	0.094

Source: CAL Bank Annual Reports (2009-2012)

4.2.2 Ecobank Ghana Limited

Ecobank Ghana Ltd (EBG) came into existence in 1990, as a company set up to engage in banking activities. The bank commenced its operations as a merchant bank and was the first bank in Ghana to be given a Universal Banking license when it was introduced in 2003. Ecobank Ghana currently has over 80 offices scattered over the length and breadth of the country. Its staff strength currently stands at 1463 as at June 2015. Ecobank Ghana is the largest bank and had the highest earnings in 2014. It is listed on the Ghana Stock Exchange. The table below highlights the bank's performance for the period 2009 to 2012.

Table 4. 2 - Ecobank Ghana Limited – Performance for 2009 to 2012

	2009	2010	2011	2012
Profit after tax (GHS)	53,853,000.00	60,117,000.00	72,381,000.00	132,557,000.00
Shareholders' funds (GHS)	206,902,000.00	227,646,000.00	262,599,000.00	456,212,000.00
Total Assets (GHS)	1,383,193,000.00	1,521,229,000.00	2,132,183,000.00	3,428,070,000.00
Return on Equity	26.03%	26.41%	27.56%	29.06%
Return on Assets	3.89%	3.95%	3.39%	3.87%
Earnings Per Share	0.26	0.26	0.31	0.45

Source: Ecobank Annual Reports (2009-2012)

4.2.3 Fidelity Bank Limited

Fidelity Bank Limited (FBL), formerly Fidelity Discount House, received its license to operate as a universal bank in June 2006. This makes the bank the 22nd to be granted full universal banking status by Ghana’s central bank. The ownership of the bank rests with some Ghanaian citizens, some of which are senior officials of the bank, as well as Institutional investors. The bank took over Pro-Credit Savings and Loans Ltd in October 2014 to enhance its asset base and market share. The bank has two subsidiaries, namely Fidelity Asia Bank Ltd and Fidelity Securities Ltd. The table below highlights the bank’s performance for the period 2009 to 2012.

Table 4. 3 - Fidelity Bank Limited – Performance for 2009 to 2012

	2009	2010	2011	2012
Profit after tax (GHS)	2,027,677.00	4,833,101.00	9,699,351.00	27,674,000.00
Shareholders' funds (GHS)	31,850,169.00	36,982,179.00	55,568,448.00	120,612,000.00
Total Assets (GHS)	362,088,642.00	650,318,227.00	1,029,926,986.00	1,333,031,000.00
Return on Equity	6.37%	13.07%	17.45%	22.94%

Return on Assets	0.56%	0.74%	0.94%	2.08%
Earnings Per Share	0.14	0.31	0.62	1.69

Source: Fidelity Bank Annual Reports (2009-2012)

4.2.4 Guaranty Trust Bank

Guaranty Trust Bank (Ghana) Limited (GTB), also known as GT Bank (Ghana), was issued with its universal banking license in 2006, and effectively commenced its operations in Ghana. The Bank's parent bank is Guaranty Trust Bank Plc of Nigeria. GT Bank PLC is listed on the London Stock Exchange. Currently, 95.37% of the shares of GT Bank (Ghana) are held by the parent company, while the remainder is held by a Dutch company and a Ghanaian individual. The bank currently has over 750 employees, mostly Ghanaian. The table below highlights the bank's performance for the period 2009 to 2012.

Table 4. 4 - GT Bank – Performance for 2009 to 2012

	2009	2010	2011	2012
Profit after tax (GHS)	12,161,998.00	11,683,735.00	13,783,536.00	38,967,658.00
Shareholders' funds (GHS)	88,199,018.00	97,430,031.00	104,350,010.00	143,581,729.00
Total Assets (GHS)	285,823,626.00	414,899,884.00	444,294,453.00	682,967,373.00
Return on Equity	13.79%	11.99%	13.21%	27.14%
Return on Assets	4.26%	2.82%	3.10%	5.71%
Earnings Per Share	0.0017	0.0017	0.0019	0.0056

Source: GT Bank Annual Reports (2009-2012)

4.2.5 Prudential Bank Limited

Prudential Bank Limited (PBL) is a private limited liability company established in Ghana in 1993, and headquartered in Kanda, Accra. The bank has two subsidiaries, in which it has 100% shareholding. They are PBL Properties Limited and Prudential Securities Limited. PBL is owned by some Ghanaian individuals and Institutional investors including Social Security and National Insurance Trust (SSNIT) and National Trust Holding Company (NTHC). The table below highlights the bank's performance for the period 2009 to 2012.

Table 4. 5 - Prudential Bank Limited – Performance for 2009 to 2012

	2009	2010	2011	2012
Profit after tax (GHS)	3,435,807.00	4,007,505.00	8,237,149.00	9,616,000.00
Shareholders' funds (GHS)	24,881,468.00	38,888,974.00	47,126,123.00	85,095,000.00
Total Assets (GHS)	339,856,562.00	406,491,394.00	549,750,329.00	676,607,000.00
Return on Equity	13.81%	10.30%	17.48%	11.30%
Return on Assets	1.01%	0.99%	1.50%	1.42%
Earnings Per Share	NR*	NR*	NR*	NR*

*No records obtained

Source: Prudential Bank Annual Reports (2009-2012)

4.2.6 Standard Chartered Bank Ghana Limited

Established in 1896, Standard Chartered Bank Ghana Limited (SCB), is a 119 years old financial institution in Ghana. It is listed on the Ghana Stock Exchange and its stock is one of the highest priced at the moment. The bank currently has about 27 branches nationwide, with over 56 ATM machines spread across the country. Its employee base is currently over 1000. 80% of SCB

Ghana owned by Standard Chartered, the globally acclaimed bank. The table below highlights the bank's performance for the period 2009 to 2012.

Table 4. 6 - Standard Chartered Bank – Performance for 2009 to 2012

	2009	2010	2011	2012
Profit after tax (GHS)	57,497,000.00	72,208,000.00	77,676,000.00	136,288,000.00
Shareholders' funds (GHS)	159,578,000.00	195,981,000.00	232,576,000.00	311,349,000.00
Total Assets (GHS)	1,404,213,000.00	1,667,882,000.00	1,971,062,000.00	2,390,684,000.00
Return on Equity	36.03%	36.84%	33.40%	43.77%
Return on Assets	4.09%	4.33%	3.94%	5.70%
Earnings Per Share	2.99	3.64	3.97	1.16*

*EPS was rebased in 2012.

Source: Standard Chartered Bank Annual Reports (2009-2012)

4.2.7 Unibank (Ghana) Limited

Unibank (Ghana) Limited (UGL) is a fully owned Ghanaian bank. It was incorporated in 1997 as a private company and started its banking operations in 2001. Its focus was to meet the needs of SMEs and individual customers, and has since grown to offer a full range of universal banking services. The bank's head office is at the World Trade Center in Accra. The bank currently has a branch network of 36, found within 7 regions of Ghana. The table below highlights the bank's performance for the period 2009 to 2012.

Table 4. 7 - UniBank Ghana Limited – Performance for 2009 to 2012

	2009	2010	2011	2012
Profit after tax (GHS)	2,527,000.00	4,748,000.00	10,565,000.00	16,476,000.00
Shareholders' funds (GHS)	19,959,000.00	40,357,000.00	50,922,000.00	93,897,000.00
Total Assets (GHS)	219,980,000.00	393,493,000.00	565,917,000.00	898,131,000.00
Return on Equity	12.66%	11.76%	20.75%	17.55%
Return on Assets	1.15%	1.21%	1.87%	1.83%
Earnings Per Share	NR*	NR*	NR*	NR*

* No record obtained

Source: Unibank Annual Reports (2009-2012)

4.2.8 UT Bank Ghana Limited

UT Bank (UTB) is a commercial bank licensed by the Regulator, Bank of Ghana. About 40% of the bank is owned by UT Holdings Limited of Ghana. The bank is listed on the Ghana Stock Exchange. Alongside UTB, the parent company, UT Holdings has other subsidiaries including UT Logistics, UT Properties UT Collections and UT Life Insurance. The company started off as Unique Trust Financial Services, a Non-Bank Financial Institution, and later became UT Bank after its parent company made an acquisition of BPI Bank. The table below highlights the bank's performance for the period 2009 to 2012.

Table 4. 8 - UT Bank – Performance for 2009 to 2012

	2009	2010	2011	2012
Profit after tax (GHS)	7,521,000.00	9,300,000.00	13,065,000.00	20,931,000.00
Shareholders' funds (GHS)	22,279,000.00	51,087,000.00	61,229,000.00	128,435,000.00
Total Assets (GHS)	211,921,000.00	516,632,000.00	712,864,000.00	986,905,000.00
Return on Equity	33.76%	18.20%	21.34%	16.30%

Return on Assets	3.55%	1.80%	1.83%	2.12%
Earnings Per Share	0.04	0.03	0.04	0.05

Source: UT Bank Annual Reports (2009-2012)

4.2.9 Zenith Bank (Ghana) Limited

Zenith Bank (Ghana) Limited (ZBL) is a subsidiary of Zenith Bank PLC of Nigeria which is one of the largest West African banks currently. Zenith Bank (Ghana) Limited was incorporated in Ghana in 2005, and started banking operations that same year. The bank, which currently has 22 branches and 7 agencies, has sought to make a mark in the banking industry in Ghana as it utilizes its modern information technology infrastructure to deliver innovative products to its customers. The table below highlights the bank's performance for the period 2009 to 2012.

Table 4.9 - Zenith Bank – Performance for 2009 to 2012

	2009	2010	2011	2012
Profit after tax (GHS)	12,309,883.00	10,904,388.00	23,450,076.00	30,390,628.00
Shareholders' funds (GHS)	72,723,378.00	86,591,949.00	110,042,025.00	140,432,653.00
Total Assets (GHS)	554,662,147.00	655,182,151.00	699,795,599.00	949,487,308.00
Return on Equity	16.93%	12.59%	21.31%	21.64%
Return on Assets	2.22%	1.66%	3.35%	3.20%
Earnings Per Share	0.02	0.02	0.04	0.05

Source: Zenith Bank Annual Reports (2009-2012)

4.3 Summary of performance of individual banks

With respect to mean ROE score for individual banks over the period, Standard Chartered Bank and Ecobank obtained the best results with 37.51% and 27.26% respectively. Prudential Bank had the lowest mean ROE score with 13.22%.

In terms of ROA scores, SCB came tops with 4.52% followed by GT Bank with 3.97%. Fidelity Bank had the lowest mean ROA of 1.08%.

The graph that follows shows the performance results obtained by each of the various banks averaged over the 4-year period.

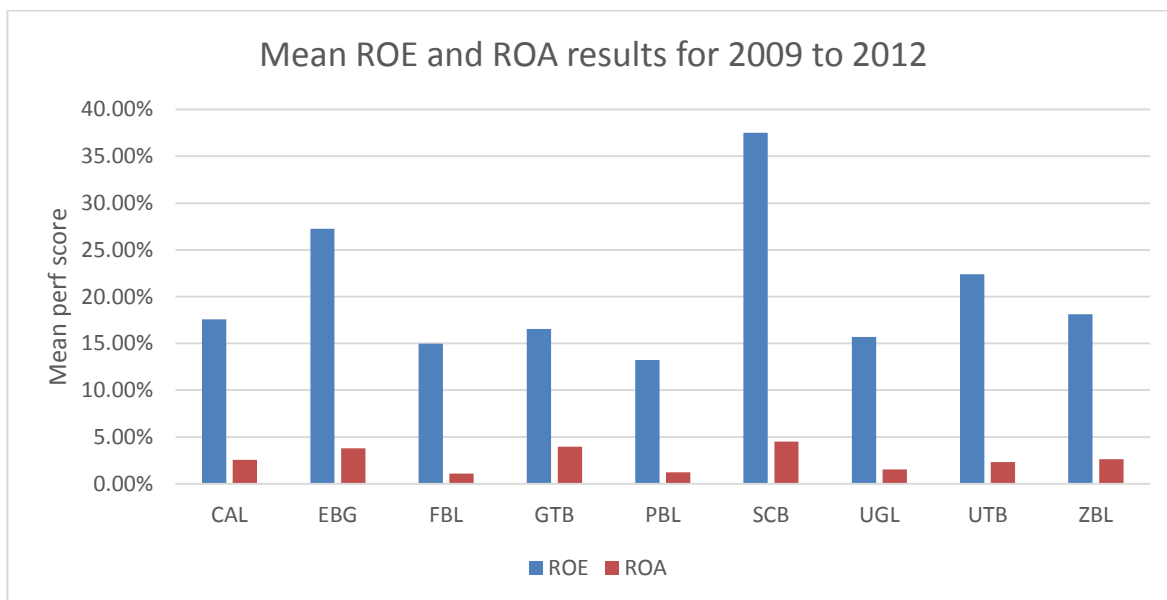


Fig. 4. 1 - ROE and ROA performance of individual banks over 4-year period

4.4 Aggregate performance of banks – 2009 to 2012

Table 4.10 shows the mean performance results reflecting the aggregated performance of banks over the period.

Table 4.10: Mean ROE, ROA and EPS of banks over 4-year period

	2009	2010	2011	2012
Mean ROE	19.29%	17.02%	21.29%	23.84%
Mean ROA	2.51%	2.15%	2.45%	3.37%
Mean EPS	0.0843	0.1101	0.1800	0.3900

A study of the mean scores of ROE shows that there was a decline in performance between 2009 and 2010 of about 2.27% from 19.29% to 17.02%. This is a change of -11.8%. UT Bank's realization of a 47% drop in ROE accounted for most of the negative movement of ROE during this period. Zenith Bank, Unibank, Prudential Bank, GT Bank and CAL Bank also experienced a decreasing ROE between 2009 and 2010. In subsequent years, ROE increased to 21.29% and then 23.84%. The aggregate change in mean ROE scores between 2009 and 2012 was 23.6%. Individually, the bank which recorded the highest change in ROE between 2009 and 2012 was Fidelity, i.e. 260.41%, while UT Bank had the worst record of -51.72%.

Mean scores of ROA also declined by -14.3% during the first period for which the study was conducted, from 2.51% in 2009 to 2.15% in 2010. The bank to suffer the lowest dip in ROA over this period was UT Bank, with their ROA decreasing by 49.3%. GT Bank also had its ROA declining by a substantial proportion of 33.8%. Between 2010 and 2011, there was a 14% improvement in aggregate mean ROA scores, although some individual banks, namely Standard Chartered and Ecobank did experience negative changes in ROA. The next period saw a higher mean ROA score of 3.37%, and increase by 37.6% from the previous figure of 2.45%. CAL Bank and Fidelity Bank performed remarkably well in this period by chalking 112% and 121% increases respectively in ROA scores. Over the entire 4-year period, the percentage change in ROA was 34.3%. Fidelity Bank recorded the best improvement in terms of ROA, with 271% increase between 2009 and 2012, followed by CAL Bank with 143%.

Earnings per share was on the ascendancy in each of the four-year sample period. It increased by 30.6% between 2009 and 2010, 63.5% between 2010 and 2011, and 116.7% between 2011 and 2012. Complete records were obtained for only seven of the banks. Standard Chartered Bank's EPS record for 2012 was rebased and thus on unequal grounds in comparison with the EPS of the three previous years. In total, the mean EPS records of the banks whose data were available saw a significant increase of 362.6% from 0.0843 in 2009 to 0.39 in 2012.

4.5 Compliance with Corporate Governance best practices

As part of the objectives of this study, I sought to find out whether the banks were complying with the Corporate Governance Code. All of the nine banks which were subjected to this research study recorded an increase in corporate governance score by the end of the fourth year.

Table 4.11: Corporate governance scores of banks. (All figures are in percentages).

	2009	2010	2011	2012
CAL	68.2	68.2	68.2	72.7
EBG	81.8	86.4	86.4	86.4
FBL	27.3	22.7	22.7	50.0
GTB	9.1	27.3	27.3	27.3
PBL	18.2	18.2	18.2	22.7
SCB	31.8	31.8	31.8	36.4
UGL	13.6	9.1	13.6	18.2
UTB	31.8	72.7	81.8	86.4
ZBL	22.7	36.4	40.9	40.9
MIN	9.1	9.1	13.6	18.2
MAX	81.8	86.4	86.4	86.4
MEAN	33.833	41.422	43.433	49.000

Source: Corporate governance scorecards. (See appendices iii-vi)

The minimum corporate governance score for year 2009 was 9.1% as compared to 18.2% in 2012, a 100% increase. The maximum score also increased by 5.6% from 81.8% in 2009 to 86.4% in 2012. The mean score also increased from 33.8% to 49% between 2009 and 2012, an increase of 45%. Figure 4.2 shows the corporate governance score in graphical form.

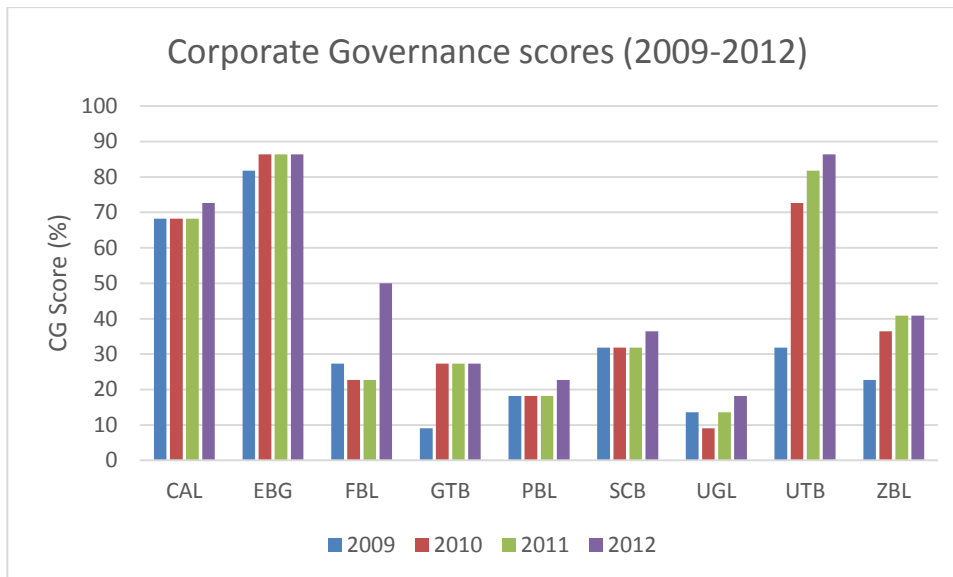


Fig. 4. 2 - Corporate Governance scores of individual banks

As portrayed by the graph, most of the banks either maintained their corporate governance score or improved on it with each successive year. Although Fidelity Bank and Unibank had a dip in 2010, they both managed to perform better subsequently.

4.6 Trend of aggregated corporate governance scores

There is evidence from the study that there has been some improvement of corporate governance practices by the nine banks which were sampled. Adherence to the SEC Guidelines on Corporate

Governance Best Practices was found to be on the ascendancy over the period under study. A plot of the mean scores of all nine banks over the four-year period showed a continually upward-rising curve, as presented below.

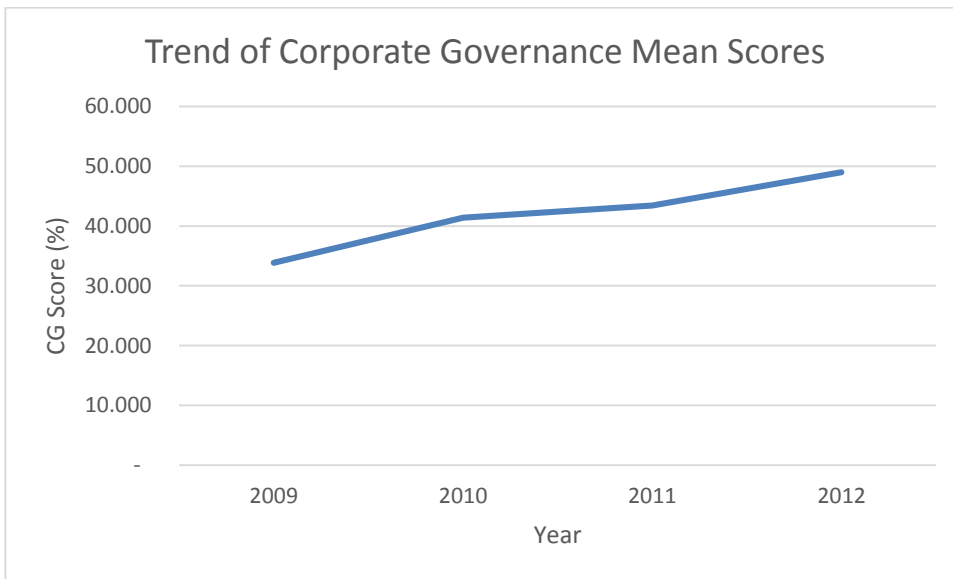


Fig. 4. 3 - Trend of Corporate governance mean scores

4.7 Compliance of Listed and Non-listed banks

In accordance with the objectives outlined for this research, an investigation was launched into the level of compliance with corporate governance best practices of banks which are listed on GSE relative to that of those which are not. A comparison of the scores obtained are presented below.

Table 4.12: Corporate governance score of listed versus non-listed banks

Listed Banks				
Bank	2009	2010	2011	2012
CAL	68.2	68.2	68.2	72.7
EBG	81.8	86.4	86.4	86.4
SCB	31.8	31.8	31.8	36.4
UTB	31.8	72.7	81.8	86.4
Mean	53.40	64.78	67.05	70.48

Non-listed Banks				
FBL	27.3	22.7	22.7	50.0
GTB	9.1	27.3	27.3	27.3
PBL	18.2	18.2	18.2	22.7
UGL	13.6	9.1	13.6	18.2
ZBL	22.7	36.4	40.9	40.9
Mean	18.18	22.74	24.54	31.82

Four out of the nine banks used in this study are listed on the Ghana Stock Exchange, while the remaining five are not. The listed banks are CAL Bank, Ecobank, Standard Chartered and UT Bank. On the other hand, Fidelity Bank, GT Bank, Prudential Bank, Unibank and Zenith Bank are not listed on the Ghana Stock Exchange.

The results revealed that listed banks performed significantly better than non-listed banks over the entire period. The mean scores of listed banks were found to be higher than that of non-listed banks in each of the four years. The graph below illustrates the results obtained.

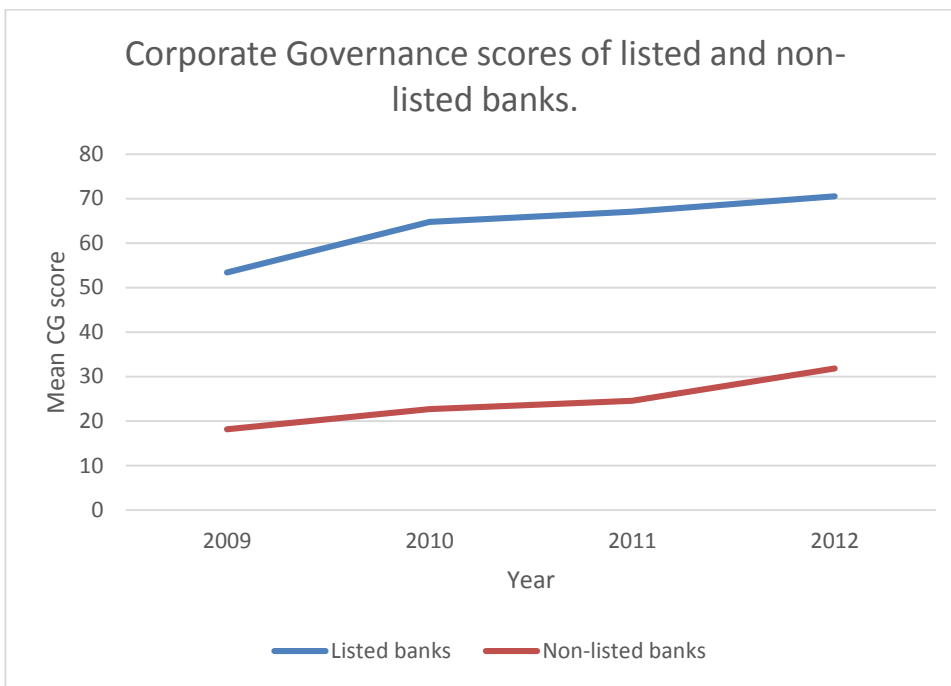


Fig. 4. 4 - Corporate governance scores of listed and non-listed banks.

4.8 Relationship between corporate governance and performance

A Pearson correlation was run to establish whether there was a significant relationship between corporate governance and the selected performance variables of banks.

Table 4.13: Pearson Correlation matrix

	CGS	ROE	ROA	EPS
CGS	1			
ROE	0.0825*	1		
ROA	-0.1908*	0.9126*	1	
EPS	0.0047*	0.9322*	0.8678*	1

*Correlation is significant at the 0.01 level (two tailed)

The results showed a very weak, positive correlation between corporate governance and return on equity ($r = 0.0825$, $p = 0.0049$). There was also a very weak positive correlation between corporate governance and earnings per share ($r = 0.0047$, $p = 0.0005$).

Corporate governance was however found to be negatively correlated with return on assets ($r = 0.01908$, $p = 0.0000$).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter, I summarize the findings of this study, and draw conclusions based on the findings. The chapter ends with recommendations which I believe will positively impact on the corporate governance practices and the performance of banks in Ghana.

5.2 Summary of Findings

This research is to ascertain whether there is a positive correlation between adoption of or compliance with corporate governance principles and the level of performance of banks in Ghana.

Out of the entire population of 28 universal banks in Ghana, a sample of 9 was selected based on the availability of annual reports of the banks for the period covered by the research. All data regarding the corporate governance and performance of banks were gathered from the annual reports, thus secondary data was solely used in this research project.

A 4-year period, spanning from 2009 to 2012 was chosen for the study.

A scorecard approach was used to assess the corporate governance practices of the banks. The scorecard measures the level of compliance with key provisions of Ghana's Corporate Governance Code of Best Practices. The selected measures of performance were return on equity, return on assets and earnings per share.

The data was analysed using descriptive statistics. A Pearson correlation was performed to determine whether there was a significant relationship between corporate governance and the performance indicators.

A positive but weak correlation was found between corporate governance and both return on equity and earnings per share (8.25% and 0.47% respectively). A negative correlation of 1.98% was found between corporate governance and return on assets.

The results of this study also showed that banks which were listed on the Ghana Stock Exchange were observing better corporate governance practices than non-listed banks.

Improvement in the corporate governance practices of banks over the period was noted, with the mean corporate governance score increasing from 33.8% in 2009 to 49.0% in 2012.

5.3 Conclusion

Banks in Ghana are increasingly complying with the corporate governance code released by the SEC, and are thus observing better corporate governance practices. GSE listed banks are adhering to better corporate governance practices than their non-listed counterparts. The correlation between corporate governance and performance is mixed, as it is positive for two of the performance indicators, return on equity and earnings per share, but negative for return on assets.

5.4 Recommendations

Given the significantly higher corporate governance scores of listed banks in comparison with non-listed ones, it is recommended that the Bank of Ghana, which regulates the industry, takes a

cue from the regulations put in place by the Ghana Stock Exchange to instruct banks to meet certain governance requirements, especially in terms of disclosures. This will compel banks since BoG rules will be binding unlike the SEC code which is not.

This study focused on the banking industry in Ghana. It is the hope of the researcher that other industries or sectors of the economy be researched. The telecoms, insurance and pharmaceutical industries would particularly be of interest.

I also suggest that future studies in this area consider other data sources in addition to the annual report which may not contain all the relevant data. A study to establish whether there is a causality relationship between corporate governance and performance is also recommended.

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APPENDICES

Appendix I: Questionnaire used for Corporate Governance Scorecard

	Corporate Governance Question	Ref No. in Code
1	Does the Board perform succession planning for senior management (appointment, training, remuneration, replacement)	3(d)
2	Is the size of the Board 8 or more?	6
3	Are procedures for appointments to the board formal and transparent?	7
4	Are shareholders furnished with biographical details of all new directors?	8
5	Do different people hold the position of chairman and CEO?	14
6	Is the frequency of board meetings disclosed?	19(a)
7	Is there a process for assessing the effectiveness of the board, the committees and individual directors?	20
8	Is there a balance of executive directors and NEDs? (Balance means NEDs form between 40-80%)	21
9	Do independent NEDs comprise at least a third of the board, or a minimum of 2?	21
10	Are directors submitted for re-election at least once every three years?	30
11	Are board meetings held regularly? (Regular will be at least 6 times in a year)	34
12	Are terms of reference of committees clearly spelt out?	44
13	Are committees and membership of each committee disclosed in the annual reports?	45
14	Is there an Audit Committee?	46
15	Is the majority of the audit committee composed of NEDs?	47
16	Do most of the members of the audit committee have a finance/accounting background or knowledge?	48
17	Is the chairman of the audit committee a NED?	49
18	Does the audit committee perform an annual review of the company's internal controls and report on same in the annual report?	55
19	Does the company have a remunerations committee?	56
20	Are the majority of Remunerations Committee composed of NEDs?	57
21	Is the remunerations policy and report disclosed in annual report?	60
22	Do reports to shareholders include non-financial information such as employment, environmental issues, social responsibility	75and76

Appendix II: Extracts from Ghana’s Corporate Governance Guidelines on Best Practices used in this study.

Principle #	Governance Principle
3(d)	The principle duties of the board will include the succession planning and the appointment, training, remuneration and replacement of senior management
6	No specific numbers are prescribed with regard to membership however a board of between 8 – 16 members is considered ideal
7	Procedures for appointments to the board should be formal and transparent
8	Shareholders should be provided with biographical information of all new directors
14	There should ideally be a separation between the roles of chairman and managing director/chief executive officer particularly in listed companies unless there are specific reason which militate against such separation or as may be in the case of smaller corporate bodies, the cost of separation is uneconomical.
19(a)	As regards the functioning of the board the chairman is expected to -ensure that the board meets regularly and that meetings of the board are conducted in a proper manner
20	The chairman should ensure that the board develops and implements a process for assessing the effectiveness of the board, committees of the board and the contributions of individual directors.
21	The board should include a balance of executive and non-executive directors with the complement of independent non-executive directors being at least one third of the total membership of the board and in any event not less than two
30	All directors should submit themselves for re-election at regular intervals and at least once in every three years.
34	The board should meet regularly and in the case of listed corporate bodies at least six times a year.
44	The terms of reference, scope of functions and limits of authority of committees of board should be clearly delineated in writing
45	The committees of the board and the membership of these committees should be disclosed in the annual report issued by the corporate body
46	Every corporate body at whom this Code is directed should establish an audit committee
47	The audit committee should comprise at least three directors, the majority of whom should be non-executive
48	The membership of the audit committees should ideally comprise directors with an adequate knowledge of finance, accounts and the basic element of the laws under which the corporate body operates or is subject to
49	The chairman of the committee should be a non-executive director
55	The audit committee should perform an annual review of the corporate body’s internal control over financial, operational and compliance matters and report on the same to shareholders in the annual report of the corporate body
56	Every corporate body at whom this Code is directed should establish a remuneration committee.
57	The remuneration committee should comprise of a majority of non-executive directors.

60	The membership of the remuneration committee and remuneration policy should be disclosed to shareholders in the annual report. Such report should contain at least the aggregate amount of fees, basic salaries, allowances, benefits in kind, contribution to pension schemes, bonuses paid and compensation paid for loss of office to directors and executive officers in the financial year to which the report pertains.
75and76	Corporate bodies are encouraged to include information on their non-financial affairs as well, in such reports. Such information can include information on employment; environmental matters; social responsibility; and matters of customer and supplier interest.

Appendix III: 2009 Corporate Governance Scorecard

Question No.	CAL	EBG	FBL	GTB	PBL	SCB	UGL	UTB	ZBL
1	0	1	0	0	0	0	0	0	0
2	1	1	1	0	1	1	1	0	1
3	1	1	0	0	0	1	0	0	0
4	1	1	1	0	0	1	0	1	0
5	1	1	1	1	1	1	1	1	1
6	0	0	0	0	0	0	0	0	0
7	0	1	0	0	0	0	0	0	1
8	1	1	1	0	0	1	1	1	1
9	0	1	0	0	0	0	0	0	0
10	1	1	0	0	0	1	0	0	0
11	0	0	0	0	0	0	0	0	0
12	1	1	0	0	0	0	0	1	0
13	1	1	0	0	0	0	0	1	0
14	1	1	1	1	1	0	0	1	1
15	1	1	0	0	0	0	0	0	0
16	1	1	0	0	0	0	0	0	0
17	1	1	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0	0
19	1	1	0	0	0	0	0	0	0
20	1	1	0	0	0	0	0	0	0
21	0	0	0	0	0	0	0	0	0
22	1	1	1	0	1	1	0	1	0
Total score	15	18	6	2	4	7	3	7	5
Percentage score (%)	68.18	81.82	27.27	9.09	18.18	31.82	13.64	31.82	22.73

Appendix IV: 2010 Corporate Governance Scorecard

Question No.	CAL	EBG	FBL	GTB	PBL	SCB	UGL	UTB	ZBL
1	0	1	0	0	0	0	0	0	0
2	1	1	0	0	0	1	0	0	0
3	1	1	0	0	0	1	0	0	0
4	1	1	1	0	0	1	0	1	0
5	1	1	1	1	1	1	1	1	1
6	0	1	0	0	0	0	0	1	0
7	0	1	0	0	0	0	0	1	1
8	1	1	1	0	0	1	1	1	1
9	0	1	0	0	0	0	0	1	0
10	1	1	0	0	0	1	0	0	0
11	0	0	0	0	0	0	0	1	0
12	1	1	0	1	1	0	0	1	1
13	1	1	0	0	0	0	0	1	1
14	1	1	1	1	1	0	0	1	1
15	1	1	0	1	1	0	0	1	1
16	1	1	0	0	0	0	0	1	0
17	1	1	0	1	1	0	0	1	1
18	0	0	0	1	1	0	0	0	0
19	1	1	0	0	0	0	0	1	0
20	1	1	0	0	0	0	0	1	0
21	0	0	0	0	0	0	0	0	0
22	1	1	1	0	0	1	0	1	0
Total score	15	19	5	6	6	7	2	16	8
Percentage score (%)	68.18	86.36	22.73	27.27	27.27	31.82	9.09	72.73	36.36

Appendix V: 2011 Corporate Governance Scorecard

Question No.	CAL	EBG	FBL	GTB	PBL	SCB	UGL	UTB	ZBL
1	0	1	0	0	0	0	0	0	0
2	1	1	0	0	1	1	1	0	1
3	1	1	0	0	0	1	0	1	0
4	1	1	1	0	0	1	0	1	0
5	1	1	1	1	1	1	1	1	1
6	0	1	0	0	0	0	0	1	0
7	0	1	0	0	0	0	0	1	1
8	1	1	1	0	0	1	1	1	1
9	0	1	0	0	0	0	0	1	0
10	1	1	0	0	0	1	0	1	0
11	0	0	0	0	0	0	0	1	0
12	1	1	0	1	0	0	0	1	1
13	1	1	0	0	0	0	0	1	1
14	1	1	1	1	1	0	0	1	1
15	1	1	0	1	0	0	0	1	1
16	1	1	0	0	0	0	0	1	0
17	1	1	0	1	0	0	0	1	1
18	0	0	0	1	0	0	0	0	0
19	1	1	0	0	0	0	0	1	0
20	1	1	0	0	0	0	0	1	0
21	0	0	0	0	0	0	0	0	0
22	1	1	1	0	1	1	0	1	0
Total score	15	19	5	6	4	7	3	18	9
Percentage score (%)	68.18	86.36	22.73	27.27	18.18	31.82	13.64	81.82	40.91

Appendix VI: 2012 Corporate Governance Scorecard

Question No.	CAL	EBG	FBL	GTB	PBL	SCB	UGL	UTB	ZBL
1	0	1	0	0	0	1	0	1	0
2	1	1	0	0	1	1	1	0	1
3	1	1	0	0	1	1	0	1	0
4	1	1	1	0	0	1	0	1	0
5	1	1	1	1	1	1	1	1	1
6	0	1	0	0	0	0	0	1	0
7	1	1	0	0	0	0	0	1	1
8	1	1	1	0	0	1	1	1	1
9	0	1	0	0	0	0	0	1	0
10	1	1	1	0	0	0	0	1	0
11	0	0	0	0	0	0	0	1	0
12	1	1	1	1	0	0	0	1	1
13	1	1	1	0	0	0	0	1	1
14	1	1	1	1	1	1	1	1	1
15	1	1	1	1	0	0	0	1	1
16	1	1	1	0	0	0	0	1	0
17	1	1	1	1	0	0	0	1	1
18	0	0	0	1	0	0	0	0	0
19	1	1	0	0	0	0	0	1	0
20	1	1	0	0	0	0	0	1	0
21	0	0	0	0	0	0	0	0	0
22	1	1	1	0	1	1	0	1	0
Total score	16	19	11	6	5	8	4	19	9
Percentage score (%)	72.73	86.36	50.00	27.27	22.73	36.36	18.18	86.36	40.91