Corporate Governance Practices: A Global Perspective with a Focus on Ghana

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ABSTRACT

Following the burst of the high-tech bubble and corporate finance scandals, corporate governance (CG) has emerged as a critical global concern. This study explores corporate practices on a global scale, with particular attention to the International Corporate Governance Standards. It seeks to comprehend how organizations prioritize CG practices, especially from the Ghanaian perspective. The study employed both secondary and primary data to investigate the research. Relying on secondary data, the researcher reviewed relevant textbooks, journals, web-based sources, official company documents, published reports, newspapers, articles and monographs. The researcher also gathered primary data by administering questionnaire to respondents. Out of 99 respondents to whom questionnaires were sent, 78 (representing 79%) returned their responses. Upon receipt, the researcher used SPSS 15.0 to draw bar chart in order to analyse the results. The findings indicate that while Ghana has made significant strides in promoting CG awareness and implementing robust policies supported by laws and institutions, there remain gaps between stated priorities and actual practices. Issues such as conflicts of interest, lack of effective oversight by audit committees, and discrepancies in disclosure practices suggest areas for improvement.

Key Words: Corporate Governance, board balance, board appointment, professional development, internal controls, audit committees, whistle-blower policies

INTRODUCTION

Corporate governance stands as a cornerstone of contemporary business practices, exerting a pivotal influence on the conduct and outcomes of corporations worldwide. It encompasses the array of systems, processes, and structures governing the direction and oversight of companies, with a primary goal of fostering accountability, transparency, and integrity in decision-making processes. Despite the universal acknowledgment of corporate governance principles, their application and efficacy vary significantly across different nations and regions due to the diversity in cultural, regulatory, and economic landscapes.

In recent years, the significance of corporate governance has been increasingly underscored in response to a series of corporate scandals and financial crises that have rattled investor confidence and underscored the necessity for stronger oversight mechanisms. Consequently, there has been a mounting emphasis on bolstering corporate governance frameworks globally, with stakeholders including regulators, policymakers, investors, and advocates pressing for heightened transparency, accountability, and ethical conduct within corporate entities.

This study aims to present an extensive overview of corporate governance practices from a global standpoint, with particular attention to the Ghanaian context. By scrutinizing corporate governance mechanisms and initiatives across diverse nations and regions, encompassing both developed economies and emerging markets, it seeks to identify prevalent challenges, exemplary practices, and valuable insights that can inform and elevate corporate governance standards in Ghana.

Through a comparative analysis of corporate governance paradigms and regulatory frameworks, this paper evaluates the efficacy of existing practices in Ghana, pinpoints areas necessitating enhancement, and offers recommendations to fortify corporate governance mechanisms within the country.

Problem Statement

In today's globalized economy, effective corporate governance is essential for promoting transparency, accountability, and sustainable growth within companies. Despite significant progress in corporate governance practices around the world, Ghanaian corporations still face persistent challenges in adopting and effectively implementing these practices. This gap not only impedes the growth and performance of Ghanaian businesses but also impacts the broader economic environment in the country. Common issues include inadequate board independence, poor disclosure practices, and weak regulatory enforcement, highlighting the disparity between Ghanaian corporate governance practices and international standards. Adapting global corporate governance practices to fit the specific economic, cultural, and regulatory contexts of countries like Ghana is crucial for establishing robust corporate governance standards.

Research Objectives

The objective of this study is:

a. To obtain an understanding of CG issues on the global arena and the level of priority given to it.
b. To understand Ghana’s position regarding CG in terms of regulations and implementations.
c. To propose recommendations for policymakers, regulators, and corporate leaders in Ghana to strengthen corporate governance mechanisms, foster ethical leadership, and mitigate risks associated with poor governance practices.
d. To contribute to the academic and practical discourse on corporate governance by providing insights, empirical evidence, and recommendations tailored to the Ghanaian business landscape while drawing from a global perspective.

LITERATURE REVIEW

The literature review underscores the essential role of corporate governance practices in ensuring the efficiency and longevity of organizations. As businesses increasingly operate on a global scale, it becomes crucial to grasp corporate governance from a broader perspective, considering the diverse socio-economic contexts that shape governance frameworks. This review first examines four key theories—Agency Theory, Stewardship Theory, Resource Dependency Theory, and Stakeholder Theory—within the context of Ghana.

The Agency Theory, originated by Jensen and Meckling (1976), posits that conflicts between principals (owners/shareholders) and agents (management) arise due to differing goals and information asymmetry. In Ghana, agency issues are particularly prominent, especially in family-owned enterprises where familial interests may clash with those of other stakeholders (Agyeman and Ofori, 2016). Consequently, effective governance mechanisms such as independent boards and performance-linked executive compensations are imperative to mitigate these conflicts and bolster organizational performance (Frimpong et al., 2018).

The Stewardship Theory, proposed as a counterbalance to the Agency Theory, suggests that managers act as stewards prioritizing the organization's long-term interests (Donaldson & Davids, 1991). This perspective resonates well in the Ghanaian context, where communal values often prioritize collective welfare over individual gain (Appiah-Adu et al., 2017). According to Asamoah et al., (2019), Ghanaian managers tend to exhibit stewardship behaviors such as loyalty and commitment to organizational objectives, fostering trust and cooperation within firms.

The Resource Dependency Theory asserts that organizations rely on external resources, necessitating the management of relationships with external stakeholders (Pfeffer andSalancik, 1978). In Ghana, where businesses grapple with challenges related to resource access, strategic alliances with various stakeholders are crucial for organizational resilience (Aboagye et al., 2020).

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The Stakeholder Theory advocates for considering the interests of all stakeholders in decision-making processes (Freeman, 1984). In Ghana, stakeholder-oriented governance practices are on the rise, driven by pressures for responsible and sustainable business operations (Agyei-Mensah et al., 2020).

Corporate governance frameworks in Ghana emphasize stakeholder engagement, transparency, and accountability, aligning with the country's commitment to sustainable development goals and inclusive growth (Amankwah-Amoah and Debrah, 2010).

Evolution of Corporate Governance Principles

The evolution of corporate governance principles can be traced through various historical milestones, including the emergence of modern corporations, regulatory reforms, and corporate scandals (Coffee, 2002).

Landmark reports such as the Cadbury Report in the UK (1992) and legislative acts like the Sarbanes-Oxley Act in the US (2002) have significantly influenced contemporary corporate governance practices (Bebchuk and Hamdani, 2009). These initiatives underscored the significance of board independence, financial transparency, and shareholder rights within corporate governance frameworks.

Key Components of Effective Corporate Governance Frameworks

Effective corporate governance frameworks typically encompass several interconnected components, including board composition, executive remuneration, risk management, and internal control systems (Tricker, 2015).

A proficient board of directors plays a crucial role in supervising corporate strategy, evaluating executive performance, and safeguarding shareholders' interests (Hermalin & Weisbach, 2003). Executive compensation policies should align with long-term value creation and be tethered to performance metrics reflecting both financial and non-financial objectives (Jensen & Murphy, 1990). Additionally, robust risk management processes and internal controls are indispensable for identifying and mitigating potential organizational risks (COSO, 2013).

Corporate Governance Practices in Developed Countries

Developed nations like the US, UK, and Germany have embraced comprehensive regulatory frameworks to foster effective corporate governance (Aguilera & Jackson, 2003). These countries typically boast of well-established legal systems, robust investor protection mechanisms, and active institutional investors, all of which contribute to sound governance practices (La Porta et al., 1998). However, instances of corporate governance lapses still occur, as evidenced by scandals like Enron in the US and Volkswagen in Germany (Monks & Minow, 2011).

Corporate Governance Challenges/Opportunities in Developing Countries: The Case of Ghana

Developing countries encounter unique hurdles in implementing effective corporate governance practices, owing to factors such as weak regulatory enforcement, limited access to capital, and cultural norms (Khanna & Palepu, 2000). In Ghana, corporate governance issues stem from regulatory deficiencies, inadequate board oversight, and a lack of stakeholder awareness (Fosu, 2016). Despite efforts to enhance corporate governance standards through initiatives like the Ghana Corporate Governance Code, implementation remains challenging, particularly among small and medium-sized enterprises (SMEs) (Nkansah & Boateng, 2018).

Despite prevailing challenges, Ghana presents opportunities for bolstering corporate governance practices. Priorities include reinforcing regulatory enforcement, enhancing board efficacy, and promoting corporate transparency (Asiedu et al., 2020). Additionally, capacity-building initiatives, stakeholder engagement, and heightened disclosure requirements can facilitate awareness-raising and foster a culture of good governance among Ghanaian enterprises (Abor &Adjasi, 2007).

International Scandals

One of the driving forces behind CG is the increasing level of accounting scandals. The last decades have experienced its own unprecedented spate of scandals involving most of the world's high performing companies such as Enron, WorldCom, Tyco, Parmalat, Qwest Communication, Xerox, Volkswagen, Wells Fargo, Wirecard and Adelphia. A look at how some of these companies became embroiled in these scandals is presented below:

Enron

Until the summer of 2001, Enron was a high-flying corporation, generating cash and new business at every turn. Originally a gas pipeline company, it metamorphosed into the world's largest trader in gas, electricity, water, and other post-modern commodities such as bandwidth. But when in October Enron was forced to disclose that, its bookkeeping had been too creative, its soaring profits were suddenly wiped out by losses and charges it had failed to record properly. Investors began to have second thoughts about Enron, whose stock, having reached a high of 98 dollars a share, plummeted. Suddenly Enron found itself in a huge credit crunch, and the corporation imploded. Many Enron executives had sold tens of millions of dollars of their stock while the public went on buying shares in the company, assured by these same executives that all was well. Worse, Enron executives had authorized a change in the company's pension plan that froze workers' retirement funds in Enron stock as the price nose-dived. While executives sold their stock, the workers found that their pension plan was worthless. Enron's accounting firm, Arthur Anderson Inc., had difficulty explaining how it gave a clean bill of health to a company that later revealed it had a number of hidden losses. In a stunning development, it was revealed that after the civil investigation of the accounting process was announced, Anderson had shredded documents and erased computer files about the accounting at Enron. Andersen subsequently became bankrupt (Gutman, 2002).

Parmalat

Parmalat is the largest Italian food company and the fourth largest in Europe, controlling 50% of the Italian market in milk and milk-derivative products. Suddenly, it was discovered that its claimed liquidity of 4 billion euro did not exist, and that EU 8 million in bonds of investors' money had evaporated as well. Parmalat is the largest bankruptcy in European history, representing 1.5% of Italian GNP—proportionally larger than the combined ratio of the Enron and WorldCom bankruptcies to the U.S. GNP. Behind Parmalat's facade as a productive agro-industrial company with 34,000 employees, hides a giant financial speculative scheme to lure investors' money and syphon it off through a network of 260 international offshore speculative entities, where the money disappeared. It was reported that the Cayman Islands-based offshore entity called Bonlat had invested $6.9 billion in interest swaps, the highest-risk derivatives operations (Celani, 2004).

The following irregularities, among others, resulted in Parmalat's debt of 14.8 billion Euros: creation of fictitious accounts, transactions and assets in offshore companies to conceal debts, off-balance sheet financing, lack of independent board members (composed of mainly family members). The owners of the company also siphoned off 500 million Euros over 8 years into their private travel company (Derman, 2004).

Tyco

Tyco manufactures a wide variety of products, from electronic components to healthcare products. The conglomerate operates in over a hundred countries around the world and employs 240,000 people. During 2002, the Securities and Exchange Commission began an investigation of Tyco's top executives. Inquiries into the accuracy of the company's books began in January. As investigations continued it was uncovered that Dennis Kozlowski, Tyco's former CEO; Mark Swartz, Tyco's former CFO; and Mark Belnick, the company's Chief Legal Officer, had taken over $170 million in loans from Tyco without receiving appropriate approval from Tyco's Compensation Committee and notifying shareholders. For the most part these loans were taken with low to no interest. Many of them were offset as bonuses without open approval.

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Kozlowski and Swartz also sold seven and a half million shares of Tyco stock for $430 million without telling investors. Formal charges were made by the SEC September 12, 2002 (CNN, 2002).

Adelphia

Pennsylvania-based Adelphia, the sixth largest cable company, filed for bankruptcy protection in June 2002. Adelphia came under fire after the company disclosed loans it guaranteed to partnerships controlled by the Rigas family. Prosecutors alleged that the executives masked Adelphia’s financial performance through misleading accounting practices and tapped the company’s coffers and posh resources for their personal benefit without disclosure to the public or board of directors (The New York Times, 2002).

WorldCom

The U.S.’s second-largest long-distance phone company at the time, WorldCom filed the largest Chapter 11 bankruptcy in American history in July 2002. The company used fraudulent accounting methods, namely underreporting expenses and inflating revenues with bogus accounting entries, to hide its declining financial condition between 1999 and 2002. An internal audit uncovered approximately $3.8 billion in fraud in June 2002, and in 2003, it was estimated that the company's total assets had been inflated by around $11 billion (Baird and Sawayda, 2015).

Volkswagen Emissions Scandal

The scandal involving Volkswagen's emissions, commonly referred to as "Dieselgate," unfolded in September 2015 when the United States Environmental Protection Agency (EPA) issued a notification of non-compliance to Volkswagen Group. This action was due to the deliberate installation of software in their diesel vehicles, known as a "defeat device," intended to manipulate emissions tests. This software could identify when the vehicle was undergoing emissions testing and adjust its performance to meet regulatory standards. However, under normal driving conditions, the vehicles emitted pollutants, particularly nitrogen oxide (NOx), well beyond permissible limits.

The scandal was brought to light when researchers at West Virginia University conducted tests on Volkswagen diesel vehicles, revealing inconsistencies between emissions levels during laboratory testing and real-world driving scenarios. Further investigations by the EPA and other regulatory bodies globally uncovered that Volkswagen had deployed the defeat device in approximately 11 million vehicles worldwide, spanning various models and brands within the Volkswagen Group, including Volkswagen, Audi, Porsche, and Škoda.

Consequently, Volkswagen faced swift and extensive repercussions from the scandal, including substantial legal and financial penalties such as fines, litigation, and regulatory sanctions. The company's reputation suffered a significant blow, leading to a sharp decline in its stock value and eroding consumer trust. Following the scandal's exposure, Volkswagen's CEO at the time, Martin Winterkorn, resigned, prompting the company to initiate internal inquiries and implement reforms aimed at rectifying the misconduct and preventing future occurrences (Jung, 2017).

Wells Fargo Fake Accounts Scandal

The Wells Fargo scandal involving fraudulent accounts, which unfolded in 2016, exposed pervasive unethical behaviors within the bank, resulting in significant legal, financial, and reputational fallout. At the core of the scandal was the revelation that Wells Fargo employees had opened millions of unauthorized accounts for customers without their consent or knowledge, driven by intense sales pressure and unattainable sales targets established by management.

The scandal was brought to public attention in September 2016 when the Consumer Financial Protection Bureau (CFPB), in conjunction with other regulatory bodies, disclosed that Wells Fargo had been fined $185 million for the creation of approximately 1.5 million unauthorized deposit accounts and the submission of over 500,000 unauthorized credit card applications on behalf of customers. These actions were symptomatic of an aggressive sales culture within the bank, where staff faced immense pressure to meet sales quotas and were incentivized through bonuses and promotions.

Consequently, Wells Fargo faced a deluge of legal actions, investigations, and regulatory sanctions. The then-CEO of the bank, John Stumpf, resigned in October 2016 amidst escalating public outrage and congressional scrutiny. Furthermore, Wells Fargo suffered substantial financial losses, including billions of dollars in legal settlements, fines, and restitution payments to impacted customers.

The scandal severely damaged Wells Fargo's reputation as a reputable financial institution and raised concerns about the efficacy of internal controls and oversight mechanisms within the banking sector. In response, Wells Fargo initiated a series of corrective actions, including restructuring its sales practices, bolstering internal controls, and implementing reforms to rebuild customer trust and repair its tarnished image (Mcgee, 2016).

Wirecard Accounting Scandal

The 2020 Wirecard accounting scandal sent shockwaves through the financial sector, uncovering a massive fraudulent scheme orchestrated by the German payment company. Once hailed as a rising star in fintech, Wirecard faced accusations of engaging in deceitful accounting practices and misrepresenting its financial position.

The scandal came to public attention in June 2020 when Wirecard disclosed that €1.9 billion ($2.1 billion) in cash, purportedly held in trustee accounts in the Philippines, likely did not exist. This revelation triggered a swift downfall for the company, leading to its insolvency filing mere days later. The disappearance of these funds constituted a significant portion of Wirecard's reported assets, casting doubts on the company's governance, internal controls, and regulatory oversight.

Subsequent investigations unearthed a complex web of deception, indicating that Wirecard had inflated its revenue and profits through fictitious transactions and forged documents over several years. The scandal laid bare regulatory failures, including shortcomings by Germany's financial watchdog BaFin, which faced criticism for inadequate supervision despite numerous red flags and whistleblower complaints.

In the aftermath, Wirecard's former CEO, Markus Braun, was arrested and confronted with multiple charges, including fraud, embezzlement, and market manipulation. Other executives and individuals tied to the company also faced legal repercussions as authorities probed the full extent of the fraud (Riley, 2020).

Increasing Awareness of Corporate Governance

With the occurrence of these corporate failures in the past decades, there has been an increasing focus on governance with several types of frameworks used to analyse the system including regulation, both internal and external (Jensen and Meckling, 1976), behavioural (Leung and Cooper, 2003) and decision-making (Pech and Durden, 2004) including power (Cutting and Kouzmin, 2002; Pfeffer, 1992) and ethics (Francis and Armstrong, 2003; Lagan, 2006; Svensson and Wood, 2004). Others examine governance with the aim of addressing the needs of different groups of stakeholders such as shareholders (Lynall et al., 2003), employees (Deakin et al., 2002), customers (Lines, 2004) or society (Jensen, 2001). Others have examined governance systems from contrasting perspectives such as the shareholder versus stakeholder models, and market versus control models (Jensen, 2001).

Proposition by agency theorists such as Eisenhardt, (1989); Fama, (1980); Fama and Jensen, (1983); has resulted in corporate governance focusing on mechanisms and rules designed to align the interests of the owners of capital and the managers of corporations. Research in this area has therefore typically focussed on the agency relationship and such mechanisms as types of ownership (Edwards and Hubbard, 2005), financial disclosure (Botosan, 2005), methods of compensating directors and executives (Martin, 2005; O'Connor et al., 2006), audit committees and board structures (MacAvoy and Millstein, 2005; Monks and Minow, 2005) to name a few. These rules encompass procedures to elevate the importance of disclosure, openness and information, transparency, legitimisation, participation and checks and balances (Holmstrom and Kaplan, 2005).

International Corporate Governance Standards

There is no single universal one-size-fits-all-type of code that suits every company and country. Every country sets up its own corporate governance principles, according to its own needs, economic, legal, social, cultural and institutional structure and general country-specific factors and conditions. However, international organizations and networks such as the Organization for Economic Co-operation and Development (OECD), the International Corporate Governance Network (ICGN), the International Chamber of Commerce (ICC), the Global Corporate Governance Forum (GCGF) and the Commonwealth Association for Corporate Governance have developed some international guidelines and have organized roundtable meetings to stress the importance of corporate governance. Other international organizations such as IMF and World Bank have also put corporate governance issues on their agenda and include it in their aid programs for developing countries. Among these international institutions, OECD is probably the most important and world-widely accepted one, working actively on corporate governance issues. In 1999, OECD issued its non-binding Principles of Corporate Governance which identify some common elements that underlie good corporate governance. These principles are recognized by policy makers, investors, corporations and stakeholders worldwide in both OECD and non-OECD countries as an international benchmark. Due to the new challenges and new developments, OECD revised its Principles in April 2004, (OECD, 1999, 2004).

The OECD Corporate Governance Principles treat the following six areas:

1. Ensuring of the basis for an effective corporate governance framework
2. The Rights of shareholders and key ownership functions
3. The equitable treatment of shareholders
4. The role of stakeholders
5. Disclosure and transparency
6. The responsibilities of the board

Ghana's share of scandals

Corporate governance scandals have been an enduring global concern, impacting economies, markets, and stakeholders alike. Ghana, as an emerging economy, has not been immune to such occurrences. The following are the landscape of some corporate governance scandals in Ghana:

The UT Bank and Capital Bank Collapse

Among the most significant corporate governance scandals in Ghana is the collapse of UT Bank and Capital Bank in 2017. These banks were declared insolvent due to inadequate governance practices, including insider lending, non-performing loans, and deficient risk management (Addai & Abakah, 2019). The Bank of Ghana intervened by revoking their licenses and initiating investigations into the malpractice.

The Ghana Cocoa Board (COCOBOD) Scandal

In 2018, an audit report uncovered financial irregularities within the Ghana Cocoa Board (COCOBOD), a significant player in the country's cocoa industry. This scandal involved inflated contracts, mismanagement of funds, and conflicts of interest among top officials. Consequently, it tarnished the reputation of COCOBOD and raised concerns about governance practices in state-owned enterprises (Akuduguand Awuni, 2020).

Golden Gate Services Ltd.

An audit report commissioned by the Commissioner of the Ghana Revenue Authority, into the books of Golden Gate Services limited, a private Stevedoring company, from 2002 to 2006, revealed that the company owed the state an approximate amount of ¢29billion in tax and penalty liabilities.

The audit report revealed that the company had understated its income to the GRA by a whooping amount of ¢42billion and added back items under-listed under General and Administrative expenses which amounted to over ¢17billion. The GRA also imposed a 300% penalty for non-disclosure on dividends for 2005/2006

Further, the GRA detected an overstatement of the company's Salaries and Wages account in 2005, by over ¢373million and included it in its tax computation (Takyi-Boadu, 2008).

Quality Grain Company Ltd

The Quality Grain Company Ltd was incorporated in Ghana in July 1995 to cultivate Rice Farm. The scandal involving Quality Grain Company Ltd refers to a significant case of financial misconduct that occurred in Ghana. The case centered around the misappropriation of funds in a rice project at Aveyime in the Volta Region, which resulted in a financial loss of $20 million to the state. When the scandal was investigated, the former Chief of Staff, and former Finance Minister were implicated as having indulged in fraudulent activities by assisting an unregistered company to acquire state funds.

The former Finance Minister was cited to have approved and executed loan agreements in favour of the Quality Grain Company Ltd without parliamentary approval, while the former Chief of Staff supervised the granting of such loans. The investigations also cited a former Minister of Agriculture for introducing Miss Renee Woodard, Chief Executive of the company, to the Finance Ministry and also using his office to acquire land in Aveyime for the cultivation of the Rice Farm.

The Chief Director of the Agriculture Ministry and the Legal Advisor at the Finance Ministry, were also said to have facilitated the granting of loans and helped transfer the monies involved into the personal account of Ms Woodard, respectively, (The Ghanaian Times, 2005).

METHODOLOGY

The study employed both secondary and primary data to investigate the research. Relying on secondary data, the study reviewed relevant textbooks, journals, web-based sources, official company documents, published reports, newspapers, articles and monographs. The researcher also gathered primary data by administering questionnaire to respondents. The questionnaire was subjected to thorough pilot testing with input from expert consultants. Their valuable feedback was instrumental in enhancing the questionnaire's content to ensure its accuracy. Following the experts' suggestions, revisions were made to the questionnaire, and a pilot test was subsequently carried out to validate the improvements.

A purposeful sampling approach was used to identify 33 State-Owned-enterprises (SoEs) with at least 50 employees. The Managing Director, Finance Director and Internal Auditor for each of the identified 33 SoEs constituted the respondents for the study. Out of the 99 identified respondents, sixteen declined to participate in the study, whereas, five responses were considered as incomplete, hence, were excluded from the study. Therefore, the final sample used for the study was 78 respondents. Results of responses were analysed using SPSS 15.0 to draw bar chart.

FINDINGS AND DISCUSSION

The questionnaire utilized a Likert scale for some sections and binary options (Yes/No) for others to encourage participation. SPSS 15.0 was employed for data analysis. Section A evaluated the general awareness of CG in Ghana. Most respondents (76%) believe that CG is prioritized, with 64% indicating the existence of robust policies. The presence of institutions like the Office of Accountability and Serious Fraud Office supports this perception. Additionally, a telephone interviewee affirmed the high level of CG within their organization.

Section B focused on the CG framework in Ghana. Majority of respondents (72%) claim their organizations have a CG framework, demonstrating alignment with the perceived priority and robust policies in Section A. Regarding budget allocation for CG compliance, 64% of respondents have dedicated funds, although the translation of prioritization into action is emphasized, underscoring the importance of both regulations and financial support.

Section C of the study focused on the operations of the board of directors within organizations, emphasizing their pivotal role in implementing good corporate governance (CG) practices. The Ghana Companies Code assigns the management of company affairs primarily to the board, underscoring the significance of its competence and integrity in ensuring organizational success.

C1. Satisfaction with Operational Effectiveness: Nearly all respondents (96%) express confidence in their boards' effective operation and collective responsibility for organizational success, except for three respondents (4%) who thought otherwise.

C2. Understanding and Meeting Obligations: While a majority (76%) believe their boards understand and fulfill obligations to shareholders and stakeholders, some respondents (24%) express uncertainty or disagreement.

C3a & C3b. Objectivity in Decision-making: A significant majority (88%) assert that their boards make decisions objectively in the organization's best interest, both generally and specifically for shareholders. However, a small percentage (12%) disagrees with this assessment.

C4 & C5. Disclosure Practices and Reporting Procedures: Most respondents (76% and 80%, respectively) believe their boards fulfill responsibilities regarding disclosure practices and reporting procedures, though some express reservations or uncertainty.

C6 & C7. Presence and Contribution of Non-Executive Directors (NEDs): The majority (72%) of organizations have NEDs, with many respondents (60%) indicating that NEDs effectively contribute to strategy development. However, some respondents (28%) and (40%) respectively disagree with these assertions.

C8 & C9. Assurance on Financial Integrity and Risk Management: While a majority (64%) are confident that NEDs ensure financial integrity and robust risk management systems, a notable proportion (36%) disagrees with this assessment.

Section D: Chairman and Chief Executive Roles

D1 & D2. Clear Division of Responsibilities: Most respondents (92% and 96%, respectively) affirm a clear division of responsibilities between the chairman and chief executive, documented and agreed upon by the board.

D3. Separation of Chairman and CEO Roles: Nearly all respondents (96%) report that the roles of chairman and chief executive are held by different individuals, aligning with best practice recommendations.

Overall, the findings suggest a generally positive perception of board operations and governance structures, though some areas, such as NED contribution and financial oversight, warrant further attention and improvement.

Section E of the study delves into the composition of the board of directors, emphasizing the necessity of a balanced mix of executive and non-executive directors to prevent dominance by any individual or small group. The presence of independent directors is crucial for effective corporate governance, ensuring accountability and informed decision-making.

E1. Balance of Executive and Non-Executive Directors: While a majority (64%) of respondents report a balanced composition of their organization's board, some (36%) disagree or express uncertainty.

E2. Skill and Experience Balance: Most respondents (92%) believe their boards possess an appropriate balance of skills and experience for business requirements, though a minority (8%) disagrees.

E3. Prevention of Power Concentration: A significant proportion (68%) agree that the board maintains a strong presence of both executive and non-executive directors to prevent power and information concentration, with some respondents (32%) dissenting.

Section F: Appointments to the Board

F1. Nomination Committee Existence: The majority (88%) affirm the presence of a nomination committee responsible for board appointments and recommendations, reflecting good corporate governance practice.

F2. Consideration of Chairman's Commitments: A substantial percentage (84%) report that the nomination committee considers job specifications and time commitments, though some (16%) indicate otherwise.

F3. Disclosure of Chairman's Commitments: Most respondents (72%) indicate that potential chairpersons disclose their significant commitments, allowing the nomination committee to assess their suitability. However, a minority (28%) suggest otherwise.

F4. Reporting Changes in Commitments: A moderate proportion (60%) indicate that changes in chairman's commitments are reported to the board and included in annual reports, though some (40%) report otherwise.

Overall, the findings underscore the importance of balanced board composition and transparent appointment processes in ensuring effective corporate governance. While many organizations adhere to best practices, there are areas for improvement, particularly in disclosure and reporting mechanisms regarding board members' commitments.

Section G of the study focuses on information provision and professional development of directors, highlighting the importance of timely, quality information and effective induction processes for new board members.

G1. Information Supply: The majority of respondents (92%) report satisfaction with the timely provision of quality information to the board, facilitating effective discharge of duties. However, a small percentage (8%) disagrees with this assessment.

G2. New Member Induction: While a significant proportion (56%) indicate that new board members receive induction upon joining, a notable percentage (44%) report the absence of such induction practices, indicating room for improvement.

G3. Skills and Knowledge Update: A majority of respondents (64%) assert that their boards regularly refresh members' skills and knowledge. However, 36% of respondents disagree with this assertion, suggesting potential gaps in professional development practices.

Section H: Performance and Evaluation

H1. Annual Evaluation: The majority of respondents (72%) indicate that their boards undertake annual evaluations of their own performance, committees, and individual directors. However, a notable percentage (28%) report the absence of such evaluation practices.

H2. Assessment of Director Contributions: Most respondents (84%) report that evaluation aims to assess each director's continued effectiveness and commitment to their role. However, some respondents (16%) disagree with this assertion.

H3. Chairman's Response to Evaluation: A majority of respondents' organizations (72%) act upon evaluation results by recognizing strengths and addressing weaknesses. However, 28% of respondents report that their chairman does not act upon evaluation outcomes, suggesting potential areas for improvement in governance practices.

Overall, while many organizations demonstrate satisfactory practices in information provision and performance evaluation, there are notable areas for improvement, particularly in induction processes for new board members and responsiveness to evaluation outcomes.

Section I focuses on internal control within organizations, emphasizing the importance of effective systems to promote transparency, accountability, and fairness to stakeholders. The section also delves into the responsibilities of the board in overseeing internal control processes and conducting reviews.

I1. Satisfaction with Internal Control: The majority of respondents (92%) indicate that their boards are satisfied with the soundness of internal control systems in place, while a small percentage (8%) expressed dissatisfaction.

I2. Annual Review of Internal Controls: While a significant proportion (72%) report conducting annual reviews of internal control effectiveness, minority (28%) disagrees, suggesting potential gaps in evaluation practices.

Section J focuses on audit committees and auditors, highlighting their roles in ensuring financial transparency and accountability within organizations.

J1. Existence of Audit Committee: A majority of respondents (60%) report having an audit committee, indicating a commitment to governance best practices. However, a notable percentage (40%) indicate the absence of such committees.

J2. Responsibilities of the Audit Committee:

J2a Representation and Vigilance: The majority (72%) affirm that their audit committees represent informed, vigilant overseers of financial reporting processes and internal controls. However, a minority (28%) disagrees.

J2b Communication with Auditors: Most organizations (72%) report that their audit committees facilitate direct communication between the board and external/internal auditors, though some (28%) disagree.

J2c Resources and Authority: A majority (68%) assert that their audit committees have adequate resources and authority to fulfill their responsibilities, while a small percentage (32%) disagrees.

J2d Composition and Financial Experience: Most respondents (68%) indicate that their audit committees consist of at least three independent non-executive directors, with some (32%) indicating otherwise.

J2e Written Terms of Reference: A majority (78%) report that their audit committees' roles and responsibilities are outlined in written terms of reference, while a small percentage (22%) disagrees.

J2f Monitoring Integrity of Financial Statements: The majority (72%) state that their audit committees monitor the integrity of financial statements, though some (28%) disagree.

J2g Monitoring Internal Audit Function: A majority (76%) indicate that their audit committees monitor and review the effectiveness of the internal audit function, while a small percentage (24%) disagrees.

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J2h Approval of External Auditor Engagement: Less than half (48%) of respondents state that their audit committees approve the remuneration and terms of engagement of external auditors.

J2i Recommendation on External Auditor Appointment: Similarly, less than half (48%) of respondents report that their audit committees have primary responsibility for recommending the appointment, reappointment, and removal of external auditors.

J3j Monitoring of Auditor Independence: A minority (20%) report that their external auditors have personal or business relationships with the organization, potentially compromising independence.

Overall, while many organizations demonstrate adherence to governance best practices through the existence of audit committees and robust internal control systems, there are notable variations in implementation and areas for improvement, particularly in the oversight of auditors and the establishment of audit committees where they do not yet exist.

K. Constructive Use of the AGM:

K1. The majority of respondents (72%) report that their boards utilize the Annual General Meeting (AGM) as a platform to communicate with shareholders, encourage their participation, and facilitate accountability. However, a significant minority (28%) believe otherwise, indicating potential gaps in shareholder engagement practices.

L. Whistle-Blower Policy:

L1. Interestingly, only a small proportion of respondents (8%) indicate that their companies have a Whistle-Blower Policy in place, emphasizing the lack of emphasis on utilizing whistle-blowing mechanisms to address concerns about possible improprieties. The vast majority (92%) of organizations do not have such policies, highlighting potential gaps in addressing malfeasance and ensuring transparency and accountability within organizations.

Key findings from the study include a growing awareness of CG in Ghana, with robust policies and laws in place to support governance structures. However, concerns arise regarding conflicts of interest, particularly in decision-making processes that prioritize personal gain over organizational and shareholder interests. The effectiveness of audit committees is questioned in light of past scandals where financial misconduct occurred despite their oversight.

Additionally, the composition of boards is explored, emphasizing the importance of diversity and independence. While some organizations in Ghana show a balanced mix of executives and non-executives on their boards, challenges persist, especially regarding conflicts of interest arising from related party transactions.

In respect of disclosure practices,the study highlighted discrepancies between reported high levels of disclosure by organizations and evidence suggesting otherwise. Also, the importance of continuous learning and professional development within organizations is emphasized as crucial for fostering a culture of good governance.

Overall, the discussion concludes that while there is a willingness among corporations and individuals in Ghana to address CG challenges, there remains a need for further development and implementation of effective governance practices to advance CG in the country.

CONCLUSION

In conclusion, this study has conducted a thorough analysis of corporate governance (CG) practices worldwide, focusing specifically on Ghana. By extensively examining existing literature and collecting empirical data through questionnaire, valuable insights have been obtained regarding the state of CG in Ghana and its alignment with global standards.

The findings suggest that Ghana has made notable progress in raising awareness about CG and implementing robust policies supported by legal frameworks and institutional structures. However, there are evident discrepancies between stated priorities and actual implementation, highlighting areas for improvement such as addressing conflicts of interest, enhancing oversight by audit committees, and improving disclosure practices.

Despite these challenges, the study also highlights areas of strength, including the perceived emphasis on CG by the Ghanaian government and organizations, as well as initiatives to strengthen board composition and foster professional development among board members.

Looking ahead, it is imperative for Ghanaian organizations to narrow the gap between theory and practice by aligning their CG frameworks with global standards and fostering a culture of integrity, accountability, and transparency. This may entail ongoing efforts to bolster regulatory frameworks, strengthen monitoring and enforcement mechanisms, and cultivate a culture of continuous learning and knowledge sharing within organizations.

By tackling these challenges and leveraging existing strengths, Ghana can further enhance its reputation as an attractive investment destination and contribute to sustainable economic growth and development. Ultimately, the promotion of effective CG practices is vital not only for organizational success but also for instilling trust and confidence among stakeholders, thereby generating value for society as a whole.

RECOMMENDATIONS

1. Orientation programmes for board members should be instituted to sensitize them on their roles in achieving good CG as well as their liabilities for the failings of the corporation.
2. Shareholders in general should be educated on their rights and responsibilities in exacting performance from their boards and management
3. Ethics training in law and business schools should become a priority. It is the absence of ethics that allowed most of the scandals to sky rocket in devastating circumstances.
4. More public education should be undertaken to explain the need for CG even in owner-managed firms.
5. More companies should be encouraged to list on the Stock Exchange to encourage greater accountability.
6. Government should be seen to be doing business with companies that incorporate good CG principles in their dealings, with both government and other institutions. In this direction, a set of identifiable and measurable criteria for good corporate governance should be developed. Further, an annual award should be instituted for organizations that incorporate good CG practices in their operations.
7. It is recommended that all organizations should establish Audit Committees. This will enable the Internal Auditor to report to the Audit Committee instead of to the organization’s CEO.
8. The researcher also recommends the introduction of Whistle-blower policy in all organizations with a designated Ombudsman (appointed by the organization) to be contacted in confidence. Not all, any whistle blown should be acted upon immediately.
9. Board balance and independence should be holistic. It should not be restricted to only the balance of executive and non-executive and their skills, knowledge and experience. It is recommended that in addition to these, no board member should have any related party transaction in the organization.
10. Finally, it is recommended that the issue of CG should be incorporated by organizations on a gradual basis, especially in the case of developing economies.

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