Corporate Governance and Firm Performance: Evidence from Ghana

Written By: Caesar K. Simpson
Swiss Management Center University

Publisher: Galore Knowledge Publication Pvt. Ltd.
www.gkpublication.in

SMC UNIVERSITY
Swiss Management Center – Transknowlogy Campus

Corporate Governance and Firm Performance: Evidence from Ghana

Caesar K. Simpson

Swiss Management Center University

Submitted as partial fulfillment of the requirements for the degree of Doctorate of Finance

To: Professor John Marangos

February 2016

ABSTRACT

The study investigated whether there exists a relationship between corporate governance and firm performance of listed firms on Ghana Stock Exchange. The study constructed a corporate governance index (0~100) using all the six OECD principles of corporate governance as independent sub-variables for 30 of the 36 listed companies, relying primarily on survey responses and secondary data. Using regression and correlation analyses, the study reported evidence that corporate governance is an important factor in explaining the performance of listed companies on Ghana Stock Exchange. The study revealed a strong positive correlation between the overall corporate governance index and firm performance measured in terms of ROA, ROE and Tobin's Q which were robust with the results of the regression analyses. All the six OECD principles of corporate governance that constituted the index, individually showed strong positive correlation with the three performance variables. The study further investigated whether there exists a relationship between the corporate governance framework of Ghana and the OECD principles of corporate governance. The results indicated a very robust relationship between the two frameworks. The study made use of control variables that were not previously used in other studies on Ghana. The combined control variables also correlated positively with the performance variables and were statistically significant.

Key words: Corporate governance, firm performance, Ghana Stock Exchange, OECD principles of corporate governance, corporate governance index, corporate governance framework of Ghana.

Declaration - Signature

"I declare in lieu of an oath that I have written this doctoral thesis by myself, and that I did not use other sources or resources than stated for its preparation. I declare that I have clearly indicated all direct and indirect quotations, and that this thesis has not been submitted elsewhere for examination purposes or publication."

____

(Date / Name)

Dissertation Committee – Signature

I certify that I have read this dissertation and that, in my opinion, it is fully adequate in scope and quality as a doctoral thesis.

____

(Date / Name)

I certify that I have read this dissertation and that, in my opinion, it is fully adequate in scope and quality as a doctoral thesis.

____

(Date / Name)

I certify that I have read this dissertation and that, in my opinion, it is fully adequate in scope and quality as a doctoral thesis.

____

(Date / Name)

ACKNOWLEDGEMENTS

First and foremost, I wish to register my profound gratitude to the Almighty God for making this long awaited dream come through. I am very grateful to my mentor, Professor John Marangos, for the immense interest he has shown in the study and for his meticulous guidance and incredible support. My acknowledgement also goes to Marilyn Baker, SMC University Research Director, SMC University Dissertation Committee, and all my course professors for their individual key roles played during the course of this course.

Furthermore, I extend my acknowledgement to my former employer Gold Coast Securities Limited, Mr Harrison Afeku of Gold Coast Fund Management Limited, Ghana Stock Exchange and Mrs Eileen Owusu of Ghana Stock Exchange for their respective assistance in collection of both primary and secondary data.

Lastly, but not the least, I am very grateful to my dear and loving wife Rev. Mrs Eunice Simpson and our children Jayden Simpson and Jessica Simpson for their utmost support and encouragement.

Table of Contents

List of Figures

List of Tables

List of Abbreviations

APA	American Psychological Association
CEO	Chief Executive Officer
CGG	Corporate Governance Guidelines
CGI	Corporate Governance Index
CV	Control Variables
DFID	Department for International Development
EPS	Earnings per share
EVA	Economic Value Added
GNAS	Ghana National Accounting Standards
GSE	Ghana Stock Exchange
ICAG	Institute of Chartered Accountants, Ghana
IFRS	International Financial Reporting Standards
ISA	International Standards of Audit
JSE	Johannesburg Stock Exchange
NED	Non-executive directors
OECD	Organisation for Economic Co-operation and Development
ROA	Return on Assets
ROE	Return on Equity
SEC	Securities and Exchange Commission
SMEs	Small to Medium-sized Enterprises
SMC	Swiss Management Centre
SPSS	Statistical Package for the Social Sciences

List of Appendices

Dedication

This work is dedicated to the Almighty God. To God be the glory for this great thing He Has done. He has made all things beautiful in His own time. This is His doing and it is marvelous in my eyes.

CHAPTER 1: OVERVIEW

Low level of development of developing nations like Ghana has been ascribed to low level of productivity (Bloom et. al., 2010). Firms in developing countries, for example Ghana, are often poorly managed, which significantly reduces their productivity. As a result, such countries have been identified by the World Bank and other writers as having insufficient capacity to efficiently manage their resources (Tornyeva & Wereko, 2012). Companies have a major role in building and empowering the domestic economy, as an economy's progress is enhanced by the performance of its companies (Minow & Monks, 2008).

Ghana is located on the West coast of African continent. The country, like many other African countries, has suffered from a long history of economic and social upheavals that considerably impaired its developmental progress. The private sector in Ghana is seen as the engine of economic growth and development but the sector has not been able to bring about this desired growth and development. Amjad, Shah & Shah, (2013) asserted that financial performance of companies affect share prices. The performance of the companies listed on Ghana Stock Exchange (GSE) as reflected by their share prices in the past ten years indicates that whilst few have appreciated, others have depreciated and some have neither declined nor appreciated in value (Akpakli, 2010). For example, the share price of Mettalloplastica Ghana Limited had extremely depreciated on the GSE to the extent that the company had to be de-listed and consequently liquidated (Akpakli, 2010).

Nevertheless, few companies such as Standard Chartered Bank Ghana Limited and Enterprise Insurance Company Limited's share prices keep on rising every year. The problem of these variations in the performance of the listed companies on GSE may be credited to their financial performance which may be connected to how these companies are being governed (Tornyeva & Wereko, 2012).

Corporate governance has become a contemporary issue because of its enormous contribution to the economic growth and development of nations (Tornyeva & Wereko, 2012). Effective governance is critical to all economic relations especially in emerging and transition economies (Dharwardkar et al., 2000). Previous studies have established positive relationship between good corporate governance practices and firm performance(Kelly& Switzer, 2006; Cornett et al., 2009; Akpakli, 2010; Ahmad 2010; Drobetz, Schillhofer & Zimmermann, 2011; Meeamol et al., 2011; Kowalewski, 2012;Duke II, Kankpang & Okonkwo, 2012).However, other studies have established negative relationship (Bathala & Rao, 1995; Chaghadari, 2011). Nevertheless, different research could not prove any relationship (Demsetz & Villalonga, 2001; Dulewicz & Herbert, 2004; Abdullah & Page, 2009).

Despite these inconsistent results, abundant extant literature largely attested to the importance of good corporate governance in enhancing firm performance. This is evident by the increasing attention being given to matters of corporate governance by governments, regulatory bodies, regional bodies, and private institutions (Tornyeva & Wereko, 2012).

This quantitative research study investigated the relationship and impact of corporate governance on firm performance of 36 listed companies on GSE between 2004 and 2013.The study provided empirical evidence on corporate governance and firm performance from the Ghanaian perspective. The study's goal is to better understand corporate governance and corporate performance in Ghana.

Problem Statement

Ghana's economy remains underdeveloped notwithstanding decades of conceptualizing, formulating and implementing various types of economic policies and programmes (Nkurayija, 2011). The private sector in every economy serves as the engine of growth (DFID, 2011). However, the private sector in Ghana is saddled with poor performance and is not able to bring about the required economic growth and development (DFID, 2011).The private sector for example, has low productivity, poor management of resources, weak management practices, and inability to attract sufficient funds for investment (Bloom et. al., 2010). Prior works, such as Tybout (2000) and World Bank (2004), have underlined a set of issues including weak regulatory framework as the main cause of low productivity of firms in Ghana.

Good corporate governance has been emphasised to be important to corporate organisations especially in transition and developing economies like Ghana (Akpakli, 2010). The effectiveness of a company's corporate governance structure has a comprehensive consequence on how well it performs (Fooladi et al., 2014). Aboagye, Agyemang and Ahali (2013) asserted that corporate governance encourages effective and efficient allocation of resources, assists corporate organisations in attracting capital at low cost and assists corporate organisations in maximising their performance as well as their ability in meeting community needs.

Research maintained that good corporate governance practices improve firm performance through judicious allocation of firm's resources, competent management, high productivity, increase profitability and among others (Black et al., 2009; Akpakli, 2010; Deku II, Kankpang & Okonkwo, 2012; Tornyeva & Wereko, 2012; Afolabi, 2013).

The study sought to find out how good corporate governance practices among listed companies in Ghana could address the poor performance of the 36 listed companies to accelerate Ghana's economic growth and development.

Purpose of Research

The study sought to understand the relationship between corporate governance practices and firm performance of listed companies on GSE. This quantitative study investigated whether the corporate governance practices of listed companies on GSE have any effect on their performances as both recent and past empirical studies have established in both developed and developing countries (Kyereboah-Coleman, 2007; Black et al., 2009; Tornyeva & Wereko, 2012; Htay, 2012; Kowalewski, 2012; Afolabi, 2013). The study purposed to reveal any positive linkage between corporate governance and firm performance. The study aimed at exploiting any positive linkage revealed to promote firm performance of the listed companies on GSE to bring about the need economic growth and development in Ghana.

The study also compared and contrasted corporate governance framework of Ghana with the OECD principles of corporate governance. The study evaluated the corporate governance framework of Ghana, and made necessary recommendations that would make it robust like internationally accepted frameworks, for example OECD principles of corporate governance. The recommendations were made to regulatory bodies namely Ghana Securities and Exchange Commission (SEC) and GSE. This is to promote good corporate governance practices among listed firms in Ghana to enhance the country's economic growth and development. This quantitative, correlational research study utilised a five-point Likert type scaled survey with descriptive statistics to identify and define the specific independent variables of corporate governance that significantly relate to the dependent variables of firm performance.

Significance of the Study

Matters regarding governance have received increased attention in recent times on the continent, more so, as it is emphasised by the New Partnership for Africa's Development Agenda (Kyereboah-Coleman, 2007). An understanding of the pattern of corporate governance in the corporate sector of Ghana will provide an important awareness to top policy makers and help in the on-going restructuring of the country. For example, the study has established very strong relationship between disclosure and firm performance. To enhance disclosure and thereby increase performance of the listed firms, the study would encourage law enactment arm of government and regulators to enact laws that would boot disclosure, for example, Freedom of Information Act. This Act would give right to organisations as well as individuals to seek information from the listed companies as well as government agencies thereby deepening disclosure. This act would help in exposing bribery and corruption which Afolabi (2013) had identified as one of the factors constraining good corporate governance in Africa. Furthermore, the level of financial reporting is one of the essential elements for effective corporate governance system (Afolabi, 2013). The study would encourage the regulatory authorities like GSE and SEC to ensure that accounting professional adhere to internationally accepted standards, for example, International Financial Reporting Standards (IFRS). The study also showed strong positive correlation between the corporate governance framework of Ghana and the OECD principles of corporate governance. The study would help the regulatory authority of Ghana to critically contrast the two frameworks and see the possible areas of the Ghanaian framework that could be improved upon.

The study uncovered critical components of the OECD principles of corporate governance elements that affect firm performance in present volatile and unpredictable business environment in Ghana, where monetary prime rate was 12.5% in 2011, but increased to 16% in 2014; inflation rate which was 8.4 % in 2011 increased to 16.9% in 2014; and the exchange rate of Ghana Cedi to US dollar was GHS1.43 to $1.00 in 2011 but increased to GHS3.19 to $1.00 in 2014 (Ghana Statistical Service, 2014). The research result adapt serve developmental, training, and evaluation needs of board of directors of the 36 listed companies on GSE in Ghana.For example, the result showed that there exists strong positive correlation between the roles and responsibilities of the board and firm performance. Boards aim at maximising shareholders value through good performance. To achieve this, the study would encourage boards to be appraising their roles and responsibilities vis-à-vis those cited in OECD (2004) such as:

- Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.
- Where board decisions may affect different shareholder groups differently, the board should treat all shareholders fairly.
- The board should apply high ethical standards. It should take into account the interests of stakeholders.
- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.
- Monitoring the effectiveness of the company's governance practices and making changes as needed.
- Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transaction
- Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards. Boards should

consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration.

According to Carter and Lorsch (2004) corporate boards many a times operate in a multifaceted environment and face a number of dilemmas. As the heads of the company when they fail to perform their duties efficiently as a result of poor skill, it would adversely affect performance. Several corporate failures have been accredited to the inability of boards to recognize the problems early enough because they lack the necessary skills. In addressing this challenge, several institutions have designed precise courses for the training of directors, principally in the area of risk management (Tornyeva & Wereko, 20120).

The research results would serve as a mechanism for board of directors to improve upon their performance to prevent corporate failure in Ghana.Companies are run on going concern concept principle, the assumption that the entity will remain in business for the foreseeable future. In view of this, it is incumbent on boards to always look for ways of improving their performances to ensure continued existence of the business. The present study has demonstrated that the way to achieved good performance is good corporate governance practices. The result showed that the corporate governance framework of Ghana is highly positively correlated with OECD principles of corporate governance. Notwithstanding, the OECD is more robust than the Ghanaian framework. The adoption of the OECD principle of corporate governance by the boards would translate into higher corporate governance practices with resultant improved firm performance compared to firms still using the Ghanaian framework. The used of the OECD principles would boost confidence of international investors and attract more foreign investment into the firms.

A detailed country assessment of the corporate governance framework of Ghana vis-a-vis the OECD principles of corporate governance by the World Bank (2010) revealed that Ghana's scores were: shareholder rights was 75%; equitable treatment of shareholders 61%; disclosure 62%; responsibility of the board 43%; regulatory framework 61%; and equitable treatment of stakeholders 68%. The boards can therefore improve their corporate governance practices in all these six areas identified and benefit from good firm performance. These could be achieved through regular evaluation, monitory, supervision and enforcement of these best practices across the organisation.Even though there are no major corporate failures in Ghana, and it has happened in other parts of the world, prevention is better than cure (CIMA, 2008). Prevention must come before failure (Barzel, Habib & Johnsen, 2004); this was the impulse of this study.

The study would be significant to regulatory authorities in Ghana in pursuance of their responsibilities of ensuring compliance with good corporate governance practices among 36 listed firms on GSE. The result of the study would also add to the bodies of knowledge on corporate governance and firm performance and fill literature and knowledge gap on the subject in Ghana. The research is therefore essential to organisational leadership, investors, GSE, regulatory bodies such as Securities and Exchange Commission of Ghana, Bank of Ghana, to mention few.

Research Design

The research design for this study was quantitative research methodology. The researcher in pursuance of this study adopted the deductive approach. The rationale in adopting this approach included among others:

- because the researcher sought to

explain relationship between variables,

- because the researcher intended to collect quantitative data,
- because the researcher intended to control and allow the testing of hypothesis,
- because the researcher was independent of what was being observed,
- because concepts were operationalized in a way that enabled facts to be measured quantitatively, and
- because findings would be generalized to some extent (Saunders, Lewis, & Thornhill,
- 2003;Creswell, 2006;Saunders, Lewis, & Thornhill, 2007 Bajpai& Singh, 2008; Sun,
- 2009; Staff, 2012).

Based on the literature review on corporate governance and firm performance, the study sought to understand the relationship between these variables in Ghana. The population of interest was listed companies on Ghana Stock Exchange which had 36 listed companies as at the time of this study. The population comprised of both local and international companies from different sectors of the economy such as Banking; Insurance, Manufacturing; Agriculture; Mining; Oil; among others. Assessing the companies within Organisation for Economic Co-operation and Development (OECD) Principles of Corporate Governance and past financial statements of the listed companies provided meaningful data concerning corporate governance and firm performance of those companies which is consistent with Blacket al. (2009), Black, Jang and Kim (2003), and Garay and Gonzalez (2008).As a non-experimental approach, the study surveyed a sample with a population of 36 listed companies on GSE. Survey research is common in quantitative studies as it seeks to gather information regarding the opinions, characteristics, experiences and attitudes of people (Leedy & Ormrod, 2005; Sun, 2011). This process permits researchers to capture a snapshot in time of a cluster of people sharing a specific experience (Leedy & Ormrod, 2005; Sun, 2011).

Given the nature of the research problem, the population size was too small to enable random sampling. The research therefore utilised purposeful sampling because the study aimed at examining the companies that were listed on GSE from the year 2004 to 2013.The sample size consisted of30 companies which were listed within this timeframe. This was because the study took retrospect of firm performance over ten years' period 2004-2013.

The first step of the implementation research study is creating the data collection tools to be used to collect important study data, for example in this study a questionnaire (Kremlin, 2008). Aquestionnaire was used as the primary research tool. The study made use of both primary and secondary data. The primary data was collected through a survey. The format of the survey was a self-administered questionnaire. There were five participants from each selected firm namely: the Board Chairman, two other Non-Executive Directors, the Chief Executive Officer (CEO) and one other Executive Director. This was to serve as a form of triangulation to minimise interpretation bias. There were therefore 150 survey participants (five participants from each selected listed company multiplied by 30 selected listed companies).

The invitation to participate in the survey was sent out through e-mail and further distributed letters. This was to make sure that the participants receive the invitations as there was possibility that some of those emails could go into junk e-mail boxes and be deleted. This was to enhance the response rate. The responses to the survey were requested within 30 days of receiving the e-mails. The questionnaires were collected personally to maximize the response rate. Participation in this study was voluntary as per APA (2002). Participants had the right not to participate at all or to leave the study at any time which is consistent with APA (2002). Deciding not to participate or choosing to leave the study did not result in any penalty or loss of benefits to which the participants are entitled, and it did not harm their relationship with GSE, Securities and Exchange Commission or any individual. If any participant decided to leave the study, the procedure was just to either telephone or email the researcher.

The secondary data consisted of the balance sheets and income statements of listed companies, maintained by the Ghana Company House and GSE; informed consent was be required on GSE for collection of this data.

This study made use of three validated instruments. First, the instrument for corporate governance was the instrument developed and validated by OECD (2004), titled Principles of Corporate Governance. The study investigated the relationship between corporate governance and firm performance. The study took diligent steps to ensure validity with comparison with multiple pre-existing measures in the validation study (Black, Jang, & Kim, 2003; Tornyeva & Wereko, 2012). The test-retest reliability was performed to further establish the reliability of the instrument. There are six points contained in the Principles of Corporate Governance (OECD, 2004). The instrument therefore contained six scales namely: governance framework; rights of shareholders; fair and equal treatment of shareholders; role of stakeholders; disclosure; and responsibilities of the board. Each scale had seven questions with a five-point Likert scale with the following labels: Strongly Disagree (1) Disagree (2) Do Not Know (3), Agree (4) and Strongly Agree (5). This instrument on the whole, contained 42 item assessments.

Second, the dependent variable (firm performance) made use of audited financial statements of the sampled companies. The second instrument was built based on the audited financial statements of the sampled firms. The instrument contained ROA, ROE, and Tobin’s Q. The instrument had eight questions with a five point Likert scale. Strongly Disagree (1) Disagree (2) Do Not Know (3), Agree (4) and Strongly Agree (5). This instrument contained 21 item assessment.

Third, the instrument for corporate governance regulatory framework of Ghana, developed and validated by Ghana company law, Companies Code, 1963 Act 179. The aim of this instrument was to assist in comparing the OECD principles of corporate governance with the corporate governance regulatory framework of Ghana for robustness. The corporate governance regulatory framework of Ghana has been divided into six major sections, namely: a) the mission, responsibilities and accountability of the board; b) committees of the board; c) relationship to shareholders and stakeholders, and the rights of shareholders; d) financial affairs and auditing; e) disclosures in annual reports (transparency); and f) code of ethics (Aboagye, Agyemang., & Ahali, 2013). The instrument therefore contained six scales and each scale had seven questions with a five-point Likert scale with the following labels: Strongly Disagree (1) Disagree (2) Do Not Know (3), Agree (4) and Strongly Agree (5). This instrument on the whole, contained 42 item assessments. In order to solidify the validity and reliability of the combined instruments, the study further tested the instrument including construct validity and reliability (Creswell, 2009).

The data analysis seeks to address the research questions. The study contained four statistical analysis namely, descriptive statistics, correlational analysis, regression analysis and test of hypothesis. All statistical analysis was parametric methods assuming the dataset to be normally distributed (Triola, 2009). Both Excel and SPSS stored, organised and executed the statistical analysis. All data types were discrete data organized in rows for each participant's responses. A data integrity check was performed to ensure that all data were within expected range of one to five. During the processing and analysis of the data, AVG 2014 software protected the data from probable hackers from accessing the data. The data was presented in figures, tables, charts and graphs. Upon completion of the analysis, the database file was safely storage and backed up on external hard drive.

Research Questions and Hypotheses

The research questions and hypotheses to address the research problem were as follow:

- RQ1: Is there any relationship between corporate governance and firm's performance in Ghana?
- H1O: There is no relationship between corporate governance and firm's performance in Ghana.
- H1A: There is a relationship between corporate governance and firm's performance in Ghana.

Sub-questions: The six OECD principles of corporate governance was tested against firm performance measures such as Return on Equity, Return on Assets, and Tobin's Q so as to identify any relationship between the variables.

- RQ1a: Does ensuring a basis for an effective corporate governance framework in a firm in Ghana affect performance?
- H1aO: Ensuring a basis for an effective corporate governance framework in a firm in Ghana does not affect performance.
- H1aA: Ensuring a basis for an effective corporate governance framework in a firm in Ghana does affect performance.

- RQ1b: Do the rights of shareholders in a firm in Ghana affect performance?
- H1bO: The rights of shareholders in a firm in Ghana do not affect performance.
- H1bA: The rights of shareholders in a firm in Ghana do affect performance.

- RQ1c: Does fair and equal treatment of shareholders in a firm in Ghana affect performance?
- H1cO: Fair and equal treatment of shareholders in a firm in Ghana does not affect performance.
- H1cA: Fair and equal treatment of shareholders in a firm in Ghana does affect performance.

- RQ1d: Do stakeholders in corporate governance in a firm in Ghana affect performance?
- H1dO: The stakeholders in corporate governance in a firm in Ghana does not affect performance.
- H1dA: The stakeholders in corporate governance in a firm in Ghana does affect performance.

- RQ1e: Does disclosure in firm's financial statement in Ghana affect performance?
- H1eO: Disclosure in firm's financial statement in Ghana does not affect performance.
- H1eA: Disclosure in firm's financial statement in Ghana does affect performance.

- RQ1f: Do effective fulfilment of responsibilities of Board of Directors in a firm in Ghana affect performance?
- H1fO: Effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does not affect performance.
- H1fA: Effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does affect performance.

- RQ2: Is there any relationship between corporate governance framework of Ghana and OECD principles of corporate governance?
- H2O: There is no relationship between corporate governance framework of Ghana and OECD principles of corporate governance
- H2A: There is a relationship between corporate governance framework of Ghana and OECD principles of

corporate governance.

Assumptions and Limitations

The methodological assumption was the quantitative survey process to the assessment of link between corporate governance and firm performance. As a sensitive topic, the study assumed that participants did not amplify their self-perceptions and answered candidly to the best of their knowledge (Vigil, 2005; Sun, 2011). The method of self-administration of surveys assumes the honesty in responses (Bernard, 2000). Listed companies were used in this study because of assume data dependability as these companies are mandated by law to publish annual reports and accounts (Kyereboah-Coleman, 2007).

The principal theoretical assumption rests within the literature concerning corporate governance and firm performance (Aguilera & Desender, 2012; OECD, 2004; Austin & Gittell, 2002). Corporate governance indices may not sufficiently capture the quality of governance (Aguilera & Desender, 2012). Distinguishing effective from ineffective governance presents an enormous challenge, especially given the great diversity of corporate governance mechanisms employed by firms (Aguilera & Desender, 2012). The study assumed that the corporate governance index that was molded from the survey responses amply captured the quality of governance being practiced by the sampled listed firms. Generally accepted models of performance measurement, for example, return on equity, return on assets, and Tobin's Q - as used in this study, follow three basic principles: performance should be clearly defined; performance should be accurately measured; and rewards should be contingent upon measured performance (Austin & Gittell, 2002). The study therefore assumed that the performances of the sampled listed companies as obtained from their financial statements were accurately measured.

The study assumed that the participants answered all parts of the questionnaire with complete honesty and with minimal interruptions. The invitation letter requested a flexible time span of at most 30 days for participation. The study also assumed that the individuals were under normal conditions and not bothered for time or within their environment.

The limitations of the study rest in the generalize-ability of the research. Since the study was focused on ten years timeframe, not all listed companies were covered in this study. Another limitation for the study was the small population and sample size. The data collected was self-reported data. Whereas it offers efficiency in data collection, limitations also exist using this technique of data collection (Sun, 2011). Although there was no control over the interpretations of the questions in the instrument, self-administered questionnaires may have challenges like response rates and honesty in responses (Bernard, 2000). The study centered on firms quoted on GSE, the researcher was mindful of the fact that the fundamental behaviour of this stock market (bullish or bearish) could have effect on especially the performance variables which could either positively or negatively skew the regression results. Nevertheless, it was hoped that most of these effects would have been accommodated for by the use of control variables in the analysis.

One of the key challenges in quantifying and substantiating corporate governance indices is in what level these indices are capturing firm-level governance quality (Aguilera & Desender, 2012). This study did not investigate inter-firm level governance quality among the sampled firms and therefore considered this as a limitation. Additional limitation was the use of correlational research, which is only a descriptive approach (Sun, 2011). Whereas relationships between variables may be proven, it is still imprecise if certain antecedent and intervening variables may further muddle the relationship between independent and dependent variables (Bernard, 2000).Notwithstanding the strong relationship established between corporate governance and performance (ROA, ROE and Tobin's Q), it is imperative to put a caveat regarding uncertainties of causality. The study had not been able to prove that the independent variables are exogenous. Owing to the complexity of the corporate governance variables it was cumbersome to control for possible endogeneity in the model, hence the researcher could not make an assessment of the causality relationship between the variables.

Operational Definitions

Two major constructs form the basis for this study: corporate governance and firm performance.

Corporate governance. Cadbury Committee (1992, defines corporate governance as "the system by which companies are directed and controlled" p.14. More precisely it is the framework by which the several stakeholder interests are balanced (Cadbury Committee, 1992). The OECD Principles of Corporate Governance (2004) states that “corporate governance involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders” p.11. Corporate governance also offers the platform through which the objectives of the company are set, and the means of accomplishing those objectives and monitoring performance are determined (OECD, 2004). Fuenzalida et al. (2013) averred that good corporate governance practices improve firm performance through judicious allocation of firm’s resources, competent management, high output, increase profitability and among others. Poorly governed firms are thus, probable to be less profitable, have greater insolvency risk, lower valuations and pay out less dividend to their shareholders (Kyereboah-Coleman, 2007).

The study used four theoretical principles of corporate governance: One of the theoretical philosophies underlining the issue of corporate governance is the agency theory developed by Jensen and Meckling (1976) of the separation of ownership and control.

1. The stewardship theory developed as a result of the seminar work by Donaldson and Davis (1991). The theory is grounded on the assumption that the interest of shareholders and the interest of management are connected therefore management is inspired to make decisions that would maximize performance and the total worth of the company.
2. The resource dependency theory was developed by Pfeffer (1973) and Pfeffer and Salancik (1978) with the purpose of accentuating the important role played by board of directors in providing access to resources that would increase the company’s performance and safeguard it against externalities.
3. Stakeholder theory was developed by Freeman (1984) with importance on the need for managers to have corporate accountability to stakeholders instead of shareholders. Stakeholder theory considers agency theory perspective to be too narrow since manager’s actions have consequence on other interested parties than just shareholders.

Firm performance. Firm performance on the other hand, is a fundamental constituent of how businesses do things and act in a manner that helps them subsist and succeed (Kellen, 2003). In order to subsist and thrive, firms need to set strategic directions, set objectives, implement decisions and monitor their state and behaviour as they move towards their aim (Kellen, 2003). Euske and Lebas (2002) provide a good definition of performance as “doing today what will lead to measured value outcomes tomorrow” p.26. Firm performance measurement systems are used to measure performance and comprise of multiple measures (Kellen, 2003). The study used three measures:

Return on equity (ROE). ROE measures the rate of return of ownership interest (shareholders' equity) of common stock owners (Damodaran, 2007). It measures the effectiveness of a firm in making profits from each unit of shareholder equity, also known as net assets or assets minus liabilities. ROE demonstrations how healthy a company uses investments to produce earnings growth (Damodaran, 2007). ROE is defined as:

$$\text{ROE} = \frac{\text{Annual Net Income (After Tax Income)}}{\text{Average Stockholders'Equity}}$$

Average Stockholders' Equity is defined as sum of shareholders' equity at the beginning and at the end of the year divided by two. This is consistent with Tornyeva & Wereko (2012), Akpakli (2010), Black et al. (2009), Kyereboah-Coleman (2007) among others.

Return on assets (ROA). ROA displays the percentage of how profitable a company's assets are in generating income (Kupiec & Lee, 2012). This number shows what the company has attained by use of its assets. It is a useful number for matching rival companies in the same industry. Return on assets gives a sign of the capital strength of the company, which will depend on the industry. Companies that need large initial investments will normally have lower return on assets (Kupiec & Lee, 2012). ROAs over 5% are normally considered good (Kupiec & Lee, 2012). ROA is defined as:

$$\text{ROA} = \frac{\text{Annual Net Income (After Tax Income)}}{\text{Total Assets}}$$

This consistent with Tornyeva and Wereko (2012), Akpakli (2010), Black, Kim, Jang, and Park (2009), Kyereboah-Coleman (2007) among others.

Tobin's Q. Tobin's Q is the ratio between a physical asset's market value and its replacement value. It was introduced in 1969 by James Tobin. If Tobin's Q is greater than 1.0, then the market value is greater than the value of the company's recorded assets (Meeamol, 2011). This proposes that the market value mirrors some unmeasured or unrecorded assets of the company. High Tobin's Q values inspire companies to invest extra in capital because they are "worth" more than the price they paid for them (Meeamol, 2011). In this present study, Tobin's Q wasdefined as:

$$\text{Tobin's Q} = \frac{\text{Market Value of Assets}}{\text{Book Value of Assets}}$$

Market value of assets as is defined as book value of debt plus book value of preferred stocks plus market value of common stocks. This consistent with Tornyeva and Wereko (2012), Akpakli (2010), Black et al. (2009), Kyereboah-Coleman (2007), among others.

The Ghana Stock Exchange (GSE). GSE is the stock exchange of Ghana. The exchange was incorporated in July 1989 with trading commencing in 1990. GSE currently lists 38 equities (from 36 companies) and 2 corporate bonds. All types of securities can be listed. The benchmarks for listing include profitability, capital adequacy, spread of shares, years of existence and management efficiency. The GSE is located in Accra.

Summary

In Chapter I, the problem statement identified the need to examine the relationship between corporate governance and firm performance. Next provided the purpose of the study, which was to investigate whether the corporate governance practices of listed companies on GSE have any effect on their performances as both recent and past empirical studies have established in both developed and developing countries. The purpose of the study was followed by the significance of the study, which were uncovering critical components of the OECD principles of corporate governance elements that affect firm performance in present volatile and unpredictable business environment in Ghana. The significance of the study was followed by research design, research questions and hypotheses, assumptions and limitations, operational definitions, and finally summary. The review of literature used for the current study was presented in the following Chapter 2.

CHAPTER 2: LITERATURE REVIEW

Ghana's economy is still underdeveloped after 58 years of independence notwithstanding formulation and implementation of various types of economic policies and programs (Nkurayija 2011). The private sector in every economy serves as the engine of growth (DFID, 2011). However, the private sector in Ghana is saddle with poor performance and is not able to bring about the required economic growth and development (DFID, 2011). Tybout (2000) and World Bank (2004) have underlined a set of issues including weak regulatory structure as the key cause of low productivity of firms in Ghana. Good governance would lead to economic revolution through which economic growth should be achieved (Nkurayija 2011). The usefulness of a company's corporate governance framework has a sweeping effect on how well it performs (Fooladi et al., 2014). Aboagye, Agyemang, and Ahali (2013) asserted that good corporate governance stimulates effective and efficient distribution of resources and aids corporate organisations in maximising their performance.

The study sought to find out how good corporate governance practices among listed companies in Ghana could address the poor performance of the 36 listed companies to accelerate Ghana's economic growth and development. Four theories formed the theoretical framework for the study. One of the theoretical philosophies underlining the issue of corporate governance is the agency theory developed by Jensen and Meckling (1976). The agency theory advocates separation of ownership from control. Investors have surplus resources to invest but due to technical limitations such as insufficient capital and managerial know-how to manage the funds, employ the services of managers to invest their funds in profitable undertakings to generate good returns and the managers are remunerated for their service.

Stakeholder theory considers Agency theory's contractual view of the relationship between managers and shareholders where the managers have the singular objective of maximizing the wealth of shareholders to be too slim since manager's activities have consequence on other interested parties than just shareholders. The theory was developed by Freeman (1984) with stress on the need for managers to have corporate accountability to stakeholders instead of shareholders.

Stewardship theory arose as a result of the seminar work by Donaldson and Davis (1991). The theory is based on the assumption that the interest of shareholders and the interest of management are connected therefore management is inspired to make decisions that would maximize performance and the total worth of the company. The theory postulates that there is higher satisfaction in cooperative than individualistic behaviour and hence whilst the actions of management would be maximizing shareholder fortune, it would at the same time be meeting their personal needs.

The resource dependency theory was developed by Pfeffer (1973), and, Pfeffer and Salancik (1978) with the aim of accentuating the important role played by board of directors in providing access to resources that would increase the company's performance and safeguard it against externalities. Companies need resources in areas of finance, human, technical, information, communication and technology to function properly and to accomplish their aims and objectives.

This chapter reviews the literature on corporate governance and firm performance.

Theoretical Orientation

Corporate governance. Good corporate governance has been emphasized to be essential to corporate organisations particularly in transition and emerging economies. The efficiency of a company's corporate governance structure has a sweeping effect on how well the company functions (Aboagye, Agyemang, & Ahali, 2013). A company that embarks on good corporate governance practice offers vital information to its equity holders and other stakeholders to minimize information asymmetry (Duke & Kankpang, 2011). Financial scandals that are currently happening across the world and the recent failure of major corporate organisations including Enron, WorldCom, Tyco, Adelphia, Arthur Anderson, Lehman Brothers, Freddy Mac, Fanny Mae, WorldCom, Goldman Sachs, Marconi, Northern Rock, Parmalat and Yukos have made corporate governance to take on the centre stage for academic and professional discourse (Aboagye, Agyemang, & Ahali, 2013). The piquancy of the search for a general understanding of the indicators, drivers and alleviating instruments of corporate governance has been intensified in recent times by these remarkable corporate failures (Duke & Kankpang, 2011).

There is no commonly held or sole definition of corporate governance and certainly no definition that all countries agree upon (Mayes et al., 2001, OECD, 2004). As a result, corporate governance can be defined and practiced in different ways internationally depending upon the relative power of owners, managers and providers of capital (Craig, 2005). Cadbury Committee (1992) defines corporate governance as "the system by which companies is directed and controlled" p.14. More precisely it is the framework by which the several stakeholder interests are balanced (Cadbury Committee, 1992). The OECD Principles of corporate governance (2004) states that “corporate governance involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders” p.11. Corporate governance also offers the structure through which the goals of the company are set and the means of achieving those goals and monitoring performance are determined (OECD, 2004). Corporate governance could be defined as the use of a set of influential micro-policy instruments in an organisation to guarantee an efficient and effective use of resources in attaining the central objectives of its capital providers as well as maximizing positive impact on other stakeholders (Agyemang & Castellini, 2012). Using the agency theory approach, Shleifer and Vishny (1997) defined corporate governance as a procedure in which a provider of finance to firms assure themselves of getting a return on their investment.

The existence of different and sometimes contradictory objectives among corporate managers and shareholders has given rise to the design of several models and devices to ensure that the cost related with such different interests is marginal (Kyereboah-Coleman, 2007). One of the measures suggested to deal with this is corporate governance (Jensen & Meckling, 1976). It has been maintained that the agency theory has been the most central issue in corporate governance (Tornyeva & Wereko, 2012). However, some other theories have developed, all in an effort to highlight the objective of a firm and how the firm should be accountable in meeting its responsibilities. Four of these relevant theories that formed the basis of this present study were discussed below:

Agency theory. The separation of ownership of an organisation from its management has created a lot of dialogue on how to effectively bring into line the interest of the managers and the owners (Ansari & Pande, 2014). Adam Smith raised this query as early as 1776 when he submitted that the separation of ownership and control resulted in poor inducements for managers to proficiently manage the affairs of the firm (Ansari & Pande, 2014). The theoretical foundations for most of the modern framework of corporate governance has come from the classic work of Berle and Means (1932) which describes the agency problem in modern firms as one emanating from the separation of ownership and control. In this typical work, there is a thoughtful explanation of a central agency problem in modern firms owing principally to the separation between financing sources and management (Ansari & Pande, 2014).

The key theoretical principle behind agency theory is that the firm is made up of a link of agreements. As significance, agency theory is appropriate to all contractual relationships in the firm (Gomez-Mejia & Grabke-Rundell, 2002). However, it centres strongly on top managers because they are at the strategic peak of the firm as they are accountable for resource distribution decisions, new market entries, acquisitions and divestitures among others (Carpenter& Sanders, 1998). Based on economics, agency theory's focal behavioural assumptions include the proclamation that: (a) agents and principals are rational; (b) agents and principals are self-interested; (c) agents are more risk-averse than principals (Gomez-Mejia& Grabke-Rundell, 2002; Deutsch, 2005).

Shareholders (principals) delegate decision making to management (agents). Certainly, this leads to opportunity costs, also called 'agency costs' which relate the cost to the principals to monitor the behaviour of an agent (CEO) to reduce agent opportunism (Bainbridge, 2005). Agency theory suggests that the contract between principal and agent is the foremost mechanism for lessening agency costs. This contract may comprise the development of a monitoring scheme to safeguard those behaviours and outcomes do not depart from the owners' interests. It also includes the instituting of an incentive scheme rewarding the agent for results that are important to the principal, for example, profitability and share price (Baeten, Balkin, & Berghe, 2011; Tosi et al., 2000).

Given the ascendancy of agency theory within corporate governance, good corporate governance is often interpreted by the modern political-economic environment as exclusively oriented to value maximisation, often used synonymously with profit maximisation (Daily et al., 2003). Agency theorists therefore lessen corporate governance to a cost–benefit calculation that simply describes what managers and shareholders maximise value, without adjudicating the moral truth of these actions. With a concentration on value maximisation comes an alignment to agency theory's first layer which is, in line with the above discussion, often depicted as exclusively driven by profit and self-interest (Jensen, 2002).

Specifically, in the first layer managers are depicted as agents of firms who involve in managerialism, a form of opportunism linked to the principal–agent problem, where firm wealth is sacrificed for improved salaries, reputations, bonuses, and other desired results (Fama & Jensen, 1983). With conflicts arising between managers following personal wealth and shareholders following maximised firm value, agency theory attempts to limit managerialism and reinstate goal congruent to the manager–shareholder relationship (Bondy & Raelin, 2013; Cyert, Kang, & Kumar, 2002). To do this, the first layer of agency theory was established, which portrays shareholders and managers as adversaries. With shareholders showed as oriented to value maximization and managers portrayed as oriented to personal value, a competition arises around the sharing of limited resources. The adversarial relationship arises as both parties direct limited resources in possibly oppositional directions, with managers oriented to bonuses and shareholders oriented to stock performance (Jensen & Meckling, 1976).

Concentrating on defining what good governance looks like has helped opaque agency theory's second layer: shareholders as agents of society. The public in an independent society is defined as persons who, "receive rights and undertake responsibilities and restrictions in return for the ability to have a direct and indirect say in the form and content of their representation" (Devinney, 2011, p335). It is debated that they are eligible to representation and consideration in decisions affecting them (Boatright, 1994; Donalson, 2007). Though seldom directly addressed in agency theory and regularly relegated to areas such as corporate social responsibility the second layer admits that firms enter agreements with society to create positive, jointly beneficial dealings that, if violated, can lead to damaging social actions against the firm (Donaldson, 2007; Heath, 2009). Although the second layer focuses on guarding society against negative externalities, it is significant to recognise that society can benefit from positive externalities of firm activity. For example if unexpected consumer buying leads to a firm paying competitive wages that go beyond a living wage, employees can enhance their standard of living by buying a home (Bondy & Raelin, 2013). Positive societal externalities are presumed to create benefits that accrue back to business, leading to long-term firm value maximisation (Jensen, 2012). When taking a long-term view, it can thus be debated that firms are not necessarily hurt by positive societal externalities. In contrast, it has been reasoned that society can be adversely affected by adverse firm externalities (Mahoney, McGahan, & Pitelis, 2009). Consequently, the second layer of agency theory essentially emphases on alleviating the harmful impacts on society of adverse firm externalities. Notwithstanding the possibility of adverse firm externalities flowing to society, the simple economic description of agency theory positions to the argument that societal benefits assist the firm and vice versa causing the positive connection between social good and value maximisation to become taken for granted (Jensen, 2012; Pedersen& Thomsen, 2000). Consequently, the nuances of the second layer remain almost overlooked. Value maximisation thus becomes taken-for-granted as an end in itself rather than a procedure leading to societal benefits. While overlooking the second layer raises the likelihood that firms can profit from this, long-term damage can transpire as second layer abuses, thus if shareholders can personally profit without assisting society, can flow to the first layer where shareholders and managers involve in mutual acts of managerialism, damaging society and reducing long-term firm sustainability (Bondy & Raelin, 2013). The application of agency theory without a principal focus on society stimulates exploitation rather than promoting both firm and societal interests. Whereas the above discussion raises the likelihood that the very theory used to encourage good governance really damages society, agency theory's descriptive nature is frequently presented to rationalise its usage (Hunt III & Jones, 1991).

Contemporary firms practise separation of ownership and control and are therefore run by professional managers (agents) who are not answerable to remote shareholders (Kyereboah-Coleman, 2007). This interpretation fits into the principal-agent paradigm. In this regard, the central question is how to ensure that managers follow the interests of shareholders in order to reduce cost associated with principal-agent contract. The principals are challenged with two main problems. Apart from facing an adverse selection problem in that they are confronted with selecting the most proficient managers, they are also confronted with a moral hazard problem because they must give the agents (managers) the right inducements to put forth the suitable effort and make decisions allied with shareholder interests. In a further definition of agency relationship and cost, Jensen and Meckling (1976) describe agency relationship as an agreement under which one or more persons (principal) engage another person (agent) to accomplish some service on their behalf, which involves entrusting some decision-making authority to the agent. There exists a conflict of interests between managers or controlling shareholders and bondholders and outside or minority shareholders leading to the propensity that the former may extract incentives (or perks) out of a firm's resources and be less interested to pursue new profitable undertakings (Kyereboah-Coleman, 2007).

The principle of separation of ownership from management however, creates a serious problem of trust between stockholders (the principal) and managers (the agent). The agency theory fundamentally describes the association between these two sets of organisational stakeholders. It puts the matter of trust in viewpoint by proposing that conflict of interest frequently the contractual relationship between stockholders and managers, and the challenge is how to manage this conflict. Handling the agency problem is intricate in the sense that organisational owners surrender control of the firm to the board and managers under an agency agreement. The organisational owners however subsequently become hostages to their agents, whom the theory assumes will continuously place their own individual goals ahead of the organisation's and its owners (Duke II, Kankpang, & Okonkwo, 2012; Mintz, 2004). Shareholders would usually anticipate that the agents will perform in the principal's best interest, however that does not happen all the times (Padilla, 2000). The agency theory suggests that it is only when the interests of the managers are channelled into a single long-term objective with those of stockholders and the firm that managers could be presumed to be acting in an accountable way (Duke II, Kankpang, & Okonkwo, 2012). This reduces the stockholders' fundamental problem to that of choosing the right quality of persons to act as their agent (at the board, and therefore management) and raising a suitable incentive schemes that should warrant symmetry between the agent's interests and theirs. Where the stockholders are not satisfactorily able to manage this relationship, and there are disagreements between managers' information and stockholders' knowledge about the firm, the resulting conflict of interest starts to raise the agency (monitoring) cost of the firm (Jensen & Meckling, 1976). This agency cost is an opportunity cost incurred solely by the stockholder, who is the recipient of only the residual cash flow of the firm (Brickley, Smith, & Zimmerman, 2001). Since Agency costs function to decrease the firm's stock value, they must therefore be controlled. A number of methods have been suggested for this including: separation of office of board chair from that of the CEO in order to remove concentration of power and lessen the influence of the CEO; constituting the board mostly of independent and non-executive directors in order that they can efficiently monitor, and reprimand managers as the need arises; securing the financial compensation of managers to the long term performance of the firm as a way of compelling managers to focus on maximising stock value; and, regulating managers through board action, including sacking those whose activities do not meet the expectations of the board (Duke II, Kankpang & Okonkwo, 2012; Mintz, 2004).

The agency theory's concept of separate leadership structure, thus CEO and Board Chairperson should not be the same, is used in Ghana, United Kingdom and Malaysia to mention few. This is consistent with OECD principles of corporate governance.

Stakeholder theory. Stakeholder theory was developed by Freeman (1984) with prominence on the necessity for managers to have corporate responsibility to stakeholders instead of shareholders. Stakeholder theory is a management theory and later has been advanced by Freeman (1984) spreading the accountability of top corporate players from the shareholder focus to other stakeholders. Stakeholders are "any group or individual that can affect or is affected by the achievement of a corporation's purpose" (Freeman 1984, p.229). Donaldson and Preston (1995) defined stakeholders as recognisable groups or people who have genuine interest in an organisation and these interests have inherent value. Generally, majority of stakeholders are employees, creditors, suppliers, customers and the local community (Ayuso et al., 2007).

The stakeholder theory is a blend of a few philosophical ideas from economic, ethics, law and organisational features. One of the principal underlying assumptions of stakeholder theory is that the firm has associations with multiple component groups and that these groups' interests have inherent value (Gay, 2002). Stakeholder theory lessens the classical economic assumption that the only stakeholder that is of paramount importance is the shareholder, which is a conjecture used in agency theory. Stakeholder theory could in fact be presumed to be a theory dealing with manifold principals and manifold agents (Gomez-Mejia et al., 2005). This theory spreads the accountability of the directors towards the corporate social responsibility (Amaeshi, 2010). Stakeholder theory views agency theory's contractual view of the relationship between managers and shareholders where the managers have the single objective of maximising the value of shareholders to be too narrow, since manager's activities have consequence on other interested parties than just shareholders. Stakeholder theory gives focus on business ethics as well as the maximisation of the profit (Htay et al., 2012). The theory is concerned in how managerial organisation decision making affect all the stakeholders and no one's interest should be able to supersede (Donaldson & Preston, 1995). Executive compensation can be viewed as a tool to streamline the interests of executives and stakeholders. As significance, stakeholder theory recommends judging managers not only on the value created for shareholders, for example, share price and dividends, but also on stakeholder value that was produced (Charreaux & Desbrières, 2001). More concretely, the performance measures that are used in bonus schemes should, for example, also be connected to employee satisfaction, customer satisfaction, safety and environmental measures (Baeten, Balkin, & Berghe, 2011). These wider performance metrics indeed may have a resilient correspondence to long-term performance. Going one step further, however, stakeholder theory even views incentive alignment to be an example of ineffective contracting because of a fundamental absence of credibility towards executive managers (Jones, 1995).

The Stakeholder theory advocates that performance and success are contingent on how well an organisation manages its dealings with these stakeholders (Freeman & Phillips, 2002). Certainly to succeed, the manager needs to synchronise contradictory interests of these stakeholders in a balancing act which calls for significant diplomacy. Where these interests are appropriately accommodated, the support of the stakeholders is preserved, while the firm is seen as a worthy platform upon which the stakeholders' interests can be maximised. The focal argument of the Stakeholder theory is that people, who without restrictions come to associate themselves with the firm, are the ones who create economic value to the firm. The interest of these people must therefore be paramount. Accordingly, managers need to nurture quality dealings with these stakeholders that will inspire them to endeavour to contribute in a supportive way towards attainment of the organisational goals. Profits will then be the guaranteed result of this relationship, once value is created (Freeman, Parmar, & Wicks, 2004). However, Ort and Strudler (2002) maintained that the description of a firm's stakeholders in this context should be limited to only those parties whose assets in the firm are at some risk, and their wealth are directly and/or considerably affected by the firm's accomplishment of its objectives. In this respect, stockholders and employees are the primary stakeholders. Even creditors are considered outsiders in this narrow stakeholder definition because they are usually protected by debt contracts with the firm and, in furtherance; they enjoy principal and interest payment on their transactions with the firm. The interests of government, communities or suppliers are even more isolated in this consideration as non-accomplishment of organisational objectives endangers their interests neither directly nor considerably.

The principle of the stakeholder theory has been well covered in two key questions formulated by Freeman (1994). The first question was what is the purpose of the firm? (Ansari & Pande, 2014). This question inspires managers of a firm to communicate the shared sense of the value that they create and which brings the main stakeholders together and pushes the firm forward, allowing it to produce superior performance in terms of its business objectives and marketplace financial metrics (Ansari & Pande, 2014). Secondly, the stakeholder theory asked the question; what is the responsibility of the management of the firm to its stakeholders? (Ansari & Pande, 2014). This question beseeches managers to define how they want to do business, precisely, what kinds of relationships they want and need to create with their stakeholders to deliver on their business objectives (Ansari & Pande, 2014).

Even though, in the legal structure under which a company operates, the directors of a company are accountable and responsible only to the shareholders of the company, such legal culpability exists only in a stringent and narrow sense. Today, with intensifying public pressure arising from corporate governance failures and environmental concerns, the concept of the responsibility of companies is shifting and broader corporate governance guidelines are progressively developing. Consequently, the earlier view based on a narrow legal interpretation, which held that the directors in an organisation are exclusively accountable to their shareholders, is now speedily giving way to a broader understanding of their role and responsibilities to all stakeholders as well. Stakeholder theory takes on a normative position and goes on to advocate that the firm should be managed in way that results in a benefit to all stakeholders, notwithstanding of the influence on financial performance of the firm (Freeman, Wicks & Parmar, 2004). The concept of this theory has currently been adopted by some of the corporate governance guidelines, such as Corporate Governance Framework of Ghana, Combined Code from U.K. and Malaysian Code on Corporate Governance, by extending the responsibility of directors to other stakeholders (Htay, Meera, & Salma, 2013).

Stewardship theory. The stewardship theory developed as a product of the seminar work by Donaldson and Davis (1991). In contrast with agency theory, stewardship theory submits that agents' (executives) interests are allied with those of the firm's principals (owners). Interests are focussed towards organisational objectives rather than personal objectives (Davis et al., 1997).The stewardship theory takes a contrasting and somewhat conciliatory view from the agency theory as it submits that organisational managers are basically concerned with the maximisation of the performance of the firm, and their reasons and activities will therefore be symmetrical with those of the firm's other stakeholders (Duke II, Kankpang, & Okonkwo, 2012). It discredits the agency opinion that managers will act in the interest of other stakeholders only when there are forced with governance instruments. Organisational managers should therefore be seen as stewards, rather than undertakers of shareholders assets.

The theory is based on hypothesis that the interest of shareholders and the interest of management are aligned; therefore management is inspired to make decisions that would maximise performance and the total value of the company. Stewardship theory is not in support of control mechanisms because these might challenge the pro-organisational behaviour of the agent (Baeten, Balkin, & Berghe, 2011). This conjecture aligns stewardship theory with psychological contract theory. However, stewardship theory principally emphases on underlying conventions about the executives' behaviour, rather than on their psychological contract and their roles. These assumptions about executives' behaviour have an influence on the design of executive compensation. First of all, stewardship theorists view executive compensation as a comparatively minor part of executive motivation (Baeten, Balkin, & Berghe, 2011). The emphasis is more on the acknowledgement executives receive from being the firm's stewards. Secondly, stewardship theory does not assume a specific relationship between executive compensation and shareholder wealth or operational dimensions of the firm's financial performance (Baeten, Balkin, & Berghe, 2011). The motive is that executives perform as stewards of the firm and pursue organisational objectives. As a result, it is not necessary to develop extra instruments to realise interest alignment (Otten, 2007). This means that this theory also offers a possible explanation for the weak association between executive pay and firm performance (Baeten, Balkin, & Berghe, 2011).

The theory postulates that there is superior utility in cooperative than individualistic attitude and hence whereas the actions of management would be maximising shareholder wealth, it would at the same time be meeting their personal needs. The managers safeguard and maximise shareholders wealth through firm performance, because by so doing, their utility functions are make best use of (Daviset al., 1997). Analogous to the agency theory, stewardship theory exhibits the link between principals and agents. However, the stewardship theory views the link from opposite angle (Htay, Meera, & Salma, 2013). Stewardship theory considers the board of directors as a group of top corporate players will maximise the firm's performance, rather than their individual interest, to improve the wealth of shareholders (Davis& Donaldson, 1991). Since the objective of stewards is to maximise the shareholders' wealth through firm performance, it promotes goal congruence between shareholders and top management (Htay, Meera, & Salma, 2013). Stewardship relies on higher values, comprising trust, in the running of an enterprise and is grounded on the principle of collectivism that principally stands for caring for other peoples' money and resources, entrusted to the care of corporate directors and executive management (Ansari & Pande, 2014).

Stewardship theory, in disagreeing with the agency theory, postulates that managerial opportunism is not relevant (Davis& Donaldson, 1991; Davis, Donaldson, & Schoorman, 1997; Donaldson & Muth, 1998). According to the stewardship theory, a manager's objective is principally to maximise the firm's performance because a manager's need for accomplishment and success is fulfilled when the initial condition of better firm performance is achieved. One important distinctive feature of the theory of stewardship is that it substitutes the lack of trust to which agency theory refers with respect for authority and a predisposition to ethical behaviour. In summary, the stewardship theory views the following as critical for guaranteeing effective corporate governance in any entity:

- Board of directors: The contribution of non-executive directors is vital to boost the effectiveness of the board's activities because executive directors have full knowledge of the firm's operations. This is believed to enrich decision-making and to warrant the sustainability of the business.
- Leadership: Divergent to the agency theory, the stewardship theory requires that the positions of CEO and board chair should be concentrated in the same individual, the reason being that it affords the CEO the chance to carry through a decision quickly and without the interference of unwarranted bureaucracy.
- Board size: Lastly, stewardship theory maintains that small board sizes should be encouraged to stimulate effective communication and decision making. What constitutes small, however, is not defined by the theory.

As a foundation for a corporate governance framework, the stewardship theory proposes that management and board members in an organisation are inspired by some superior force than the desire for personal wealth. Drawing upon organisational psychology implies that self-esteem and fulfilment as had been suggested in Maslow's hierarchy of needs, broadly influence the board member's decision making (Ansari & Pande, 2014).In this framework, stewards are company executives and managers who labour for the shareholders and safeguard and make profits for them. Unlike the agency theory, the stewardship theory does not focus on the perspective of individualism but rather on the role of topmost management as stewards in an organisation (Davis & Donaldson, 1991). Stewardship theory incorporates the goals of top management with that of the organisation and views top management as being satisfied and inspired only when organisational success is achieved (Ansari & Pande, 2014). Agyris (1973) debated that a substantial shortcoming of the agency theory is that it looks upon an employee or person as an economic being, which overwhelms an individual's own ambitions. Stewardship theory, on the other hand, aims at endowing the employees and gives them independence built on trust and encourages board members to act more independently so that the shareholders' returns are maximised (Ansari & Pande, 2014).

Going against the framework of having separate people to fill in the posts of the Chairman and the CEO in an organisation, as a check and balance mechanism that is likely to lead to better governance under the agency theory assumptions, stewardship theory recommends the amalgamation of these two roles in one person. The stewardship theory presumes the post holder, as the steward of the organisation, would performance in the organization's best interest. It has been empirically demonstrated that the performance for an organisation, enhanced by having both the positions (the CEO and the Chairman) combined rather than separated (Davis Donaldson, 1991). This supports the fundamental proposition of the stewardship theory which suggests that individual directors in an organisation look after the interests of someone or something larger than their personal self-interest. The corporate governance guidelines developed in USA, Germany and Japan use this theoretical concept of stewardship theory. For example, in the case of board leadership structure, USA, Germany and Japan prefer the combined board leadership structure (CEO is also the chairman of the board) to safeguard that the firms are functioning in one direction and to get more commitment from the top leaders (Fauziah & Idris, 2012).

Resource dependency theory. The resource dependency theory was developed by Pfeffer (1973), and, Pfeffer and Salancik (1978) with the purpose of highlighting the essential role played by board of directors in providing access to resources that would improve the company's performance and safeguard against negative externalities. Arikan and Barney (2001) defines resources as the ‘‘tangible and intangible assets firms use to conceive of and implement their strategies’’ p.138. Resource dependency theory is concerned with the link between an organisation and a set of actors in the environment (Hessel & Terjesen, 2010). Resource dependency theory centres on a firm's need to access resources from other stakeholders and describes how resource inadequacies force organisations to pursue new innovations that use other resources (Hessel & Terjesen, 2010). Accordingly, the theory describes how organisations face competitive pressures and may be contingent on, or be impacted by, other actors in the objectives (Hessel & Terjesen, 2010). Consistent with the resource-based view of firms as bundles of unique resources that lead to competitive advantage, the resource dependency theory emphases onthe firm's ability to foster relations to access resources (Boone & Van Witteloostuijn, 2006).

The fundamental assumption of resource dependency theory is that organisations are dependent on actors outside the organisation because these actors provides critical resources that lessen uncertainty in achieving strategic performance goals (Baeten, Balkin, & Berghe, 2011). The theory is based on the assumption that organisational choice is inhibited by multiple external pressures and that organisations are concerned with building legitimacy and acceptance vis-à-vis external stakeholders (Hessel & Terjesen, 2010). Resource dependency theory presumes that the organisation makes dynamic choices to attain objectives. Resource dependency theory assumes that corporations rely on one another to access valuable resources and therefore try to establish links among themselves (Bordean, Crisan, & Pop, 2012).

A key ideology of resource dependency theory is resource scarcity, ensuing in multiple organisations rivalry for the same or similar bundle of scarce resources. As resource dependency theory is grounded on the argument that organisations are reliant on resources in the external environment for their existence, the question of how to define the interior and exterior of the organisation becomes a point of interest (Henningsson, Hrastinski, & Rukanova, 2010).

Resource dependency theory debates that the uncertainties that are often brought about by outside influences on managers' behaviours become lessen when the organisation provides sufficient resources for its own development (Duke II, Kankpang, & Okonkwo, 2012). In order that managers' performance in the best interest of all stakeholders, it is imperative that they are safeguarded from outside influences and pressures. As established by Pfeffer (2003), managers are interested in the existence and equilibrium of the firm. Nevertheless, their own independence ranks as a far more essential objective to them than even the profits of the firm (Duke II, Kankpang & Okonkwo, 2012). Availability of ample resources provides them with the power they need to operate properly in their exchange with the various stakeholders. Three key ideas emanate from this theory, which aid in explaining managerial behaviour. They are: (a) the social setting under which the firm functions matters, and it considerably influences managers' behaviour; (b) firms have fundamental strategies and mechanisms to use in improving their independence and pursuing their interests in their environments; and (c) power is more serious to managers than reasonableness of decisions and efficiency (Davis & Cobb, 2009).

While stakeholder theory takes a wider approach and centres on all stakeholders, resource dependency theory pays explicit attention to the stakeholders who provide vital resources to the firm. Having to depend on these stakeholders indicates uncertainty in the functioning environment (Berman et al., 2005). As a result, organisations endeavour to lessen this uncertainty by establishing coalitions with powerful stakeholders. For instance, the board is considered to be a body that could safeguard the firm from environmental uncertainties in its capability as a boundary spanner (Donaldson & Muth, 1998; Erakovic & Goel, 2008). In this respect, the engagement of external directors and interconnecting directorships are instruments that can be used to lessen these environmental uncertainties as directors can be a source of timely and essential information for executives (Donaldson & Muth, 1998). Translating this into executive compensation, the extent to which the CEO and the other executives succeed in diminishing environmental uncertainties will have an influence on their compensation. For example, organisations might offer higher compensation to a CEO who is more capable to reduce environmental uncertainty.

An essential feature of resource dependency theory is that it centres on the value of executives' extra-organisational networks. These networks aid to decrease the uncertainty that surrounds dependency on external resources. They also provide better access to strategic information. As significance, these forms of social capital should also be cherished in the process of determining executive remuneration. This is the added insight provided by resource dependency theory.

Companies need resources in areas of finance, human, technical, information, communication and technology to function appropriately and to realise their objectives. Daily et al. (2003) suggested that the accessibility to resources boosts organisational functioning, performance and existence. Hillman et al. (2000) maintained that resource dependency theory centres on the important role that the directors play in providing or securing essential resources to the company through their relations to the external environment. They assert that directors bring resources to the company in the form of information, skills, access to key constituents such as suppliers, buyers, public policy makers, social groups as well as legitimacy to enhancement the company's performance. According to resource dependency theory, firms are reliant on other actors in the close environment to obtain resources. To subsist, firms need to acquire resources from actors in the external environment (Arikan & Barney, 2001). According to this theory, two companies can benefit from the interweaving directorship if they are able to develop social relationships between them within which one person is a member of the boards of both companies (Hung, 1998).

From a resource-based view, it can be argued that the exclusive combination of the expertise and wider experience of the board (stock of knowledge, habits, creativity, social and personality attributes coupled with being gifted with the capacity to reason sensibly or logically) and the excellence of top management will favourably contribute to the strategic decision-making and eventually to prosperous performance of the firm (Bordean, Crisan, & Pop, 2012).

This theory, by introducing a serious dimension to the debate on corporate governance, availability to resources, and the separation of ownership and control, indicates that a board of directors largely works as a link. Again, the theory points out that, in real practical terms, organisations usually tend to lessen the uncertainty of external influences to ensure that resources are available for their existence and development. By implication, this theory appears to propose that the issue of the separation between executive and non-executive directors is actually irrelevant (Kyereboah-Coleman, 2007). The theory indicates that what is pertinent is the firm's presence (directors) on the boards of other organisations to establish connections in order to have access to resources in the form of information which could then be utilised to the firm's benefit.

To conclude, the ultimate corporate governance started from agency theory and due to the needs of emerging issues, other theories such as stakeholder theory, stewardship theory and resource dependency theory was developed. Corporate governance was designed by the culture, politics, the regulation and all the parties involved and thus there is a necessity to consider all the issues in developing the theory (Htay et al., 2013). Consequently, until now there is no corporate governance theory that is applicable and valid in all the times (Htay et al., 2013). The current corporate governance theories are not able to describe the best corporate governance practices and hence, Alhaji, Fauziah, and Idris (2012) suggested to use the combination of a few theories to provide the guidelines for good corporate governance system. It is in this vein that this present study used the combinations of these theories afore-mentioned.

Critique of Previous Research: Corporate Governance and Firm Performance in Developed Economies

There are various researches that highlight the significance of corporate governance in both developed and emerging economies (Kelly & Switzer, 2006; Abdullah & Page, 2009;

Cornett et al., 2009; Ahmad 2010; Drobetz, Schillhofer, & Zimmermann, 2011; Meeamol et al., 2011; Kowalewski, 2012; Duke II, Kankpang, & Okonkwo, 2012). These studies provided evidence that there is empirical relationship between corporate governance and firm performance. Conyon and Peck (1998) examined the relationship between board size and firm performance (measured as return on equity and market to book ratio, Tobin's Q) for United Kingdom, France, Netherlands, Denmark and Italy from 1992 to 1995 and established robust positive relationship between corporate governance and firm performance. Morck et al. (1988) investigated the relationship between insider ownership and firm performance for 371 Fortune 500 firms for the year 1980. They found a positive relationship between Tobin's Q and managerial ownership for the 0-5% board ownership range, a negative relationship in the 5-25% board ownership range as boards stay together for longer years, and a positive relationship again for board ownership exceeding 25%. The two studies above used Tobin's Q to measure firm performance which is one of the three performance measurement variables for the present study. However, they used different corporate governance variables that are not the same as the present study.

Laing and Weir (1999) investigated the extent of Cadbury compliance and its effect on performance of UK quoted companies. They unscientifically selected 115 companies which appeared in the Times 1,000 for the years 1992 and 1995. The governance mechanisms in this study were non-executive director representation, leadership structure and board committees (presence of both remuneration and audit committees). Their findings indicated strong evidence of compliance amongst UK quoted companies and evidence of strong positive influence on performance. Griffith (1999) examined the impact of board composition (ratio of inside to outside directors) on firm value. The study studied a sample of 969 firms acquired from Standard and Poor's 1996 ExecuComp database. The findings indicated a resilient evidence of a non-linear relationship between insiders on the board and the market to book ratio (Q). The value of the firm first increases then decreases as the percentage of insiders on the board increases. The maximum Q-value is reached when 50% of the board is comprised of insiders. The increase and then decrease in firm value as board configuration rises is consistent with enhancements in governance as monitoring of management increases, but that boards become unmanageable as the number of outsiders upsurge (Griffith, 1999). MacAvoy and Millstein (1999) used a different measure of board independence in the form of minimum percentage requirement of outside directors for well-functioning board, in associating corporate governance to firm performance. They conjectured that companies with professional boards show improved economic performance, on average, than other companies. Using Economic Value Added (EVA) as the measure of corporate performance, they established a positive relationship between an active and independent board and EVA, where the added returns to investors linked with the presence of professional boards are positive and significant. Notwithstanding the fact the three studies above all investigated the relationship between corporate governance and firm performance, they used varied corporate governance variables distinct from that of the present study (OECD principles). Similarly, the performance measurements used (EVA and Tobin's Q) are not exactly the same as the present study (ROE, ROA and Tobin's Q). Differences in both dependent and independent sub-variables could yield conflicting result of the relationship between the two variable.

Studies conducted by McKinsey and Company (2000) in cooperation with the World Bank, found a relationship between the extent to which a company practices good corporate governance and its performance outcomes. The results of the study indicated that a strong correlation exists between corporate governance and performance of large companies and that the average return of large capitalised firms with the best governance practices was more than five times higher than the performance of firms in the bottom corporate governance quartile. Their studies showed that good corporate governance in the United States of America and the United Kingdom brought the lowest premium at 18 percent. However, for investments in Asian and Latin American countries, the premium increased to between 20 and 28 percent. The variance in the premium revealed the lack of good governance standards in Asia and Latin America compared to the standards in the United States of America and the United Kingdom. The study provided good understanding for the present study as the present study compared the governance standard of Ghana to that of OECD standards in answering research question two.

Black (2001) reported a strong correlation between the market value and corporate governance of Russian firms. Weir and Laing (2001) examined the magnitude of Cadbury compliance in 320 non-financial UK-based listed companies for the years 1995 and 1996. They obtained the governance data from the 1995 annual reports and the performance measures were taken from the 1996 annual report. They reported extensive compliance (separating the role of Chair and CEO, sufficient number of non-executive directors on the board and acceptance of a remuneration committee) with the Cadbury Code. In addition, they assessed the linkage between governance structure and corporate performance as measured by return on assets. They established strong relationship between good corporate governance and firm performance. However, Black (2001) employed different corporate governance variables which are not the same as the present study.

Similarly, Low (2002) in a study of over 200 institutional investors across Asia, US, and Latin America found out over 80 percent of investors agreed that they would pay a premium for the shares of a better governed company than for those of a poorly governed company with comparable financial performance. The study demonstrated that the value of good corporate governance, that is, the premium that investors are willing to pay, varied across regions.

Gompers, Ishi, & Metrick (2003) also constructed a US governance index to proxy for the level of shareholder rights for about 1,500 large firms during the 1990s. They divided the firms into a ‘Dictatorship Portfolio’ (firms with weak shareholder rights) and a ‘Democracy Portfolio’ (firms with strong shareholder rights). They found a strong correlation between corporate governance and stock returns during the 1990s and that the ‘Democracy portfolio’ outperformed the ‘Dictatorship Portfolio’. An investment strategy that purchased the ‘democracy portfolio’ and sold the ‘dictatorship portfolio’ would have earned an abnormal return of 8.5% per annum. In addition they found that firms with stronger shareholder rights have higher firm value (measured by Tobin’s Q), higher profits, higher sales growth, lower capital expenditures, and made fewer corporate acquisitions. The authors suggested two explanations for their results; poor governance causes agency costs, and/or the governance index is associated with risk or other factors that affected the stock returns during the 1990s. This study used only one of the OECD principles as corporate governance variable (shareholders right). The present study on the other hand used all the six principles in an attempt to ensure holistic approach to the study.

In a related study, Brown and Caylor (2004) analysed US firms with 51 factors, 8 sub-categories for 2,327 firms based on dataset of Institutional Shareholder Service (ISS). Their findings indicated that better governed firms were relatively more profitable, more valuable and pay more cash to their shareholder. Coles et al. (2004) debated that certain classes of firms benefit from larger boards. Their findings indicated a positive association between firm performance (measured by Q) and board size for diversified firms, larger firms, and high leverage firms. The two studies above differ from the present study in terms of corporate governance variables used but their performance measurement variable (Tobin's Q) is among the performance variables for the present study.

Davies et al. (2005) suggested a complex relationship between managerial ownership and performance (measured as Q). Their analysis on 802 UK industrial companies provided evidence that corporate value, firm level of investment and managerial ownership are all interdependent. Likewise, Kelly, & Switzer (2006) deployed governance mechanisms for Canadian small-cap firms by estimating a simultaneous equation system that linked four control mechanisms to firm performance, using a unique database for the companies in the S&P/TSX Small Cap Index over the years 1997 to 2004. With a sample of 94 companies comprising 470 observations, their results confirmed simultaneity between several governance mechanisms and Canadian small-cap firm performance. MacNeil and Li (2006) examined FTSE 100 serial non-compliers over a period of 2000 to 2004. Their findings suggested that there is a link between share price performance and investors' tolerance of non-compliance with the Combined Code; companies are likely to increase their compliance with governance recommendations after a period of poor performance. Governance Metrics International (GMI, 2006), in a study based on their proprietary international database, found a correlation between their rating and accounting measures of performance. In a study of the same database Ashbaugh-Skaife and Lafond (2006) found that highly-rated companies have lower costs of capital and concluded this is because of lower 'agency risk'. The above studies used regression and correlation in establishing the relationship which is consistent with the present study. However, the sub-variables of both dependent and independent variables differ from those of the present study.

Cornett et al. (2009) showed that during the recent financial crisis, firms that had better internal corporate governance tend to have higher rates of return. Consequently, the existing results showed that corporate governance determine firm performance and value, in developed as well as developing countries, and even during financial crises. Recent study by Drobetz, Schillhofer, and Zimmermann (2011) investigated whether differences in the quality of firm-level corporate governance also help to explain firm performance in a cross-section of 91 companies in Germany. The valuation measures were Tobin's Q and the market-to-book ratio. The corresponding regression results showed adjusted R-squares were 0.032 and 0.037 for the Tobin's Q and the market-to-book value regression, respectively. Supporting their hypothesis, there is a significant relationship between corporate governance and firm performance in both cases. The effect is not only statistically significant, but its magnitude is also substantial from an economic point of view. For example, for the median firm, the point estimate in the regression for Tobin's Q implies that a one standard deviation change in the governance rating would results in about a 24% increase in the value of Tobin's Q. The effect is even more pronounced for the market-to-book ratio, the corresponding coefficient would be 0.203. In establishing the positive relationship between corporate governance and performance, the study used regression and Tobin's Q which are consistent with the present study. However, the corporate governance sub-variables differ which make the need for this study intriguing.

Flodberg and Nadjari (2013) investigated the link between corporate governance and firm performance in the Nordic countries. The Nordic countries are a geographical and cultural region in Northern

Europe and the North Atlantic. It consists of five countries: Denmark, Finland, Iceland, Norway, and Sweden (Flodberg & Nadjari, 2013). They constructed a model for 190 Nordic firms with Tobin's Q as the dependent variable, Corporate Governance Index as the independent variable while controlling for Total Assets, Financial Risk, Systematic Risk, Unsystematic Risk and Growth to evaluate the impact upon firm performance from 2004-2011. The study showed a positive relationship between Corporate Governance and Firm Performance as well as statistically significant control variables. The findings suggest that corporate governance, even though implemented differently, seems to have the same effect on performance in the Nordic countries as it does in the other developed economies. The study used regression and correlation as methods of establishing the relationship which is the same as adopted in this present study. Notwithstanding, the sub-variables of both dependent and independent variables vary. These make the focus of this study unprecedented.

Critique of Previous Research: Corporate Governance and Firm Performance in Emerging Economies

Johnson et al. (2000) found that weak legal institutions and frameworks for corporate governance were fundamental factors in intensifying the stock market declines during the 1997 East Asian financial crisis. They reported that in countries with weaker investor protection, net capital inflows were more sensitive to negative events that adversely affect investors' confidence. However, in times of economic shock the quality of corporate governance can also affect firms' performance and valuation. In a similar study, Credit Lyonnais Securities Asia (2001) found out that across emerging markets, companies in the top corporate governance quartile for their respective regions had a significantly higher return on capital employed than their market sample. In twelve of the emerging markets analysed, companies in the lowest corporate governance quartile had a lower return on capital than the market average. Wiwattanakantang (2001) investigated the effects of controlling shareholders on corporate governance in Thailand. Her results indicated that the presence of controlling shareholders is associated with better corporate performance when this presence is assessed by accounting measures such as return on assets and the ratio of sales to assets. The above studies used only ROA as a measure of firm performance. It is important to note, however, that many factors can influence ROA, including a firm's degree of capitalization. ROA favours highly capitalized institutions (Davidson, 1997). Davidson (1997) noted that ROA measure treats equity capital as 'free funds'-there is no 'cost' associated with them. The author asserts that financial theory as well as common sense tells us that this is certainly not the case. As a result of this and other limitations, it is advisable to combine ROA with other measures of profitability and performance (Davidson, 1997). It is in line with these limitations of ROA that the present study combined ROA with other measures of performance (ROE and Tobin's Q) in carrying out this present study.

Mitton (2002) using firm level data on 398 listed companies from Indonesia, Korea, Malaysia, Philippines and Thailand documented that the firm-level differences in variables are related to corporate governance and have strong impact on firm performance during East Asian Crisis in 1997 and 1998. Moreover, the study suggested that better price performance is associated with firms that have indicators of higher disclosure quality, higher outside ownership concentration and they were focused rather than diversified. Similarly, Lemmon and Lins (2002) found that, during the Asian financial crisis, firms showed low performance when their controlling managers had more control rights than ownership rights. This provided firm-level evidence consistent with the view that corporate governance helps explain firm performance during a financial crisis. Durnev and Kim (2002) found that higher scores on both governance index and the disclosure and transparency index predict higher firm value for a sample of 859 large firms in 27 emerging countries. Klapper and Love (2002) found similar results for a sample of 495 large firms in 25 countries. These studies employed regression and correlation in establishing the linkage between corporate governance and firm performance which correspond to the methods for the present study. However, the focus of the present study is Ghana as a case study of an emerging economy.

Black, Jang and Kim (2003) reported evidence that corporate governance is an important factor in explaining the market value of Korean public companies. They constructed a corporate governance index (0~100) for 526 companies based primarily on responses to a Spring 2001 survey of all listed companies by the Korea Stock Exchange. The index was based on six sub-indices for shareholder rights, board of directors in general, outside directors, audit committee and internal auditor, disclosure to investors, and ownership parity. A moderate 10 point increase in the corporate governance index predicts a 5% increase in Tobin's Q and a 14% increase in market/book ratio in ordinary least squares (OLS) regressions. A worst-to best change in the index predicts a 38% increase in Tobin's Q and a 105% increase in market/book ratio. This effect is statistically strong and robust to choice of performance variable (Tobin's Q, market/book, and market/sales) and to specification of the corporate governance index. Each sub-index was an individually significant or marginally significant predictor of higher Tobin's Q and other performance variables. The present study emulated Black, Jang and Kim (2003) in terms of methodology, performance variables and some corporate governance variables. The little difference was that the authors did not use all the OECD principles as corporate governance variables as this present study.

On the issue of board structure there is empirical evidence that there is link between board structure and corporate performance. Klapper and Love (2004) included various board structures and operation dummies in their study which found a positive relationship between good governance practices and corporate value. They used data on more than 400 companies in 25 emerging economies to show that good corporate governance practices are highly correlated with corporate performance. Their study also indicated the importance of legal framework which turns out that corporate governance practices tend to be worse in countries with poor legal framework. These results were confirmed by Black et al. (2006) using a corporate governance index found evidence that corporate governance is an important factor in explaining the market value of Korean public companies. Overall, most studies supported the importance of firm level corporate governance using a corporate governance index, especially in countries with weak legal protections for investors.

Kyereboah-Coleman (2007) investigated relationship between corporate governance and firm performance from African perspective. This study considered 103 listed companies drawn from Ghana, Nigeria, Kenya and South Africa and 52 Microfinance Institutions from Ghana. Using annual ROA as a measure of performance and Panel Data Framework, the results indicated that large and independent boards enhance firm value and that when a CEO serves as board chair, it has negative effect on performance which is consistent with agency theory perspective of corporate governance. The findings again, suggested that board diversity through the inclusion of women is important for enhanced performance of microfinance institutions and the independence of corporate boards in particular is important for firm performance. Abdo and Fisher (2007) performed a similar study using seven distinct corporate governance categories, for a sample of 97 firms in nine sectors on the Johannesburg Stock Exchange (JSE). Their research entailed the construction of a Score, as a proxy for the level of corporate governance disclosure among companies. These companies were assessed using the G-Score during the period 30 June 2003 and 30 June 2006. The relationship between governance disclosure and corporate performance in South Africa revealed a striking relationship. Corporate governance was positively correlated with share price returns during the period under review. An investment strategy that purchased shares in the highest G-Score companies (High portfolio) for each JSE sector outperformed the index for the sector. Similarly an investment strategy that purchased shares in the lowest G-Score companies (Low portfolio) underperformed the index in terms of annual average return over the three year period. The analysis suggests that investors place a premium on South African companies with good governance. These findings have significant implications for companies neglecting corporate governance disclosure. The two studies above focused on African countries as the present study. They are similar in terms of methodology, dependent and independent variables. However, Kyereboa-Coleman (2007) comprised four African countries with relatively larger sample size. Similarly, Abdo & Fisher (2007) focused on South Africa which is relatively more developed and with large sample size of 97firms.

Garay and González (2008) using Ordinary Least Squares (OLS) regression, examined the relationship between corporate governance and firm value, and evaluated the relatively understudied governance practices in Venezuela. They constructed a corporate governance index (CGI) for 46 publicly-listed firms and showed strong positive relationship between good corporate governance and firm performance. They showed that an increase of one per cent in the CGI results in an average increase of 11.3 per cent in dividend pay-outs, 9.9 per cent in price-to-book, and 2.7 per cent in Tobin's Q. Their findings are consistent with the theoretical models that relate good corporate governance practices to higher investor confidence, and with the agency model of dividend pay-out. Similarly, Ahmad (2010) explored the factors that influence the relation between corporate governance and performance of 18 banks operating in Palestine relying on financial ratios, namely ROA and ROE. Using Generalized Least Squares (GLS) regression, the findings indicated that the board size, CEO duality and internal ownership have positive statistically significance impact on firm performance. Consistent with the earlier studies, Meeamol et al. (2011) also analysed the relationship of a firm performance with the structure of board members of firms that are listed in Thailand SET 100. The independent variables are board size, percentage of independent director, percentage of financial or accounting expertise in audit committee, independent chairman, CEO duality, and percentage of female directors. The dependent variable was firm performance which was calculated by using Tobin's Q score. The data used for the study was from financial statements between the years 2007 to 2009. Using a sample of 87 companies, the empirical result suggested that the structure of board members of a firm has strong relationship with firm performance. The present study mirrored the three studies above in terms methodology and performance measurement variables. However, only few of the corporate governance variables of the present study were covered in those studies.

Recent studies have continued to confirm the positive relationship between good corporate governance practices and firm performance. For example, Kowalewski (2012) investigated the relationship between corporate governance, measured by Corporate Governance Index (CGI), and firm's performance and dividend pay-outs during the financial crisis in Poland. The empirical approach in the study lies in constructing comprehensive measures of the corporate governance for 298 non-financial companies listed on Warsaw Stock Exchange in the years 2006-2010. The results showed a positive association between corporate governance and performance measured by Tobin's Q. This study also provided evidence that higher corporate governance leads to an increase in cash dividends. The results indicated that during the 2008 financial crisis in Poland, corporate governance was strongly and positively associated with return on assets. Likewise, Amba (2012) examined the impact of corporate governance on financial performance of 39 firms listed in Bahrain bourse in the Kingdom of Bahrain. CEO duality, Chairman of Audit Committee, Proportion of Non-executive Directors, Concentrated Ownership structure and Institutional Investors were used as corporate governance (independent) variables and ROA and ROE were used as performance (dependent) variables. Using multiple regression analysis on a data set from 2010–2012, the study showed that the effect of corporate governance variables on firm financial performance is statistically significant. In a related study, Alhaji &Yusoff (2012) examined the relationship between corporate governance and firm performance for a sample of 813 listed companies representing nine sectors of the main board of Bursa Malaysia from 2009 to 2011. Three corporate governance variables used in this study are proportion of non-executive directors (NED), board leadership structure, and board size. Firm performance was measured in terms of firm earnings per share (EPS) and return on equity (ROE). The study discovered the influence of the three corporate governance measurements on both dimensions of firm performance from years 2009 to 2011. The influence of corporate governance on the financial performance of Malaysian listed companies was very significant. The result depicts that many corporate failures were due to the boards' incapability to address the overall company performance in an effective and reliable manner. Correspondingly, Duke II, Kankpang and Okonkwo (2012) examined the relationship between corporate governance and organisational efficiency in courier service firms in Nigeria. Data for the study were obtained from 149 courier service companies, randomly selected from the 237 firms. Ordinary Least Square (OLS) regression result showed that corporate governance variables, board size, internal audit, separation of board chair from CEO and the number of non-executive directors were positively associated with organisational performance. These results confirmed a number of findings from earlier studies and also showed that corporate governance is as critical to firm performance.

Furthermore, recent study by Vo and Phan (2013) also confirmed strong positive relationship between good corporate governance and firm performance. Their study used flexible generalised least squares (FGLS) technique on 77 listed firms on Vietnam Stock Exchange trading over the period from 2006 to 2011. The findings of this study indicate that elements of corporate governance such as the presence of female board members, the duality of the CEO, the working experience of board members, and the compensation of board members have positive effects on the performance of firms, as measured by ROA. Similarly, the present study matches the study above in the area of methodology (regression and correlation) and performance variables. However, they contrast in terms of corporate governance variables.

Finally, Lodhand Rashid (2014) also examined corporate governance mechanisms and firm performance of 87 medium and small sized enterprises (SMEs) listed on Dhaka Stock Exchange in Bangladesh for the period 2000-2008. From an observation of 769 firms, they found that there is a significant positive relationship between good corporate governance practices and firm performance measured by ROA and Tobin's Q. The findings support the principal-agency relationship view of separation of CEO from board chairman roles. It is therefore apparent that there is volume of literature confirming strong positive relationship between good corporate governance and firm performance in emerging economies.

Critique of Previous Research: Corporate Governance and Firm Performance in Ghana

In the context of Ghana, few studies namely, Abor and Biekpe (2007); Akpakli (2010); and, Tornyeva and Wereko (2012) have also confirmed positive relationship between good corporate governance and firm performance. However, their studies were limited to Small and Medium Enterprises (SMEs), very small sample size of listed firms on GSE and the insurance sector respectively.

Abor and Biekpe (2007) assessed how the adoption of corporate governance structures affects the performance of SMEs (small to medium-sized enterprises) in Ghana. Regression analysis was used to estimate the relationship between corporate governance and performance of 22 SMEs. The results showed that board size, board composition, management skill level, CEO duality, inside ownership, family business, and foreign ownership have significantly positive impacts on firm performance. It is clear from this study that corporate governance structures influence performance of SMEs in Ghana, however, the scope of the study was limited to SMEs in Ghana which were not listed firms. The present study focused on only listed firms hence the difference between the two studies and the need to carry out the study.

Akpakli (2010) investigated corporate governance and organisational performance to assess the effectiveness of listed companies on GSE. This study used a data set for 2007 financial year of a sample of six firms. Return on equity (ROE) was used a measure of firm performance (dependent variable) and corporate governance variables such as board structure; ethics, transparency and accountability; board meetings; reward systems; control and risk management; and board training and awareness as independent variables. Using regression and correlation, the study revealed that with the exception of the strategic planning role, the other main behavioural issues of board structure; ethics, transparency and accountability; board meetings; reward systems; control and risk management; and board training and awareness correlate insignificantly with corporate financial performance. It was concluded that companies that adhere to generally accepted corporate governance behaviours enhanced in value. The present study investigated the issue in a broader perspective compare to Akpakli (2010). For example, the study used a sample size of six firms, the present study used a sample size of thirty; the study used only ROE as performance measure, the present study used ROE, ROA and Tobin's Q; and the study used data for just a single year (2007) but the present study used a data set for ten years (2004-2013). The findings in the present study would be generalized to some extent hence investigating the issues in a broader perspective would enable meaningful generalisation to be made (Creswell, 2006; Saunders et al., 2007; Bajpai & Singh, 2008; Sun, 2009; Staff, 2012).

Tornyeva and Wereko (2012) investigated the relationship between corporate governance and the financial performance of insurance companies in Ghana. Using a Panel Data Methodology with a sample of 19 firms, their study showed that large board size, board skill, management skill, longer serving CEOs, size of audit committee, audit committee independence, foreign ownership, institutional ownership, dividend policy and annual general meeting are positively associated with the financial performance of insurance companies in Ghana. They made use of ROE and ROA as the measure of performance of the sampled firms. Comparing this study to the present study, it is limited in scope as it covered only insurance companies and with a small sample of 19 as compared to 30 for the present study.

Two other related studies by Tsamenyi et al. (2007) and Bokpin and Isshaq (2009) did not concentrate on firm performance but only corporate governance variables with concentration on disclosure as dependent on the rest of the corporate governance variables. Tsamenyi et al. (2007) examined the corporate governance disclosures of 22 listed companies in Ghana. The paper examined the extent to which factors such as ownership structure, dispersion of shareholding, firm size, and leverage influence disclosure practices. Consistent with findings reported in studies from other developing countries the study found that the level of disclosure in Ghana was low. Furthermore, ownership structure, dispersion of shareholding, and firm size (measured as total assets and market capitalization) all have significant effect on disclosure. This study used other corporate governance variables such as ownership structure and dispersion of shareholding as independent variables and made disclosure which is also corporate governance variable as independent variable. Tsamenyi et al. (2007) did not investigate the impact of corporate governance on firm performance; this is what made it different from the present study.

Bokpin and Isshaq (2009) examined the interaction between foreign share ownership on the organization Ghana Stock Exchange and corporate disclosure. It informed about the importance of corporate governance in improving investor goodwill and confidence while buying shares. It included information on the results of the study which depict that free cash flow and financial leverage have statistically significant relationships with foreign share ownership. This study too did not cover firm performance. The present study provided empirical evidence on corporate governance and firm performance from the Ghanaian perspective. It represented yet another platform to a better understanding of corporate governance and corporate performance in Ghana.

Critique of Previous Research: Corporate Governance and Firm Performance- Divergent Findings

In spite of the generally accepted notion that effective corporate governance enhances firm performance, other studies have reported no relationship between corporate governance and firm performance in both developed and emerging economies. Baysinger and Butler (1985) found no significant same-year correlation between board composition and various measures of corporate performance. A few studies provided evidence that firms with a high percentage of independent directors may perform worse (Baysinger & Butler, 1985; Amber, 2012; Dulewicz and Herbert, 2004). Klein (1998), in a study of US firms' performance and board committee structure, found no significant relationship between firm performance and the percentage of insiders (executive directors). However, her findings indicated a positive linkage between the percentages of inside directors on finance and investment board committees with accounting and stock performance measures. Her interpretation was that insiders are better informed and knowledgeable about the firm's operations. Vafeas and Teodorou (1998) investigated the link between corporate board characteristics (board composition, managerial ownership, board committee and leadership structure) and corporate performance (measured as market to book ratio) in 250 UK public limited companies (PLCs). They found no clear link between board structure and firm performance. Demsetz and Villalonga (2001) found no statistical significant relation between ownership structure and firm performance. Using 1997 survey data, Dulewicz and Herbert (2004) evaluated the link between a set of independent governance variables (board size, number and proportion of independent directors, board tenure, pay, leadership structure, board committee) and firm performance (cash flow return on total sales, and sales turnover). Generally they found no significant relationship between the governance variables except for the proportion of inside directors. Abdullah and Page (2009) using UK FTSE 350 non-financial companies over the period 1999-2004 found no consistent relationship between governance structure (board and ownership structure) and companies' market book value, accounting performance, stock return or risk. Chaghadari (2011) found that there is no significant relationship between board independency, board size and ownership structure as independent variables and firm performance as dependent variable. The conflicting results could be largely due to presence of moderator variables, sampling error, research methodology, and heterogeneity of sample among other. DeCoster (2004) asserted that it is becoming common practice to follow up a set of moderator analyses with a multiple regression model containing all of the significant predictors. The multiple regression model provides a control for the total number of tests, reducing the likelihood of a Type I error which is the incorrect rejection of a true null hypothesis (DeCoster, 2004). Moderator analysis also helps to detect whether collinearity might provide an alternative explanation for some of the significant results (DeCoster, 2004).

Similarly, other studies have reported a negative relationship between corporate governance and firm performance in both developed and emerging economies. Bathala and Rao (1995) examined the interrelationship between board composition and variables that capture various agency and financial dimensions of the firm in US. The final sample of firm for which complete the data were from different sources consisting of 261 firms. Using a multivariate framework, the study documented an inverse relationship between the proportion of outside board members and various other agency conflict controlling mechanisms including inside ownership of equity, dividend pay- out ratio, and debt leverage of the firm. The results revealed that board composition is systematically related to a number of agency cost and financial variables. These results suggest that firms optimally choose the board composition depending on the extent to which alternative agency conflict minimizing devices are utilized. Yermack (1996) used 452 large U.S. companies and found that there exists an inverse association between board size and the firm value measured by Tobin's Q. Yermack (1996) reported a significant negative correlation between the proportion of independent directors and Q but no significant correlation for several other performance variables such as sales/assets, operating income/assets, and operating income/sales. The result showed the major part of loss in firm value happens when the board size grows from relatively small to relatively medium. Yermack (1996) also found that the companies with smaller boards tend to have greater operating profitability and higher likelihood of CEO dismissal after poor firm performance. Consistent with Yermack's findings, Eisenberg, Sundgren and Wells (1998) found a negative relation between board size and firm's profitability measured by industry-adjusted return on asset using a sample of nearly 900 small-sized Finnish firms. The consistent results of these two studies, which were conducted on different categories of companies in different countries, enhance the explanatory power of board size in firm performance. Kyereboah-Coleman (2007) from African perspective found that when a CEO serves as board chair, it has negative effect on performance and such firms employ less debt. Chaghadari (2011) explored whether there is any relationship between corporate governance and firm performance of companies listed in Bursa Malaysia. Four corporate governance variables used in this study were board independency, CEO duality, ownership structure, and board size. Based on a randomly selected sample of 30 companies listed on Bursa Malaysia and applying linear multiple regression as the underlying statistical tests, the study found that CEO duality has a negative relationship with firm performance (Return on Equity and Return on Asset). This is consistent with Kyereboah-Coleman (2007). Amber (2012) also found out that CEO duality, proportion of non-executive directors and leverage have negative influence on firm performance using firms traded in Bahrain bourse. This is consistent with Kyereboah-Coleman (2007) and Chaghadari (2011).

Reasons for such inconsistencies are several and varying. Some have argued that the restrictive use of either publicly available data or survey data could be part of the problem (Gani & Jermias, 2006; Abdullah & Page, 2009; Amba, 2012; Alhaji & Yusoff, 2012). It has also been pointed out that the nature of performance measures, for example, restrictive use of accounting based measures such ROA, ROE, and return on capital employed (ROCE) or restrictive use of market-based measures such as market value of equities could also contribute to this inconsistency (Gani & Jermias, 2006; Abdullah & Page, 2009; Amba, 2012; Alhaji& Yusoff, 2012). Thus, to address some of these problems, it is recommended that a look at corporate governance and its correlation with firm performance should take these issues into account (Abdullah & Page, 2009; Alhaji & Yusoff, 2012). The present study added to the literature by employing both market-based and accounting-based performance measures namely ROE, ROA, and Tobin's Q, and relating these to six OECD principles of corporate governance variables: regulatory (legal) framework; rights of shareholders; equal treatment of shareholders; role of stakeholders; disclosure; and responsibilities of the board. The rationale for this broad set of variables was to reduce, to some extent, the degree of bias.

Critique of Previous Research: OECD Principles of Corporate Governance

The OECD Principles of Corporate Governance were originally developed in response to a call by the OECD Council Meeting at Ministerial level on 27-28 April 1998, to develop, in conjunction with national governments, other relevant international organisations and the private sector, a set of corporate governance standards and guidelines (OECD, 2004). Since the Principles were agreed in 1999, they have formed the basis for corporate governance initiatives in both OECD and non-OECD countries alike (OECD, 2004). Moreover, they have been adopted as one of the Twelve Key Standards for Sound Financial Systems by the Financial Stability Forum. Consequently, they form the basis of the corporate governance component of the World Bank/IMF Reports on the Observance of Standards and Codes (OECD, 2004). The 1999 Principles were revised to take into account new developments and concerns in 2004. The revision was pursued with a view to maintaining a non-binding principles-based approach, which recognises the need to adapt implementation to varying legal economic and cultural circumstances. The revised Principles were built upon a broad range of experience not only in the OECD area but also in non-OECD countries (OECD, 2004).

The Principles are envisioned to assist OECD and non-OECD governments in their determinations to assess and improve the legal, institutional and regulatory framework for corporate governance in their countries (OECD, 2004).The Principles offer guidance and suggestions for stock exchanges, investors, corporations, and other parties that have a part in the process of developing good corporate governance. The Principles concentrate on publicly traded companies, both financial and non-financial (OECD, 2004). Nevertheless, to the extent they are deemed applicable, they might also be a useful tool to improve corporate governance in non-traded companies, for example, privately held and state-owned enterprises. The Principles represent a common basis that OECD member countries consider essential for the development of good governance practices. They are envisioned to be concise, understandable and accessible to the international community (OECD, 2004). They are not intended to substitute for government, semi-government or private sector initiatives to develop more detailed "best practice" in corporate governance (OECD, 2004). Progressively, the OECD and its member governments have realised the synergy between macroeconomic and structural policies in achieving fundamental policy goals (OECD, 2004). Corporate governance is one key component in improving economic efficiency and growth as well as improving investor confidence. Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders (OECD, 2004). Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined (OECD, 2004). Good corporate governance should offer suitable incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring. The existence of an effective corporate governance system, within an individual company and across an economy as a whole, assists to provide a degree of confidence that is necessary for the proper functioning of a market economy. As a result, the cost of capital is lower and firms are encouraged to use resources more efficiently, thereby underpinning growth (OECD, 2004).

The corporate governance framework also depends on the legal, regulatory, and institutional environment. In addition, factors such as business ethics and corporate awareness of the environmental and societal interests of the communities in which a company operates can also have an impact on its reputation and its long-term success (Burton et al., 2009). It is worth noting that multiplicity of factors affect the governance and decision- making processes of firms, and are essential to their long-term success. The Principles therefore centre on governance problems that result from the separation of ownership and control.

There is no single model of good corporate governance (OECD, 2004). However, work carried out in both OECD and non-OECD countries have identified some common fundamentals that inspire good corporate governance. The Principles build on these common rudiments and are formulated to harmonise the different models that exist (OECD, 2004). For instance, they do not support any particular board structure and the term "board" is meant to embrace the different national models of board structures found in OECD and non-OECD countries. In the typical two tier system, found in some countries, "board" as used in the Principles refers to the "supervisory board" while "key executives" refers to the "management board" (OECD, 2004, p. 13). The Principles are non-binding and do not aim at detailed prescriptions for national legislation; rather, they seek to identify goals and suggest several means for attaining them. Their purpose is to serve as a reference point (OECD, 2004). They can be used by policy makers as they examine and develop the legal and regulatory frameworks for corporate governance that reflect their own economic, social, legal and cultural circumstances, and by market participants as they develop their own practices (OECD, 2004). The Principles are evolutionary in nature and should be reviewed in light of significant changes in circumstances (OECD, 2004). It is up to governments and market participants to decide how to apply these Principles in developing their own frameworks for corporate governance, taking into account the costs and benefits of regulation. The Principles are made up of six broad areas as follows:

1. Ensuring 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; and
6. The responsibilities of the board.

These six principles therefore formed the corporate governance variables (independent variables) for this present study

Critique of Previous Research: Legal and Regulatory Framework of Corporate Governance in Ghana

The regulatory framework for an effective corporate governance practice in Ghana is contained in the Companies code 1963 (Act 179), Securities Industry Law 1993 (PNDCL 333) as revised by the Securities Industry (Amendment) Act, 2000 (Act 590) and the listing regulations, 1990 (L.I. 1509) of the Ghana Stock Exchange. The regulatory framework of Ghana for effective corporate governance has been divided into six major sections, namely:

1. The mission, responsibilities and accountability of the board;
2. Committees of the board;
3. Relationship to shareholders and stakeholders, and the rights of shareholders;
4. Financial affairs and auditing;
5. Disclosures in annual reports; and
6. Code of ethics.

The principles of corporate governance of Ghana reflect shareholder perspective of the Anglo-American model of corporate governance. This is because the principles reflect the sovereign rights of shareholders, since the board of directors who are considered to be the principal mechanism to ensuring effective corporate governance has to account to shareholders (Aboagye, Agyemang & Ahali, 2013). Furthermore, the principles highlight the traditional view where the board is considered as representatives of shareholders. Finally, the framework clearly states the elements or factors that determine the effectiveness of the board as a mechanism for corporate control. These elements are the composition of the board, independence of the board, the leadership structure (CEO- Chairperson Separation), board committees such as the audit committee and remuneration committee, and access to timely and regular information by directors.

In Ghana, corporate governance is practised within the framework of the Companies Code of 1963 Act 179 for all types of companies. Notwithstanding, some companies report in their annual reports some corporate governance practices that conform to some of the conventions and codes of other jurisdictions. Their compliance to these corporate governance behaviour and processes may to some extent have a positive effect on their performances (Akpakli, 2010).

In 2010, the World Bank carried out an assessment on Ghana's legal and regulatory framework regarding observance of standards and codes. The goal of the initiative was to identify weaknesses that may contribute to the country's economic and financial vulnerability. The assessment benchmarks the country's legal and regulatory framework, practices and compliance of listed firms, and enforcement capacity vis-à-vis the OECD Principles. A comparative analysis was also made with the Sub-Sahara average. The World Bank (2010) report revealed that Ghana lags in some key areas compared to other countries in the sub-region. For example, when compared to other countries in Sub-Saharan Africa with listed companies, Ghana does well in terms of: enforcement and institutional framework; shareholder rights and ownership; equitable treatment of stakeholders; and transparency and disclosure, but lags in equitable treatment of shareholders and, especially, responsibilities of the board (World Bank, 2010). This is shown in Figure 1.

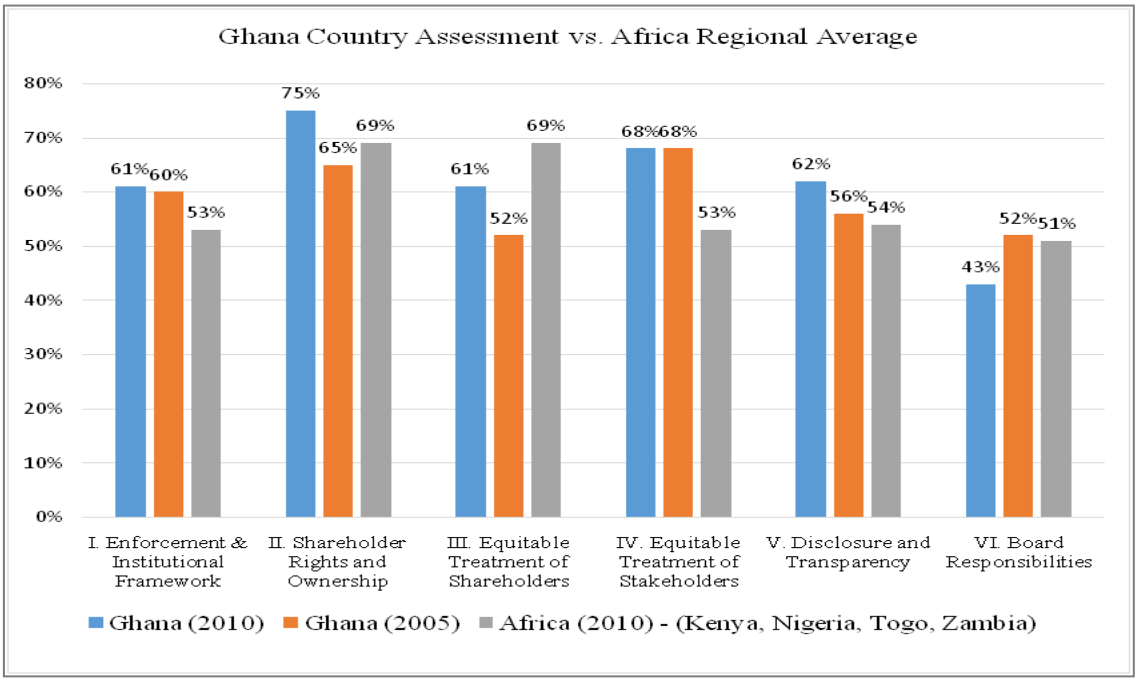

Figure 1. **Ghana Country Assessment vs. Africa Regional Average. Source: The World Bank (2010). Source: The World Bank (2010).**

Critique of Previous Research: External factors affecting Corporate Governance of firms

This section of the study provides detail of prior literature which suggest that external factors mentioned below can affect corporate governance practices in firms. These prior studies explained the way these factors can influence corporate governance. The factors include the following:

Economic factors. Burton et al. (2009) explained that macro-economic policies affect the ways in which organisations are managed. Economic factors such as the level of poverty, inflation, unfavorable foreign exchange rate and increasing cost of doing business (high interest rate) are challenges to good corporate governance structure (Burton et al., 2009). Also, the attraction of local and foreign investors will depend on the type of business environment and corporate governance practice in the region and this can affect the growth and development of the firms (Afolabi, 2013). The authors further explained that economic and financial developments have more influence on a nation's corporate governance than firm characteristics. The economy of a country affects the costs that firm incur in doing business and this has benefit for adopting good corporate governance practices (Burton et al., 2009; Afolabi, 2013).

The OECD principles of corporate governance (2004), explained that the economic situation in a country may have a role to play in effective governance. As a result the organisation believes that corporate governance is only part of the greater economic framework in which firms operate such as macroeconomic policies and degree of competition in product and factor markets. Doidge et.al (2007) asserted that economic and financial developments have more impact on a country's corporate governance practices than firm characteristics. The authors revealed that corporate governance is positively significant with growth opportunities and availability of external finance. In a related study, Burton et al. (2009) explained that in a country with poor financial and economic development there is less access to external funding, therefore it is possible for large shareholders to extract private benefit more readily due to less monitoring by outsiders.

In Ghana, the economic factors such as poverty, high inflation, unfavorable foreign exchange rate and high interest rate as cited by Burton et.al (2009) are very prevalent. For example, monetary prime rate was 12.5% in 2011 but increased to 16% in 2014; inflation rate which was 8.4 % in 2011 increased to 16.9% in 2014; the exchange rate of Ghana cedi to US dollar was GHS1.43 to $1.00 in 2011 but increased to GHS3.19 to $1.00 in 2014 (Ghana Statistical Service, 2014). This economic factor therefore poses serious challenges to efficient and effective corporate governance practices in Ghana.

Societal and cultural factors. Burton et al. (2009) argued that the individual nature of each developing country can affect corporate governance practices, such that a situation where the head of a family makes decisions for a family-owned business without following the corporate governance guideline. Such decisions include issues of employment, board members, attitude towards women and tribalism. In some cases position influences decision at management level in a firm, hence extended family and clan members in managerial level are likely to influence decision on issues related to employment. This may result in recruiting unqualified family or clan members to hold positions in a firm with high likelihood of compromising good corporate governance practices (Afolabi, 2013). Burton et al. (2009) argued that cultural and social framework is essential in the context of ethical environment in which the modern firms operate. They revealed that culture and social factors considerably impacted on corporate governance of developing countries. Cooke and Haniffa (2002) claimed that cultural factors are imperative because the traditions of a nation are inculcated in its people and this might help to explain why things are as they are. The authors found that family members sitting on the board of firms may influence on disclosure practices, therefore this can affect the corporate governance of firms. The ethical framework within which firms operate such as values held by culture, society, internal corporate practices and moral value held by employee may also affect good corporate governance practices in firms (Afolabi, 2013). Besides this, Cooke and Haniffa (2002) argued that the proportion of family members in the board composition of a firm may influence disclosure practices, the authors believe that in a firm where families have substantial equity holding there is no separation between those who own and those who manage capital.

In the context of Ghana, there are lot of firms owned by families and clans and the heads of these families and clans make decisions for family/clan-owned businesses without following the corporate governance guidelines (Afolabi, 2013). Such decisions include issues of employment, board members, attitude towards women and disclosure. Families and clans are accordingly very important factors in Ghanaian culture which may influence good corporate governance practices of firms in Ghana (Afolabi, 2013).

Bribery and corruption factors. Burton et al. (2009) argued that the individual nature of each developing country can affect corporate governance practices, such that a situation where there is pressure from individual families and clan for financial support may promote bribery and corruption. Socio-political corruption can effect corporate governance practice among parties or stakeholders of corporate governance. This parties include the regulatory bodies, the Chief Executives Officers, (CEO) the board of directors, management, shareholders, auditors and other stakeholders (Burton et al.,2009). The level of corruption is cut across the responsibility, duties or task being given to each of them in their capacity (Afolabi, 2013). Burton et al. (2009) asserted that the enhancement of corporate governance can lessen the level of corruption and this may affect confidence of domestic and foreign investors. Afolabi, (2013) also maintained that bribery and corruption can influence the enforcement of corporate governance through regulatory officers and the judiciary. An issue of business ethic comprises the process of privatization of state-owned enterprises with the goal to enhance managerial incentive and advance corporate efficiency. The process for this privatization will affect the valuation of state assets, the stock market, the way and manner those in authority carry out the exercise will affect the corporate governance in term of ownership and control (Afolabi, 2013). Furthermore, Rossouw (2005) showed that ethical concepts concern transparency, accountability, responsibility, the function of board and their composition, reporting, disclosure and respect for the rights of all stakeholders of firms. The author further expounded that business ethics consider an integral and vital part of sound corporate governance based on the analysis of various national codes of corporate governance. Furthermore, Burton et al. (2009) showed that corruption remains endemic in developing African nations and in some cases, this becomes institutionalized as a result of collective behaviour. Similarly, Okike (2004) avowed that absence of adequate internal control system in a firm may led to corruption among employee in organisations and that when there is economic hardship people easily sell their conscience.

In Ghana, Mensah et.al (2003) documented that the Ghana Centre for Democracy and Development and the World Bank found that corruption is prevalent in both the private and public sector in Ghana. This position was confirmed by Transparency International by ranking Ghana in 2012, 2013 and 2014 as 64^{th} out 176, 63^{rd} out of 177 and 61^{st} out of 175 less corrupt countries respectively in the Corruption Perception Index (Transparency International, 2014).

The perceived high level of corruption in Ghana coupled with the current economic hardship; which could cause people to easily sell their consciences as hypothesised by Okike (2004), have high potential of influencing good corporate governance practices in Ghana.

Political factors. Burton et al. (2009) asserted that a nation's political environment influences the practice of corporate governance in terms of fiscal and monetary policies, security and stability and type of political leadership (democratic or autocratic) in power. This will influence government interferences with work of regulatory and supervisory bodies, appointment of chairman of corporation and incentive for company executives (Afolabi, 2013). Government ministries are liable for monitoring and enforcement of corporate governance principles and this can be influenced by politicians or the type of leadership in that country (Afolabi, 2013). In addition, ECA (2002) elucidated that good economic governance exist in economies that institutions of government are able to manage resources efficiently, formulate, implement and enforce sound policies and regulation. Governments can be monitored and held accountable if there is respect for rules and norms of economic interaction. Furthermore, Burton et al. (2009) and Chryssides and Kaler (1996) debated that the business sector operate in accordance with policies, laws, rules and regulations that are in place as a result of political decision by the government in power. As a result the authors' believed that effective development of fiscal and monetary policies, the laws governing commercial interaction, and sound enforcement will provide a stable framework for business activities. Moreover, La Portal et al. (1998) established that a well organised legislative branch, passing and monitoring appropriate laws, with sound regulatory and supervisory agencies in place, promotes corporate governance. All these will definitely help in building good and efficient corporate governance framework. Ahunwan (2002) clarified that several years of military rule and high level of corruption have negatively influence the management of public and private corporations in some developing countries. The author professed that appointment to the board, senior management position and even lower officer are all based on political connection, instead of using efficiency and professional qualification for the appointment. All these will surely have adverse effects on corporate governance practice.

The political situation in Ghana is exactly as have been described by Burton et al. (2009) and Ahunwan (2002) above. Ghana since independence in 1957 has witnessed five intermittent military rules. These military rulers were dictators and most of the time interfered with work of regulatory and supervisory bodies to achieve their parochial interests (Afolabi, 2013). The high level of political instability coupled with ensuing corruption has had serious repercussion on the efficient and effective corporate governance practices in Ghana.

Accounting system. The level of financial reporting is one of the essential elements for effective corporate governance system (Afolabi, 2013). The accountants and auditors are primary providers of information to shareholders and potential investors. As a result, the board of directors should expect that management prepares the financial information in compliance with statutory and ethical obligation and based on auditors' competence (SEC, 2010; Afolabi, 2013). There may be conflict of interest which places the financial reporting in misgiving to client pressure to satisfy the management. Such misleading financing reporting accounts for the collapse of Enron (Afolabi, 2013). Moreover, the accounting professional in each of the countries can play a substantial role in effectiveness and enforcement of corporate governance practices by making use of International Financial Reporting Standards (IFRS) (SEC, 2010; Afolabi, 2013). The appointment of independent auditor should follow the normal process so that there will be no interference from the management (SEC, 2011). All these issues mentioned above can affect transparency, disclosure, and risk management which is part of corporate governance principles (Afolabi, 2013). In view of this, OECD principles (2004) explained the prominence of accounting framework in encouraging disclosure and transparency by maintaining that information should be prepared and disclosed in accordance with high quality standards of accounting, financial and nonfinancial disclosure. Consequently, Adams and Gray (1996) asserted that accounting information may play a key part in promoting a sound corporate governance of a firm; this will enable relevant stakeholders to monitor the performance of managers and use the information to hold the managers accountable. Furthermore, Cadbury report (1992) enlightened the importance of financial reporting system by stating that a rudimentary weakness in the current system of financial reporting is the possibility of different accounting treatment being applied to basically the same facts, with the effect that different results or financial positions could be reported each ostensibly complying with the principal prerequisite to show a true and fair view. The report further emphasised that regardless financial reporting of how far the market can comprehend the implication of alternative accounting treatments or see through presentation design to show a company's figure is most flattering light. In addition, the report also showed that there are merits to investors, analysts, others accounting users and eventually to the company itself in financial reporting rules which limit the scope for uncertainty and manipulation. Minow and Monks (2004) averred that annual audits carry out by independent, competent and qualified auditors as it being recommended by the OECD principles, that it should deliver an external and objective assurance to the management board and shareholders about financial situation and performance of the firm. Whittington (1993) and Okike (2007) postulated that financial reporting is one of the essential elements in corporate governance; as a result some of the corporate failure is probable due to insufficient financial reporting. The authors argued that lack of auditors' independence and corrupt environment on auditors in discharging their responsibilities will surely have negative impact on the financial reporting of firms. Accordingly, Bushman and Smith, (2001) stressed that the body that is accountable for setting up the nation's accounting standard should make sure they embolden the reporting of a true and fair view of the transactions. In addition, the body should make sure that these standards are applied uniformly across the firms in same way the standards have been set by the body.

To address this misleading financing reporting issue in Ghana, the external auditor is to make sure that the audit of the company is conducted in accordance with the one required by the Institute of Chartered Accountants, Ghana (ICAG) (Aboagye, Agyemang & Ahali, 2013). The external auditor is required to indicate in his or her report if financial statements audited have been prepared in accordance with the Ghana National Accounting Standards (GNAS) (Aboagye, Agyemang & Ahali, 2013). Furthermore, the external auditor is required to specify any departures from accounting standards and should contain the auditors' opinion as to whether or not the departure is not intentional and also give reasons for such departure (Aboagye, Agyemang & Ahali, 2013). Meanwhile, in order to ensure a continued effectiveness of audit personnel including the audit partner should be frequently rotated or changed in order to offer fresh procedures in regards to audit work (Aboagye, Agyemang & Ahali, 2013).

Synthesis of Research

Research synthesis may be defined as a review of primary research on a given topic with the purpose of integrating the findings (e.g., for creating generalizations or resolving conflicts) (Gurevitch, Koricheva & Mengersen, 2013). Research synthesis is principal to the scientific enterprise. Without it, the evidence for various alternative hypotheses cannot be properly assessed and generalisations cannot be made, thus the progress of the scientific field as well as any potential practical applications are prevented (Roberts et al., 2006). Research synthesis can be executed either qualitatively, in the form of a narrative review, or quantitatively, by employing various statistical methods for the integration of results from individual studies (Colautti et al. 2006). One of the common methods is meta-analysis.

Meta-analysis. The term "meta-analysis" was devised by Glass (1976) in orientation to the statistical analysis of a large collection of analysis of results from individual studies for the purpose of incorporating the findings. The above definition is wide and includes all the techniques used in quantitative research synthesis including vote counting and combining probabilities, as described earlier. Meta-analysis more narrowly, is as a set of statistical methods for combining the extents of the outcomes (effect sizes) across different data sets addressing the same research question (Gurevitch, Koricheva & Mengersen, 2013).The methods of meta-analysis were originally developed in medicine and various social sciences (Glass et al., 1981; Hedges & Olkin, 1985). They were introduced in ecology and evolutionary biology in the early 1990s (Järvinen, 1991; Gurevitch et al., 1992; Arnqvist & Wooster, 1995a). Meta-analysis offers a potent, informative, and unbiased set of tools for summarising the results of studies on the same topic. Meta-analysis is based on expressing the outcome of each study on a common scale. This measure of outcome is called an "effect size." Cohen (1988) defined an effect size as "the degree to which the phenomenon is present in the population, or the degree to which the null hypothesis is false" (p.9-10). It includes information on the sign and magnitude of an effect of interest from each study. In many cases the variance of this effect size can also be calculated (Gurevitch, Koricheva & Mengersen, 2013). These effect size measures can then be combined across studies to estimate the grand mean effect size and its confidence interval, and to test whether this overall effect varies significantly from zero (Gurevitch, Koricheva & Mengersen, 2013). Hence, unlike other methods of research synthesis described above, meta-analysis allows the researcher to estimate the magnitude and sign of the grand mean effect across studies, assesses whether the confidence interval around the effect includes zero, and examines sources of variation in that effect among studies (Gurevitch, Koricheva& Mengersen, 2013).

Considering the several advantage the meta-analysis has over the other research synthesis methods, for example, assesses statistical significance of the mean (overall) effect; assesses the magnitude of the mean effect; and allows analysis of sources of variation among studies (Gurevitch, Koricheva & Mengersen, 2013), this present study adopted the meta-analysis method in synthesising a sample of 20 related literature reviewed in Table 1.

Table 1: ***Synthesis of sampled of literature reviewed***

Code	Author/Year	Purpose	Country	Population Size (N)	Sample Size (n)	Research Method	Correlation Coefficient (r)	Effect Size (d)
R1	Black, Jang, & Kim (2003)	To Investigate relationship between corporate governance and firm performance.	Korea		535	Correlation	0.7400	2.2005
R2	Switzer & Kelley (2006)	Same as above	Canada		94	Regression	0.4502	1.0084
R3	Abor & Fisher (2007)	Same as above	South Africa.		97	Correlation	0.4000	0.8729
R4	Abor & Biekpe (2007)	Same as above	Ghana		22	Regression	0.6980	1.9495
R5	Kyreboah-Coleman (2007)	Same as above	Ghana, Nigeria, South Africa & Kenya		155	Regression Correlation	0.7550	2.3029
R6	Abdullah & Page (2009)	Same as above	UK	444	365	Regression Correlation	0.7900	2.5771
R7	Black et al., (2009)	Same as above	Korea		750	Regression	0.7800	2.4928
R8	Ahmad (2010)	Same as above	Palestine	22	18	Regression	0.6518	1.7189
R9	Akpakli (2010)	Same as above	Ghana	22	6	Regression	0.8690	3.5126
R10	Chaghadari (2011)	Same as above	Malaysia		30	Correlation	0.0410	0.0821
R11	Drobetz, Schillhofer & Zimmermann (2011)	Same as above	Germany	253	91	Regression	0.5657	1.3721
R12	Meeamol et al., (2011)	Same as above	Thailand	100	87	Correlation Regression	0.6372	1.6538
R13	Amba (2012)	Same as above	Bahrain	49	39	Regression	0.8750	3.6157
R14	Duke II, Kankpang & Okonkwo (2012)	Same as above	Nigeria	237	149	Regression	0.8204	2.8696
R15	Kowalewski (2012)	Same as above	Poland	361	298	Regression	0.0400	0.0801
R16	Tornyeva & Wereko (2012).	Same as above	Ghana		19	Correlation	0.6380	1.6572
R17	Yusoff & Alhaji (2012)	Same as above	Malaysia		813	Correlation	0.1010	0.2031
R18	Flodberg & Nadjari (2013)	Same as above	Nordic Countries		190	Regression	0.4940	1.1365
R19	Vo & Phan (2013)	Same as above	Vietnam	122	77	Regression	0.5198	1.2169
R20	Rashid & Lodh (2014)	Same as above	Bangladesh		87	Regression Correlation	0.7609	2.3456
	Overall Effect Size (Average)							**1.7435**

The individual effect sizes in the table above are represented in a histogram in figure 1. The findings of Amba (2012) and Akpakli (2010), R13 and R9 in the Figure 1, formed the main upper outliers of the distribution. The finding of Akpakli (2010) could be attributable to small size of the sample (six out of 22 firms). Kowalewski (2012), Chaghadari (2011) and Yusoff and Alhaji (2012), R15, R10 and R17 respectively in the Figure 2, formed the lower outliers of the distribution. This could be attributable to reporting bias, sampling error, missing data among others (Gurevitch, Koricheva & Mengersen, 2013).

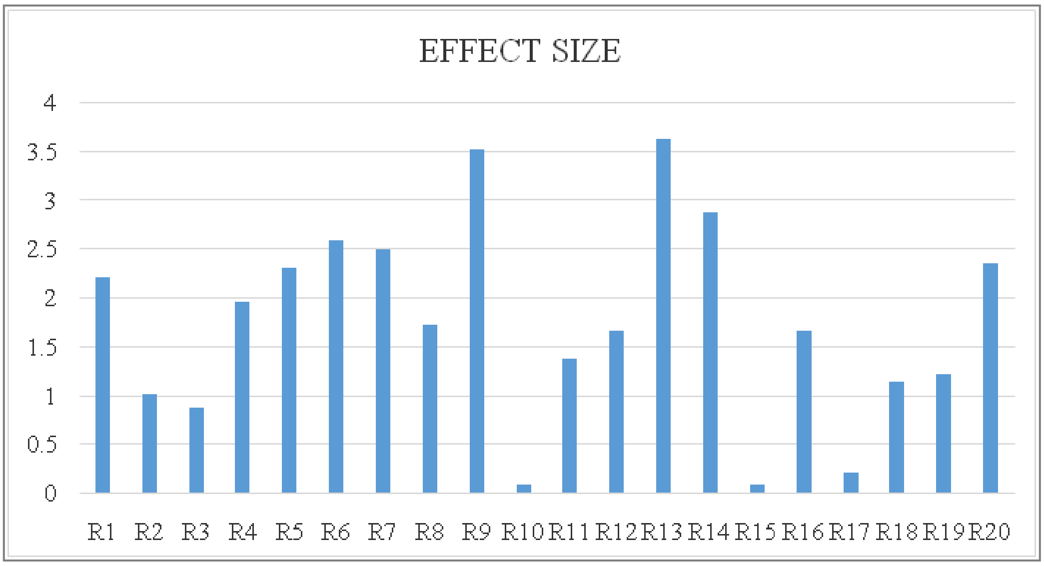

***Figure 2*. Individual Effect Sizes.**

To calculate average (mean) effect size (d) from correlation coefficient (r), the formula: $d = \frac{2r}{\sqrt{1-r^2}}$ was used as discussed by Cohen (1965, 1988), Friedman (1968), Glass, McGraw, and Smith (1981), Rosenthal (1984), Wolf (1986) and DeCoster (2004). Effect size can be thought of as the average percentile standing of the average treatment (or experimental) participant relative to the average untreated (or control) participant. From Table 1, the effect size is 1.7435. An effect size of 1.7 indicates that the mean of the treatment group is at the 95.5 percentile of the untreated group (Ward, 2002). This means that the finding of the twenty studies synthesised above, show that there exist strong positive relationship between corporate governance and firm performance and is confirmed by 95.5% of the other reviewed research in the study but not synthesised above.

Effect size can also be interpreted in terms of the percentage of non-overlap of the treatment group's scores with those of the untreated group. An effect size of 1.7 indicates a non-overlap of 75.4% in the two distributions (Coe, 2002). Similarly, this means that 75.4% of the twenty researches synthesised and those not synthesised do not overlap. This is an indication that all the literature reviewed has broadly covered all aspects of corporate governance and firm performance. The authors have not all used the same dependent and independent variables but varied variables.

Notwithstanding the prominence of the effect size, several critics have pointed out that measures of association are affected by the dependability of the measures, the heterogeneity of the populations being compared, the specific levels of the variables studied, the strength of the treatments, and the range of treatments make such comparisons precarious (Maxwell et al., 1981; O'Grady, 1982; Sechrest & Yeaton, 1982). Fern and Monroe (1996) asserted that differences in the following factors can lead to misleading comparisons of measures of effect:

1. Low dependability increases the error variance and puts a limit on the amount of variance that can be explained by an explanatory variable. Two measures of effect from two studies of the same explanatory variable can be significantly different if the outcome measures used have considerably different dependability.
2. Population heterogeneity can decrease the extent of the effect size measure. The effect sizes computed in two studies that differ with respect to the variability of the outcome measure may not be comparable. For example, if one investigation studies high school freshmen, while a second study

involves high school students from all grade levels, the measures of effect size may not be comparable.

3. In fixed effects models the extent to the measures of effect size depends on the specific levels of the variables studied. If different levels of the explanatory variable are examined, the measure of effect will not be comparable.
4. The range of treatments included in a study can increase or reduce the proportion of variation explained. For example, if the levels of the treatment variable were narrowly defined (e.g., 10, 20, 30, 40…), the variation would be lower than in a study with a greater spread (e.g., 30, 60, 90, 120…). The increased variability of the latter design is likely to lead to a greater measure of effect.

To conclude this chapter, it is worth to note that the literature review found many similarities amongst various empirical studies and theories. The result of the synthesis of research is an indication that overall, there was a general consensus that there exist positive relationship between corporate governance and firm performance.

Summary

This chapter provided significant review of literature concerning corporate governance and its four foundation theories: agency theory; stakeholder theory; stewardship theory; and resource dependency theory. A sizeable volume reviews of research studies was carried out on relationship between good corporate governance practices and firm performance in developed economies, emerging economies and in the context of Ghana. Majority of the literature confirmed positive relationship between these two variables, whilst few reported negative relationship and no relationship. The chapter further discussed OECD principles of corporate governance, the corporate governance framework of Ghana and external factors that affect corporate governance practices of firms: Economics factors; Societal and cultural factors; Corruption and bribery factors; Political factors; and Accounting system. Finally, this chapter synthesized 20 studies of the literature reviewed. Using meta-analysis method of synthesizing research, produced an effect size of 1.7. An effect size of 1.7 indicates that the mean of the treatment group is at the 95.5 percentile of the untreated group (Ward, 2002). This means that the finding of the twenty studies synthesised, show that there exist strong positive relationship between corporate governance and firm performance and is confirmed by 95.5% of the other reviewed studies but not synthesised. The studies were consistent in their quantitative methodology and use of well-established instruments. The literature review found many similarities amongst various empirical studies and theories. The result of the synthesis of research is an indication that overall, there was a general consensus that there exist positive relationship between corporate governance and firm performance. Chapter three detailed the methodology adopted by this research to support or reject the research hypotheses and to determine the impact of specific variables of corporate governance practices on firm performance.

CHAPTER 3: METHODOLOGY

This chapter discuss the methodological approach to identifying relationship between corporate governance and firm performance. The chapter describes the research methodology selected and how it provided support or rejection for the research hypotheses. It also includes the purpose of the study, a description of the research design, research questions and hypothesis, population and sampling strategy, the research instrument, instrument validity, data collection procedures and data analyses.

The study sought to understand the relationship between corporate governance practices and firm performance of listed companies on GSE. This quantitative study investigated whether the corporate governance practices of listed companies on GSE have any effect on their performances as both recent and past empirical studies have established in both developed and developing countries (Kyereboah-Coleman, 2007; Black et al., 2009; Tornyeva & Wereko, 2012; Htay, 2012; Kowalewski, 2012; Afolabi, 2013). The study purposed to reveal any positive linkage between corporate governance and firm performance. The study aimed at exploiting any positive linkage revealed to promote firm performance of the listed companies on GSE to bring about the needed economic growth and development in Ghana.

The study also compared and contrasted corporate governance framework of Ghana with the OECD principles of corporate governance. The study evaluated the corporate governance framework of Ghana, and made necessary recommendations that would make it robust like internationally accepted frameworks, for example OECD principles of corporate governance. The recommendations are made to regulatory bodies namely Ghana Securities and Exchange Commission (SEC) and GSE. This is to promote good corporate governance practices among listed firms in Ghana to enhance the country's economic growth and development. This quantitative, correlational research study utilised a five-point Likert type scaled survey with descriptive statistics to identify and define the specific independent variables of corporate governance that significantly relate to the dependent variables of firm performance.

Research Design

This study investigated the relationship between OECD principles of corporate governance and firm performance of listed companies on GSE. The research design for this present study was consistent with the research 'onion' designed by Saunders et al (2006) as shown in Figure 3.

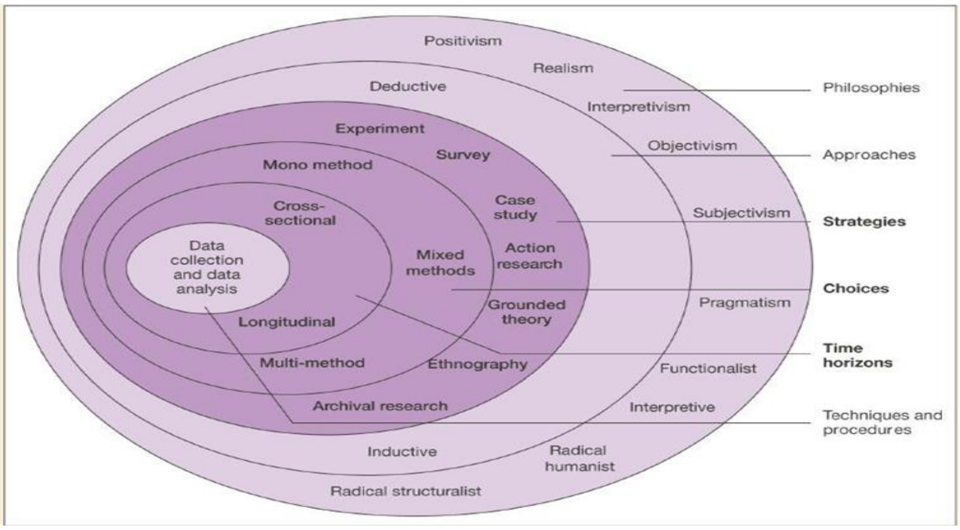

Figure 3. **Research 'onion'. Source: Saunders, M., Lewis, P. & Thornhill, A. (2006, p.124)**

Saunders et al. (2006) averred that research worldview consist of the primary research philosophies such as positivism, realism, interpretivism, subjectivism, and pragmatism among others. Research philosophy according to Saunders et al. (2006) influences the whole research process from approach, strategy, choice of method, time frame, data collection and data analysis technique as shown in Figure 3. The present study adopted a positivism philosophy because the study was based on contrasts that are scientifically verifiable, which are capable of logical or mathematical proof, and therefore rejecting metaphysics and theism (Saunders et al., 2006).

The research approach according to Saunders et al. (2006) could either be a deductive or inductive approach as shown in the second layer of the research 'onion' in Figure 3. The two research approaches comprise explicit characteristics that distinguish each one from the other given the researcher an option to select any of the two options. Deductive approach tends towards systematic investigation of phenomenal in order to conduct a rigorous testing of hypothesis to examine the relationship between two or more dependent and independent variables (Saunders et al., 2009; Sun, 2009). Furthermore, Saunders et al. (2009) asserted that deductive research is a development of theory that is subjected to rigorous test. Deductive research is an effort to clarify the underlying relationship between phenomenal.

The inductive approach according to Lancaster (2005) incorporates the origination of principle from data analysis in order to comprehend the nature of a problem, and then explain the ways humans interpret the real world. Deductive approach is frequently critiqued for been too inflexible and does not permit flexibility in terms of different interpretations of the nature of the problems (Lancaster, 2005). Research tends to posit that one approach is better than the other, according to Saunders et al. (2009). However, this notion may be misleading, hence, the knowledge of the characteristics and limitations of the different approaches will enable the researcher to adopt the most appropriate approach in designing a research study (Saunders et al., 2009). Table 2 shows the key differences between deductive and inductive research approaches.

Table 2: ***Major differences between deductive and inductive approaches***

Deductive Approach	Inductive Approach
• Scientific principle • The need to explain causal relationships between variables • The collection of quantitative data • Application of controls for validity • The operationalisation of concepts to ensure clarity of definition • A highly structured approach • Objectivity of the researcher • The necessity to select samples of sufficient size in order to generalise conclusion	• Gaining an understanding of the meanings human attach to events • A close understanding of the research context • A more flexible structure to permit changes of research emphasis as the research progresses • A realisation that the researcher is part ofthe research process • Less concern with the need to generalise subjectivity

Source: Saunders, M., Lewis, P. & Thornhill, A. (2009, p.127)

The researcher in pursuance of this study adopted the deductive approach. The rationale in adopting this approach included among others:

- because the researcher sought to explain relationship between variables,
- because the researcher intended to collect quantitative data,
- because the researcher intended to control and allow the testing of hypothesis,
- because the researcher was independent of what was being observed,
- because concepts were operationalized in a way that enabled facts to be measured quantitatively, and
- because findings would be generalized to some extent (Saunders et al., 2003; Creswell, 2006; Saunders et al., 2007; Bajpai & Singh, 2008; Sun, 2009; Staff, 2012).

The deductive approach chosen for this study is similar to other studies in corporate governance and firm performance such as Black et al., (2009), Nuryanah and Islam, (2011), Deku II, Kankpang and Okonkwo, (2012), Afolabi, (2013), Fuenzalida et al., (2013), Supriti and Pitabas, (2014), and Fooladi et al., (2014).

According to Saunders et al. (2006) research strategy could either be any or a combination of multiple design strategies, namely: experimentation, survey, case study, action research, grounded theory, ethnography, and archival research. According to Saunders et al (2009) and Zikmund et al (2010) no one research strategy or even mixture of strategies can be claimed as the best strategy, as any strategy will yield a worthwhile result. Surveys can be an effective and reliable method of collecting data about the attitudes and behaviour of a group of people (Saunders et al., 2009). Traditional approaches of surveys are postal questionnaires and structured interviews with the benefits of low cost per respondents. However, low response rate and data precision can be a problem with postal survey, whereas, structured interview surveys are much more expensive and time overwhelming (Crawford et al., 2001; Dillman, 2000; Easterby-Smith et al., 2008). Web based questionnaires is alternative dependable form of gathering participants opinion for survey research strategy. According to Zikmund et al. (2010) surveys can provide trustworthy responses to research questions of what, where, how much, how many and how, especially in descriptive and correlational studies such as this present study. Saunders et al. (2009) affirmed that outcomes of well conducted surveys are viewed by the public as dependable, convincing and easier to explain and understand. Surveys are principal instruments in the field of psychology (Creswell, 2001; Sun, 2009). Surveys attempt to quantify specific variables of interest in numerical terms so that statistical methods can infer the legality of a given theory (Sun, 2009).

The present study adopted survey as a research strategy because the study strived to quantify specific variables of interest (corporate governance and firm performance) in numerical terms. Statistical methods such as multiple regression and correlation were used to deduce the validity of the relationship between corporate governance and firm performance. A descriptive correlational survey was adopted as the primary strategy for the study because the study attempted to look at two or more variables to determine if there is a relationship between them (Sun, 2009). Correlational research is a statistical investigation concerning the relationships of variables, in this case, a statistical investigation concerning the relationship between the specific OECD principles of corporate governance and firm performance (Sun, 2009; Leedy & Ormrod, 2001).

The research method adopted for this study was a quantitative research method. A quantitative research method was appropriate for this study to determine the relationship between corporate governance and firm performance (Creswell, 2006; Saunders et al., 2007; Sun, 2009). The quantitative method was chosen for a number of reasons. First, the objective nature of a quantitative survey and its analysis minimized the potential for bias in the study (Sun, 2009; Creswell, 1994). Secondly, the relatively short duration of the study and a low tolerance for ambiguity called for quantitative methods (Sun, 2009; Creswell, 1994). Three previous related studies in Ghana by Abor and Biekpe (2007), Akpakli (2010), and Tornyeva and Wereko (2012) guided the selection of this research method. They have confirmed positive relationship between good corporate governance and firm performance. However, their studies were limited to Small and Medium Enterprises (SMEs), very small sample size of listed firms on GSE and the insurance sector respectively. All the three studies focused on the relationship between corporate governance and firm performance in Ghana.

Sun (2009) asserted that developmental designs take two primary shapes. One is a cross-sectional study that looks at people of a specific cross section of the population such as an age group. A specific behavior is the focus to determine if there is a difference between the age groups. The second is a longitudinal study that looks at a set of variables over time. Various fields of psychology use these designs to determine the relationships between variables (Sun, 2009). In this study, the longitudinal approach was adopted because the study covered a set of variables (corporate governance and firm performance) over time (2004-2013).

According to Saunders et al (2006), the last inner layer of the research 'onion' is techniques and procedures as shown in Figure 3. The research techniques and procedures include data collection and data analysis. A questionnaire was used as the survey instrument to obtain data because the study attempted to quantify specific variables of interest in numerical terms so that statistical methods can deduce the validity of a given theory, in this case corporate governance and firm performance (Sun, 2009). The design incorporated detailed plans on what, where, and how the data was collected (Leedy & Ormrod, 2001; Sun, 2009). The primary data required for this research was the corporate governance practices of listed firms on GSE. To collect this data, a survey was designed to solicit response from participants, who were directors of the firms, by means of questionnaire. The questionnaire provides the numerical data to understand behavioural and other characteristics of corporate governance and firm performance. The secondary data needed for the study was the past financial performances of the firms which were extracted from the financial statements of the firms.The methods used for data analysis were designed using scientific standards found in other dissertations and statistics textbooks (Sun, 209; Chadwick, 1998; Leedy & Ormrod, 2001; Paige, 1999; Stephens, 2000; Toney, 1995; Triola, 2001). Data analysis used Pearson correlation and multiple regression which are common statistical methods used in quantitative studies (Triola, 2001). The methodology focused on either rejecting or accepting the null hypothesis. The study used common statistical methods such as multiple regression and Person correlation in analysing the data. Several tests of hypotheses were also carried out to accept or reject null hypotheses of relationship between dependent and independent variables. Each completed survey was initially stored as a Microsoft Excel document. The data was then processed by use of Statistical Package for the Social Sciences (SPSS) software.

The study made use of three categories of variables namely: dependent variable; independent variable; and control variable. The present study used firm performance as dependent variable. Firm performance is an integral component of how businesses do things and act in a manner that helps them survive and thrive (Kellen, 2003). Lebas and Euske (2002) defined performance as "doing today what will lead to measured value outcomes tomorrow"p.26. In other to ensure validity of the result, the study triangulated the method for measuring performance by using three different measures.

Return on equity (ROE) measures the rate of return of ownership interest (shareholders' equity) of common stock owners (Damodaran, 2007). It measures the efficiency of a firm in generating profits from each unit of shareholder equity, also known as net assets or assets minus liabilities. ROE shows how well a company uses investments to generate earnings growth (Damodaran, 2007). ROE is defined as:

$$\text{ROE} = \frac{\text{Annual Net Income (After Tax Income)}}{\text{Average Stockholders' Equity}}$$

Average Stockholders' Equity is defined as sum of shareholders' equity at the beginning and at the end of the year divided by two. This is consistent with Tornyeva &

Wereko (2012), Akpakli (2010), Black et al. (2009), Kyereboah-Coleman (2007) among others.

Return on assets (ROA) shows the percentage of how profitable a company's assets are in generating revenue (Kupiec & Lee, 2012). This number tells what the company has achieved by use of its assets. It is a useful number for comparing competing companies in the same industry. Return on assets gives an indication of the capital intensity of the company, which will depend on the industry. Companies that require large initial investments will generally have lower return on assets (Kupiec & Lee, 2012). ROAs over 5% are generally considered good (Kupiec & Lee, 2012). ROA is defined as:

$$\mathrm{ROA} = \frac{\text{Annual Net Income (After Tax Income)}}{\text{Total Assets}}$$

This consistent with Tornyeva & Wereko (2012), Akpakli (2010), Black et al. (2009), Kyereboah-Coleman (2007) among others.

Tobin's Q is the ratio between a physical asset's market value and its replacement value. It was introduced in 1969 by James Tobin. If Tobin's Q is greater than 1.0, then the market value is greater than the value of the company's recorded assets (Meeamol, 2011). This suggests that the market value reflects some unmeasured or unrecorded assets of the company. High Tobin's Q values encourage companies to invest more in capital because they are "worth" more than the price they paid for them (Meeamol, 2011). In this present study, Tobin's Q is defined as:

$$\text{Tobin's Q} = \frac{\text{Market Value of Assets}}{\text{Book Value of Assets}}$$

Market value of assets as is defined as book value of debt plus book value of preferred stocks plus market value of common stocks. This consistent with Tornyeva & Wereko (2012), Akpakli (2010), Black et al. (2009), Kyereboah-Coleman (2007) among others.

This study used corporate governance as independent variable. Cadbury Committee (1992) defines corporate governance as "the system by which companies is directed and controlled" p.14. More specifically it is the framework by which the various stakeholder interests are balanced (Cadbury Committee, 1992). The OECD Principles of corporate governance (2004) states that "corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders"p.11. Corporate governance also provides the structure through which the objectives of the company are set and the means of attaining those objectives and monitoring performance are determined (OECD, 2004). Corporate governance could be defined as the application of a set of powerful micro-policy instruments in an organisation to ensure an efficient and effective use of resources in achieving the main objectives of its capital providers as well as maximizing positive influence on other stakeholders (Agyemang & Castellini, 2012). The independent variable (corporate governance) was further divided into six sub-variables as follows:

1. Ensuring the basis for an effective corporate governance framework. This is the first principle of the OECD principles of corporate governance. OECD (2004) asserts that the corporate governance framework should be developed with a view to its impact on overall economic performance. This principle is established on the basis that the legal and regulatory requirements that affect corporate governance practices in a jurisdiction should be consistent with the rule of law, transparent and enforceable (OECD, 2004). In furtherance, OECD (2004) asserted that the division of responsibilities among different authorities in a jurisdiction should be clearly articulated and ensure that the public interest is served. Also, the supervisory, regulatory and enforcement authorities should have the authority, integrity and resources to fulfil their duties in a professional and objective manner (OECD, 2004). Moreover, their rulings should be timely, transparent and

fully explained (OECD, 2004). Aboagye, Agyemang, & Ahali, (2013) asserted that effective corporate governance framework provides a structure for evaluating corporate organisations. Effective corporate governance framework makes possible comparative analysis among all sectors of an economy and forms the cornerstone for corporate governance guidelines for corporate organisations (Aboagye, Agyemang & Ahali, 2013). Aboagye, Agyemang, and Ahali, (2013) concluded that effective corporate governance framework promotes effective and efficient allocation of resources, assists organisations in attracting capital at low cost and helps corporate organisations in maximising their performance as well as their capability in fulfilling stakeholder wishes.

2. The rights of shareholders. This is the second principle of the OECD principles of corporate governance. OECD (2004) asserted that basic shareholder rights should include the right to: a) secure methods of ownership registration; b) convey or transfer shares; c) obtain relevant and material information on the corporation on a timely and regular basis; d) participate and vote in general shareholder meetings; e) elect and remove members of the board; and f) share in the profits of the corporation. Also, the OECD (2004) states that shareholders should have the right to participate in, and to be adequately informed on, decisions concerning ultimate corporate changes such as: a) amendments to the statutes, or articles of incorporation or similar governing documents of the company; b) the authorisation of additional shares; and c) extraordinary transactions, including the transfer of all or substantially all assets, that in effect result in the sale of the company. In furtherance, OECD (2004) accentuated that shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings:

1. Shareholders should be furnished with adequate and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.
2. Shareholders should have the opportunity to ask questions to the board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.
3. Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated. Shareholders should be able to make their views known on the remuneration policy for board members and key executives. The equity component of compensation schemes for board members and employees should be subject to shareholder approval.
4. Shareholders should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or in absentia.

Afolabi, (2013) asserted that the level of legal right and protection of shareholders in any country is an essential factor in determining the development of the financial market of company in that country. Okpara (2010) asserted that issue of rights of shareholders is vital for the protection of shareholders against poor running of firm. In developing countries like Ghana, the protection of the rights of shareholders has become a serious challenge for implementing effective corporate governance system (Afolabi, 2013). La portal, et al. (1998) scrutinised the legal rules covering security of corporate shareholders and creditors in 49 countries. Using empirical analysis the study showed that the concentration of ownership of shares in largest public companies was negatively related to shareholder protection and the same with the hypothesis that small and diversified shareholders are not likely to be recognised in countries that cannot protect right of shareholders.

3. The equitable (fair and equal) treatment of shareholders. This is the third principle of the OECD principles of corporate governance. OECD (2004) maintained that all shareholders of the same series of a class should be treated equally as follow:

1. All shares should carry the same rights within any series of a class. All investors should be able to obtain information about the rights attached to all series and classes of shares before they purchase. Any changes in voting rights should be subject to approval by those classes of shares which are negatively affected.
2. Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress.
3. Votes should be cast by custodians or nominees in a manner agreed upon with the beneficial owner of the shares.
4. Impediments to cross border voting should be eliminated.
5. Processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders. Company procedures should not make it unduly difficult or expensive to cast votes.

OECD (2004) in furtherance, maintained that insider trading and abusive self-dealing should be prohibited and members of the board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the corporation. Afolabi (2013) found that equitable treatment of shareholders has strong positive relationship with firm performance. Johnson et al. (2000) avowed that large shareholder or shareholders can agree with managers to benefit at the expense of minority shareholders, popularly known as tunnelling. La Portal et al. (1999; 2000) maintained that this condition is one of the central agency problems in countries with weak shareholder protection. Furthermore, Morck et al. (2000) established that controlling shareholders may pursue an objective that will not favour minority shareholders.

4. The role of stakeholders. This is the fourth principle of the OECD principles of corporate governance**.** OECD (2004) asserted that the competitiveness and ultimate success of an organisation is the result of teamwork that embodies contributions from a range of different stakeholders including investors, employees, creditors, and suppliers. Also, the OECD (2004) averred that corporations should recognise that the contributions of stakeholders constitute a valuable resource for building competitive and profitable companies. It is, therefore, in the long-term interest of corporations to foster wealth-creating co-operation among stakeholders (OECD, 2004). The OECD (2004) further posited that governance framework should recognise that the interests of the corporation are served by recognising the interests of stakeholders and their contribution to the long-term success of the corporation. Stakeholder as defined by Ramachandran (2008) is "any group or individual who can affect or is affected by the achievement of the firm's objectives" p.1. Ramachandran (2008) asserted that role of stakeholders can affect a corporation's financial success. Ramachandran (2008) avowed that stakeholders contribute to the wealth-creating capacity of a corporation and are, therefore, corporation's potential beneficiaries and/or risk bearers. Stakeholders perform as gatekeepers to resources that firms need. For example, customers decide to buy or not the products or services of the organization; employees decide to share or not their innovative ideas with their employer or defect to a competitor; and communities decide to let an organisation operate from a location in their area or not (Ramachandran, 2008).

5. Disclosure. This is the fifth principle of the OECD principles of corporate governance**.** OECD (2004) stated that disclosure should include, but not be limited to, material information on:

1. The financial and operating results of the company.
2. Company objectives.
3. Major share ownership and voting rights.
4. Remuneration policy for members of the board and key executives, and information about board members, including their qualifications, the selection process, other company directorships and whether they are regarded as independent by the board.
5. Related party transactions.
6. Foreseeable risk factors.
7. Issues regarding employees and other stakeholders.
8. Governance structures and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.

OECD (2004) also maintained that information should be prepared and disclosed in accordance with high quality standards of accounting and financial and non-financial disclosure. Additionally, OECD (2004) asserted that an annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects. Furthermore, OECD (2004) upheld that external auditors should be accountable to the shareholders and owe a duty to the company to exercise due professional care in the conduct of the audit, and that channels for circulating information should provide for equal, timely and cost-efficient access to relevant information by users. Abdo and Fisher (2007) asserted that there is sufficient evidence to conclude that there is a positive relationship between the level of disclosure and corporate performance. Other authors such as Akpakli (2010), Ahmad (2010), Afolabi (2012), and Kowalewsk (2012) affirmed positive relationship between disclosure and firm performance.

6. The responsibilities of the board. This is the sixth (the last) principle of the OECD principles of corporate governance. OECD (2004) asserted that board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders. Where board decisions may affect different shareholder groups differently, the board should treat all shareholders fairly. OEDC (2004) also upheld that the board should apply high ethical standards. It should take into account the interests of stakeholders. The board should fulfil certain key functions, including:

1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.
2. Monitoring the effectiveness of the company's governance practices and making changes as needed.
3. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
5. Ensuring a formal and transparent board nomination and election process.
6. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
7. Ensuring the integrity of the corporation's accounting and financial

reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

8. Overseeing the process of disclosure and communications.

Furthermore, OECD (2004) averred that the board should be able to exercise objective independent judgement on corporate affairs and in order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information. Studies such as Akpakli (2010), Afolabi (2012), Vo and Phan (2013) supported positive relationship between responsibilities of the board and firm performance.

The study acknowledges possibility of inability to adequately outline the determinants of firm performance; hence to reduce measurement bias in other to ensure robustness of the result, the following control variables were employed.

Firm Size: The variable firm size is defined as the logarithm of total assets (Akinyomi & Olagunju, 2013). Pedersen and Thomsen (1999) averred that there exists a positive direct effect of firm size on firm performance because the larger firm size brings economies of scale and synergies, additionally, the costs of production, distribution, among others are reduced by vertical integration and increased market power. Nevertheless, the larger size may also decrease firm's growth, because of the decreasing marginal benefit of the scale (Chen, 2012). The study assumed positive effects of size on firm performance. The use of firm size as a control variable is consistent with Black, Jang and Kim (2003), Chen (2012), Tornyeva and Wereko (2012) and Kowalewski (2012).

Financial Leverage: Leverage is defined as the long-term debt divided by total assets and it measures the effect of financial leverage on firm performance (Chen, 2012). Jensen (1986) and Kim and Sorensen (1986) asserted that there exists a positive relationship between leverage and firm performance because the high financial leverage spurs the debt holders to monitor the agent and reduce the agency costs. Conversely, Myers (1977) developed the pecking order theory and posits that the good firms tend to avoid high leverage and use internal funds. The study assumed positive effects of financial leverage on firm performance. The use of financial leverage as a control variable is consistent with Black, Jang and Kim (2003), Chen (2012), Tornyeva and Wereko (2012) and Kowalewski (2012).

Liquidity: The variable liquidity is defined as the net cash from operating activities divided by current liabilities and the higher liquidity, the lower the risk of bankruptcy (Chen, 2012). Agrawal and Mandelker (1990) argued that liquidity is negatively related to firm performance because the high financial liquidity is a sign of inefficient use of cash and may lead to a takeover. The study assumed positive effects of liquidity on firm performance. The use of liquidity as a control variable is consistent with Black, Jang and Kim (2003), Chen (2012), Tornyeva and Wereko (2012) and Kowalewski (2012).

Firm Age: The variable firm age is defined as the logarithm of the number of years between the observation year and firm incorporation year (Chen, 2012). This variable demonstrates the life cycle effects (Chen, 2012). While some studies like Anderson and Reeb (2003) and Han and Suk (1998) showed negative relationship between firm age and performance, others like Black, Jang and Kim (2003), Chen (2012), Tornyeva and Wereko (2012) and Kowalewski (2012) showed positive relationship. These conflicting results could not be explained by the life cycle theory because the old firms do not necessary position in the mature or even saturated stage. On the contrary, old firms are able to diversify their business units and have good performances (Chen, 2012). Positive effect of age on performance measures was assumed. The use of firm age as a control variable is consistent with Black, Jang and Kim (2003), Chen (2012) Tornyeva and Wereko (2012) and Kowalewski (2012).

Industry: The industry that a firm operates in, to some extent, has an influence on the performance or profitability of the firm according to studies like Pedersen and Thomsen (1997), Thomsen and Pedersen (1998) and Chen (2012). This is because there exists differences in product life cycle in different industries and inter-industry accounting differences (Chen, 2012). The use of industry as a control variable is consistent with Black, Jang and Kim (2003), Chen (2012), Tornyeva and Wereko (2012) and Kowalewski (2012).

The study constructed a Corporate Governance Index (CGI) ranging from 0 to 100 for the 30 listed firms, with better governed firms having higher scores. The CGI was classified into six sub-indices: (a) effective corporate governance framework (sub-index A); (b) rights of shareholders (sub-index B); (c) fair and equal treatment of shareholders (sub-index C); (d) stakeholders (sub-index D); (e) disclosure (sub-index E) ; and (f) responsibilities of board of directors (sub-index F). Each of the sub-indices were standardised to have a value between 0 and 16.67. The overall corporate governance index (CGI) was constructed as follows:

$$CGI = A + B + C + D + E + F \quad (1).$$

The construction of the CGI is consistent with Black, Jang and Kim (2003), Black et al (2009) and Kowalewski (2012). The study used panel data framework which follows the one used by Tornyeva and Wereko (2012), Abor and Biekpe, (2007), and Kyereboah-Coleman (2007). This involves the pooling of observations on cross-section of units over several time periods and provides results that are simply not detectable in pure cross-sections or pure time-series studies (Tornyeva & Wereko, 2012). An observation in panel data comprises at least two dimensions: a cross-sectional dimension, indicated by subscript i and a time series dimension, indicated by subscript (Tornyeva & Wereko, 2012; Hsiao & Yanan, 2006). The study attached double subscripts to the variables in the regression model in order to differentiate them from regular time-series or cross section regression. To establish the relationship between corporate governance and firm performance in order to answer the research question one, the study used a regression model:

$$P_{it} = \beta_{0i} + \beta_1 CGI_{it} + \beta_2 C_{it} + \mu_{it} \quad (2).$$

Where:

P_{it} = performance of firm i in time t;

CGI_{it} = a vector of corporate governance index of firm i in time t;

C_{it} = a set of control variables of firm i in time t;

μ_{it} = the error term

The model is consistent with Black, Jang and Kim (2003), Black et al (2009), Ahmad (2010), Tornyeva and Wereko (2012) and Kowalewski (2012).

Research Questions and Hypotheses

The research questions and hypotheses to address the research problem are as follow:

- RQ1: Is there any relationship between corporate governance and firm's performance in Ghana?
- H1O: There is no relationship between corporate governance and firm's performance in Ghana.
- H1A: There is a relationship between corporate governance and firm's performance in Ghana.

Sub-questions: The six OECD principles of corporate governance will be tested against firm performance measures such as Return on Equity, Return on Assets, and Tobin's q so as to identify any relationship between the variables.

- RQ1a: Does ensuring a basis for an effective corporate governance framework in a firm in Ghana affect performance?
- H1aO: Ensuring a basis for an effective corporate governance framework in a firm in Ghana does not affect performance.
- H1aA: Ensuring a basis for an effective

corporate governance framework in a firm in Ghana does affect performance.

- RQ1b: Does the rights of shareholders in a firm in Ghana affect performance?
- H1bO: The rights of shareholders in a firm in Ghana do not affect performance.
- H1bA: The rights of shareholders in a firm in Ghana do affect performance.

- RQ1c: Does fair and equal treatment of shareholders in a firm in Ghana affect performance?
- H1cO: Fair and equal treatment of shareholders in a firm in Ghana does not affect performance.
- H1cA: Fair and equal treatment of shareholders in a firm in Ghana does affect performance.

- RQ1d: Do stakeholders in corporate governance in a firm in Ghana affect performance?
- H1dO: The stakeholders in corporate governance in a firm in Ghana do not affect performance.
- H1dA: The stakeholders in corporate governance in a firm in Ghana do affect performance.

- RQ1e: Does disclosure in firm's financial statement in Ghana affect performance?
- H1eO: Disclosure in firm's financial statement in Ghana does not affect performance.
- H1eA: Disclosure in firm's financial statement in Ghana does affect performance.

- RQ1f: Do effective fulfilment of responsibilities of Board of Directors in a firm in Ghana affect performance?
- H1fO: Effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does not affect performance.
- H1fA: Effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does affect performance.

- RQ2: Is there any relationship between corporate governance framework of Ghana and OECD principles of corporate governance?
- H2O: There is no relationship between corporate governance framework of Ghana and OECD principles of corporate governance
- H2A: There is a relationship between corporate governance framework of Ghana and OECD principles of corporate governance.

Population and Sampling Strategy

The population of interest was listed companies on Ghana Stock Exchange. It currently has 36 listed companies. The population comprised of local and international companies from different sectors of the economy such as Banking, Insurance, Manufacturing, Agriculture, Mining, Oil, among others. Assessing the companies within OECD Principles of Corporate Governance and past financial statements of the listed companies provided meaningful data concerning corporate governance and firm performance of those companies which is consistent with Black (2001), Black, Jang and Kim (2003), and Garay and Gonzalez (2008).

The sample was in the listing age range of companies that have had continuous listing on GSE from the year 2000 to 2013. The sampling approach is similar to that of Black, Jang and Kim (2003) and Black (2001). In addition to the purpose of the study and population size, three criteria usually will need to be specified to determine the appropriate sample size: the level of precision; the level of confidence or risk; and the degree of variability in the attributes being measured (Miaoulis & Michener, 1976).

Level of precision: The level of precision, sometimes called sampling error, is the range in which the true value of the population is estimated to be (Miaoulis & Michener, 1976). This range is often expressed in percentage points (for example, ±5 percent). Thus, if the present study finds that 60% of firms in the sample have adopted a recommended good corporate governance practice with a precision rate of ±5%, then the study can conclude that between 55% and 65% of firms in the population have adopted the practice.

Confidence Level: The confidence or risk level is based on ideas encompassed under the Central Limit Theorem (Miaoulis & Michener, 1976). The key idea encompassed in the Central Limit Theorem is that when a population is repeatedly sampled, the average value of the attribute obtained by those samples is equal to the true population value. Furthermore, the values obtained by these samples are distributed normally about the true value, with some samples having a higher value and some obtaining a lower score than the true population value (Miaoulis & Michener, 1976). In a normal distribution, approximately 95% of the sample values are within two standard deviations of the true population mean (Miaoulis & Michener, 1976).In other words, this means that if a 95% confidence level is selected, 95 out of 100 samples will have the true population value within the range of precision specified.

Degree of Variability: The third criterion, the degree of variability in the attributes being measured, refers to the distribution of attributes in the population (Miaoulis & Michener, 1976). The more heterogeneous a population, the larger the sample size required to obtain a given level of precision. The less variable (more homogeneous) a population, the smaller the sample size (Miaoulis & Michener, 1976).

Yamane (1967) provided a simplified formula to calculate sample sizes as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where, n is the sample size, N is the population size, and e is the level of precision.

Using the above formula, at 90% confidence level (10% level of precision) with the population size of 36, the ideal sample size (n) of the present study was 26 firms. The data for the present study was drawn from a sample of 30 out of 36 listed companies on Ghana Stock Exchange, representing 83.3% of the population.This is because the study would take retrospect of firm performance over ten years' period (2005 - 2014), the unselected firms were not listed throughout that period. The sample size is therefore large enough according to Yamane (1967) at 90% confidence level (10% level of precision). However, had the confidence level been increased to 95% (5% level of precision) the sample size that would have been required for this present study would have been 33 firms, which is relatively higher than the 30 firms for the present study. Notwithstanding, as a quantitative study, a minimum of 30 in the sample size ensures a normal distribution for parametric analysis such as correlation (Triola, 2009). In this perspective, the sample size for present study could again been seen as large enough and statistically significant for the study. The selected sample size provides convenient access to 150 respondents (board of directors) with interest in developing and ensuring good corporate governance practices.

Research Instrument

Aquestionnaire was used as the primary research instrument. The instrument made use of a five-point likert scale (1 = strongly disagree to 5 = strongly agree). The rational for using this scale was to enable the respondents to express their level of agreement to facilitate the researcher to measure the intensity of response. The justification of the choice of the five-point likert scales was grounded on Bryman (2008), who maintained that five-point likert scales is imperative because it permits the respondents to express their level of agreement with the statement in the question effectively. Ide Vacus (2002) also asserted that the five-point likert scale format offers five response choices which give more flexibility and also provides a measure of intensity, extremity and direction.

This study made use of three validated instruments. First, the instrument for corporate governance is the instrument developed and validated by OECD (2004), titled Principles of Corporate Governance. There are six points contained in the Principles of Corporate Governance (OECD, 2004). The instrument therefore contained six scales namely: governance framework; rights of shareholders; fair and equal treatment of shareholders; role of stakeholders; disclosure; and responsibilities of the board. Each scale had seven questionswith a five -point Likert scale with the following labels: Strongly Disagree (1) Disagree (2) Do Not Know (3), Agree (4) and Strongly Agree (5). This instrument on the whole, contained 42 item assessment.

Second, the dependent variable (firm performance) made use of audited financial statements of the sampled companies. The second instrument was built based on the audited financial statements of the sampled firms. The instrument contained ROA, ROE, and Tobin's Q. The instrument has eight questions with a five point Likert scale. Strongly Disagree (1) Disagree (2) Do Not Know (3), Agree (4) and Strongly Agree (5). This instrument contained 21 item assessment.

Third, the instrument for corporate governance regulatory framework of Ghana, developed and validated by Ghana company law, Companies Code, 1963 Act 179. The aim of this instrument was to assist in comparing the OECD principles of corporate governance with the corporate governance regulatory framework of Ghana for robustness.

The corporate governance regulatory framework of Ghana has been divided into six major sections, namely: a) the mission, responsibilities and accountability of the board; b) committees of the board; c) relationship to shareholders and stakeholders, and the rights of shareholders; d) financial affairs and auditing; e) disclosures in annual reports (transparency); and f) code of ethics (Aboagye, Agyemang, & Ahali, 2013). The instrument therefore contained six scales and each scale had seven questions with a five -point Likert scale with the following labels: Strongly Disagree (1) Disagree (2) Do Not Know (3), Agree (4) and Strongly Agree (5). This instrument on the whole, contained 42 item assessment.

The combination of the three instruments forms a 92-item assessment for this study.

A cover letter (see Appendix A) invited the participants to take part in this study. Since the participants are busy directors, the cover letter was crafted to stimulate their support for study.

Notwithstanding the merits of using questionnaire as the research instrument, it has embedded limitations (Saunders et al., 2009; Sun, 2009; Afolabi, 2013). For example, the finding from the respondents was an opinion about what was happening on the issues of corporate governance of firms in Ghana (Afolabi, 2013). Also the respondents were not questioned or probed (Afolabi, 2013). The result could therefore have been skewed to a particular direction. Furthermore, there was a level of researcher imposition, thus when developing the questionnaire the researcher made implied assumptions as to what was important and not important (Afolabi, 2013). The researcher might have missed some important aspects of corporate governance and firm performance, which is considered as one of the limitations of this study.

Validity as defined by Gregory (1992) is "the extent to which [a test] measures what it claims to measure"p.117. Validity is the degree to which an assessment measures what it is supposed to measure (Kazi & Khalid, 2012). Essentially there are three types of validity a) content validity, b) criterion- related validity, and c) construct validity (Kazi & Khalid, 2012). Kazi and Khalid (2012) asserted that questionnaire undergoes a validation procedure to make sure that it accurately measures what it aims to do, regardless of the responder. The authors affirmed further that valid questionnaire helps to collect better quality data with high comparability which reduces the effort and increase the credibility of data.

In order to solidify the validity and reliability of the combined instrument, the study tested the instrument including construct validity and reliability, which is consistent with (Creswell, 2009). To ensure construct validity in the combined instrument, a correlational coefficient between two similar groups has to average above 0.80 (Sun, 2011). Since all the instruments have well above this critical value as shown in Table 3, construct validity should not be an issue (Sun, 2011). In addition, doctoral-level authorities auxiliary scrutinized the survey instrument construction and validity of the wording of the questions. The following experts were actively involved in the survey instrument development and validation process: Professor J. Marangos of SMC University, Switzerland; and two other former lecturers at South Wales University, UK and University of Ghana.

Internal consistency reliability is the degree to which different parts of a test or items in a scale are correlated with each other; highly correlated items are therefore interpreted as measuring the same construct (The Leadership Circle, 2011). Split-half reliability is a type of internal consistency reliability calculated by splitting the data and computing the correlation between scores on one half of the data to the other (The Leadership Circle, 2011). Cronbach's alpha (also known as alpha or coefficient alpha) is the average of the coefficients found by calculating the split-half reliability of all possible halves of the data, and was used to determine the internal consistency reliability of each subscale (The Leadership Circle, 2011). According to The Leadership Circle (2011), reliability coefficients range from 0.0, indicates no consistency among the items, to 1.0, meaning the measures are completely consistent. Sun (2011) asserted that an ideal average for Cronbach alpha is above 0.8. Similarly, Vogt (2006) affirmed that an alpha of 0.70 or higher is naturally considered suitable because the squared correlation (r^2) of a reliability coefficient less than 0.70 would account for less than 50% of variance explained: $0.70 \times 0.70 = 0.49$. As a test for the inter-item correlation, the higher correlations provides evidence of internal consistency (Sun, 2011).

Overall, the reliabilities, as measured using coefficient alpha, for the corporate governance and firm performance variables were strong and ranged from 0.82 to 0.93, with a mean Cronbach's alpha of 0.86 as shown in Table 3. They were all above the typical alpha criterion of 0.80. Specific alphas for each corporate governance and firm performance variables can be found in the third column in Table 3. Results of the reliability analyses revealed that alphas for corporate governance and firm performance were high, in general, with a mean coefficient alpha of 0.86, indicating strong internal consistency. Consequently, the result from Table 3 indicates that the five Liker-scale used for this study was reliable with the sample and the internal consistency was accurate for the study.

Table 3: ***Reliability statistics test for the data instrument of the study***

Section	Main Variables	Cronbach's Alpha Coefficient	No. of Items
1	Regulatory framework	0.87	7
	Right of shareholders	0.86	7
	Equal treatment of shareholders	0.84	7
	Role of shareholders	0.83	7
	Disclosure	0.86	7
	Responsibilities of the board	0.9	7
2	ROA	0.8	5
	ROE	0.82	5
	Tobin's Q	0.84	5
3	Mission of the Board	0.85	7
	Committees of the Board	0.87	7
	Relationship to stakeholders	0.89	7
	Financial affairs and auditing	0.93	7
	Transparency	0.86	7
	Code of ethics	0.89	7
Overall		**0.86**	

Sources: Afolabi (2012, p.109) and Tornyeva & Wereko (2012, p.111).

Prior studies provided evidence for test-retest reliability of these instruments with coefficients of 0.925 (Black, Jang & Kim, 2003), 0.876 (Black et al., 2009), 0. 891 (Ahmad, 2010), 0.901 (Tornyeva & Wereko, 2012), and 0.883 (Kowalewski, 2012). This is consistent with Sun (2011).

Data Collection Procedures

The first step of the implementation research study is creating the data collection tools to be used to collect essential study data via a questionnaire (Kremlin, 2008). The study made use of both primary and secondary data. The primary data was collected through a survey. The format of the survey was a self-administered questionnaire. The participants in this survey included: the Board Chairman, two other Non-Executive Directors, the Chief Executive Officer (CEO) and one other Executive Director from the 30 selected company. The total number of survey participants was 150 (five participants from each selected listed company multiplied by 30 selected listed companies).

The invitation to participate in the survey was sent out through e-mail and further distributed letters. This was to make sure that the participants receive the invitations as there was possibility that some of those emails could have gone into junk e-mail boxes and be deleted. This was to enhance the response rate. Responses to the survey were requested within 30 days of receiving the e-mails. The questionnaires were collected by post through self-addressed envelopes provided and also personally by the researcher to maximize the response rate. A total of 136 questionnaires were received, representing 90.67% response rate. Participation in this study was voluntary as per APA (2002). Participants had the right not to participate at all or to leave the study at any time which was consistent with APA (2002). The participants were informed that deciding not to participate or choosing to leave the study will not result in any penalty or loss of benefits to which the participants are entitled, and it will not harm their relationship with Ghana Stock Exchange, Securities and Exchange Commission or any individual. The participants were also informed that if any participant decided to leave the study, the procedure was to either telephone or email the researcher.

The secondary data comprised of the balance sheets and income statements of listed companies, maintained by the Ghana Company House and Ghana Stock Exchange; informed consent was served on GSE for collection of this data.

The names of the participants will not be used when data from this study are published. Every effort will be made to keep their corporate governance, financial performance, research records, and other personal information confidential as per APA, (2002). The researcher took the following steps to keep information confidential and to protect the information from unauthorized disclosure, tampering, or damage: The research supervisor and the researcher were the only people that had access to participants' information. The data was described anonymously as data drawn from a listed company on the Ghana Stock Exchange. The data was not be shared with any other individual or organization. Data files were kept in a locked cabinet and the data kept on a computer which has a password required for getting onto the system. The researcher is the only person who has access to the password for the computer.

The study followed the three basic principles of respect for persons, beneficence, and justice as defined by the Belmont report (Office of Human Subjects Research, 1979) and APA's (2002) ethical principles of psychologists and code of conduct. Specifically, the study contained a clear and concise informed consent that informs the participants of the possible consequences of their participation. Clear and understandable language clearly communicated the risks and benefits of participation along with complete assurance of participants' confidentiality. The information gathered from the participants was only used within the study in a secured database. The ethical considerations in the data collection procedure for this study was cognisant of respect for persons, beneficence and justice, which was consistent with Office of Human Subjects Research, (1979). The informed consent form sent to the participants was the first step in the agreement for participation, incorporating APA's ethical principles of psychologists and code of conduct (APA, 2002).

Data Analyses

Data analyses aim at addressing research questions (Sun, 2011). Data analysis according to Saunders et al (2009) is a procedure of examining, cleaning, converting, and demonstrating data with the objective of ascertaining useful information, deriving inferences, and supporting decision-making. Data analysis has manifold aspects and tactics, covering varied methods (analyses) (Saunders et al., 2009).

The study employed four statistical analyses: descriptive statistics, correlational analysis, regression analysis and test of hypothesis. The regression was to help establish the relationship between corporate governance and firm performance. In order to test the hypotheses, the regression statistics and Pearson's correlation coefficients were employed. The study employed two-tail significant tests because the hypotheses predicted non-directional of correlation. All the statistical analyses were parametric methods assuming the dataset to be normally distributed (Triola, 2009). Both Excel and Statistical Package for the Social Sciences (SPSS) were used to store, organise and perform the statistical analyses. SPSS is a statistic software that contains analysis functions such as regression and correlational analysis (Sun, 2011). All data types were discrete data organised in rows for each participant's responses. A data integrity check was conducted to ensure that all data were within expected range of one to two. During the processing and analysis of the data, AVG 2014 software was used to protect the data from potential hackers from accessing the data. Upon completion of analyses, the database file was securely storage and backed up on external hard drive. The data was presented in the form of tables and charts for fast and easy understanding.

Summary

The present chapter discussed the research methodology adopted for this study to investigate the relationship between corporate governance and firm performance. The chapter re-stated the purpose of the study which was to understand the relationship between corporate governance practices and firm performance of listed companies on GSE. The chapter discussed the research design for the study which is consistent with the research 'onion' designed by Saunders et al (2006). The Saunders et al (2006) research 'onion' is made up of six layers namely: philosophy, approach, strategy, choice, time horizon, and techniques and procedures. The study adopted the positivism philosophy, deductive approach, survey strategy, choice of quantitative method, longitudinal time horizon, and questionnaire as technique and procedure for collection of data for the study. The chapter further described: three variables for the dependent variable (firm performance); six variables for the independent variable (corporate governance); and five control variables. Furthermore, the chapter discussed the model used in establishing the relationship between the dependent and independent variable and consequently stating the research questions and the relative hypotheses tested. Population and Sampling Strategy, research instrument which was a questionnaire and validation of the questionnaire to make sure that it accurately measures what it aimed to do, regardless of the responder, were discussed in this chapter. Finally, the procedures adopted in collection of the data and analyses were discussed. The study employed four statistical analyses: descriptive statistics, correlational analysis, regression analysis and test of hypothesis. The regression was to help establish the relationship between corporate governance and firm performance.

CHAPTER 4: ANALYSIS AND PRESENTATION OF RESULTS

This chapter presented the analysis and presentation of results of the survey. It comprised the description of the sample demographics along with summary of results organised by research questions. The comprehensive presentation of data delivered the evidence for accepting or rejecting each hypothesis.

Demographic Statistics

The demographic categories of the respondents were based on gender, position in the firm, respondents' educational level, type of industry, market capitalization, revenue (sales) size of the firm, number of employees, and listing age of the firms. Each of these demographic categories was summarized in tabular format. In general, the gender demographic showed that a large percentage of the participants were male, representing 71%. This is shown in Table 4.

Table 4: ***Sample Demographics: Gender***

Gender	No. of Respondents	%
Male	96	71%
Female	40	29%
Total	**136**	**100%**

Table 5: ***Sample Demographics: Position in the Firm***

Position	No. of Respondents	%
Non-Executive Director	53	39%
Chairman	29	21%
CEO	28	21%
Executive Director	26	19%
Total	**136**	**100%**

Non-Executive Director position constituted the highest proportion of the participants, representing about 39%. This was followed closely by Chairman, CEO and Executive Director Positions, representing 21%, 21% and 19% respectively.

Table 6: ***Sample Demographics: Respondents' Educational Level***

Educational Level	No. of Respondents	%
First Degree	0	0%
Masters' Degree	96	71%
Doctorate Degree	40	29%
Total	**136**	**100%**

Majority of the respondents (96) were masters' degree holders, representing 71% of the total respondents. Doctorate degree holders were 40, representing 29%. It is worth noting that all the respondents are highly educated, at least to tertiary level.

Table 7: ***Sample Demographics: Industry***

Industry	No. of Firms	%
Manufacturing	13	43.33%
Banking	8	26.67%
Oil & Gas	3	10.00%
Mining	2	6.67%
Technology	1	3.33%
Retail	1	3.33%
Publishing	1	3.33%
Insurance	1	3.33%
Total	**30**	**100.00%**

The sample was made up of 13 manufacturing firms, representing 43.33%. Manufacturing firms thus formed the highest proportion of the sample by coincidence as guided by the selection criteria. This is also an indication that the population (36 firms) was positively skewed towards the manufacturing sector. The next significant industry in the sample that needs mentioning was the banking industry. It accounted for 8 firms, representing 26.67%. The above distribution of the firms is depicted in Figure 4.

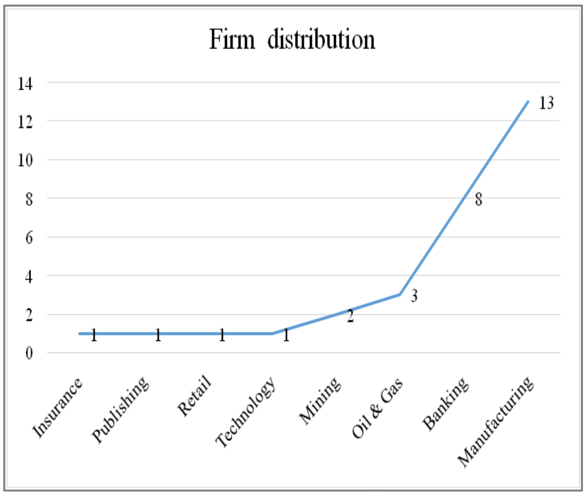

Figure 4**. Distribution of firms**

Table 8: ***Sample Demographics: Market Capitalization (US$ Million - 2013)***

Capitalisation (US$ Million - 2013)	No. of Firms	%
< 212	8	26.67%
212 - 425	13	43.33%
> 425	9	30.00%
Total	**30**	**100.00%**

Source: GSE 2013 Market Information.

In the year 2013, (the end point of the survey timeframe) 13 firms out of the sample of 30 had market capitalization size between US$212 - 425 (million), representing 43.33%. Only nine firms (30%) had market capitalization size greater than US$425 million. On the other side of the spectrum, eight firms had market capitalization size less US$212 million, representing 26.67%. It is worth mentioning that the market capitalisation of the firms was relatively small. It is apparent from Table 8 that the market capitalisation of 21 firms, representing 70% in the year 2013 did not exceed US$425 million.

Table 9: ***Sample Demographics: Revenue (Sales) (US$ Million - 2013)***

Revenue (US$ Million - 2013)	No. of Firms	%
< 212	15	50%
212 - 425	9	30%
> 425	6	20%
Total	**30**	**100.%**

Source: GSE 2013 Market Information.

In the year 2013, 15 firms out of the sample of 30 had revenue size less US$212 million, representing 50%. A sample of 9 firms (30%) had revenue size between US$212 - 425 million. Only 6 firms (20%) had revenue size greater than US$425 million. From Table 9, it is indicative that the revenue of 24 firms, representing 80% in the year 2013 did not exceed US$425 million.

Table 10: ***Sample Demographics: Number of Employees (2013)***

Number of Employees	No. of Firms	%
< 1,000	10	33.33%
1,000 – 2,000	14	46.67%
> 2,000	6	20.00%
Total	**30**	**100.00%**

Source: GSE 2013 Market Information

In the year 2013, 14 firms out of the sample of 30 firms, representing 46.67% employed 1,000 - 2,000 employees. Only 6 firms (20%) employed more than 2,000 employees whilst 10 firms (33.33%) employed less than 1,000 employees.

Table 11: ***Sample Demographics: Listing Age***

Listing Age	No. of Firms	%
1 - 10	12	40.00%
11 - 15	5	16.67%
16 - 20	6	20.00%
21 - 25	7	23.33%
Total	**30**	**100.00%**

Source: GSE 2013 Market Information.

The sample consisted of 12 and 5 firms with listing ages ranging between 1-10 and 11-15 years respectively. These represented 40% and 16.67% of the sample respectively. A total of six and seven firms also had listing ages ranging between 16-20 and 21-25 years respectively. These accounted for 20% and 23.33% of the sample respectively. It is worth to know that the seven firms with listing age 21-25 years were among the maiden firms listed on GSE in 1990 when the exchange officially commenced trading.

Details of Analysis and Results

The Descriptive Statistics which described the main features of the data collected was shown in table 12. The main features included: the number of observations (N); minimum number of observations; maximum number of observations; mean of the distribution and the standard deviation of the distribution.

Table 12: ***Descriptive Statistics***

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	10	0.02	0.06	0.044	0.0001
ROE	10	0.12	2.97	0.499	0.018
Tobin's Q	10	1.39	2.53	1.726	0.034
CGI	10	90.89	95.67	93.276	1.606
Control Variables	10	102.25	707.43	318.257	97.634
Valid N (listwise)	10				

Table 12 showed that performance variables ROA, ROE and Tobin's Q had mean of 0.044, 0.499 and 1.726 respectively. Their corresponding standard deviations, which measure dispersion (spread) of a given distribution around the mean were 0.001, 0.018 and 0.043 respectively. These standard deviations were relatively low, thus 2.27%, 3.61% and 1.97% of the means respectively. The lower the standard deviation the better the measurement or performance, vice versa (Bland & Altman, 1996).

The independent variables CGI and control variables also had means of 93.276 and 318.257 respectively. Their corresponding standard deviations were 1.606 and 97.634 respectively. The standard deviation for CGI was relatively low, thus 1.72% of the mean. This means that the spread of the observations around the mean was very close which is very good. The standard deviation for the control variables on the other hand, was relatively high, thus 30.68% of the mean. This is symptomatic that most of the observations of the control variables were scattered far away from the mean. Thus there were many outliers in the distribution for the control variables. The observations were therefore poorly distributed.

RQ1: Is there any relationship between corporate governance and firm's performance in Ghana? Research question one investigated whether there is any relationship between corporate governance and firm's performance in Ghana. To answer this question, the researcher used regression analysis where performance (P) represented the dependent variable and Corporate Governance Index (CGI) and Control Variables (CV) represented the independent variables. Mathematically the regression equation was given by: $P_{it} = \beta_{0i} + \beta_1 CGI_{it} + \beta_2 CV_{it} + \mu_{it}$

Where:

P_{it} = performance of firm i in time t;

CGI_{it} = a vector of corporate governance index of firm i in time t;

CV_{it} = a set of control variables of firm i in time t;

μ_{it} = the error term

Like any other theory, the linear regression analysis is also based on certain assumptions. Four assumptions were made about this model as follows:

Assumption 1: The random error term μ_{it} had a mean equal to zero for each CGI_{it}. This assumption simply states that the sum of the positive errors is equal to the sum of the negative errors, so the mean of all the errors is zero. Thus, the mean value of μ_{it} is zero, the mean value of P_{it} for a given CGI_{it} is equal to $\beta_{0i} + \beta_1 CGI_{it} + \beta_2 CV_{it}$ and it is written $P_{it} = \beta_{0i} + \beta_1 CGI_{it} + \beta_2 CV_{it} + \mu_{it}$ (Mann, 2004).

Assumption 2: The errors associated with different observations were independent. According to this assumption, the errors for any given two years' CGI are independent (Mann, 2004).

Assumption 3: For any given CGI_{it}, the distribution of the errors was normal. The corollary of this assumption is that the corporate governance index for the sampled firm for the ten years under observation are normally distributed (Mann, 2004).

Assumption 4: The distribution of population errors for CGI_{it}, had the same (constant) standard deviation. This assumption indicates that the spread of points around the regression line is similar for all the annual corporate governance indices (Mann, 2004).

The application of regression analysis in answering this research question was therefore based on the afore-mentioned assumptions.

Using ROA as a performance measure. The results showed that the unstandardized regression coefficients B0, B1 and B2 were 0.0218, 0.0397 and 0.0088 respectively (see Table 13).

Table 13*: Regression Coefficients – ROA as performance measure*

Model		Unstandardized Coefficients		Standardized Coefficients	t	sig.
		B	Std. Error	Beta		
1	(Constant)	0.0218	0.0051		4.2745	0.0523
	CGI (ROA)	0.0397	0.0127	0.0206	3.126	0.0482
	Control Variables	0.0088	0.0013	0.5407	6.7692	0.0541

a. Dependent Variable: ROA

The regression equation therefore became: $P_{it} = 0.0218 + 0.0397CGI_{it} + 0.0088CV_{it} + \mu_{it}$.

This means that in absence of corporate governance and the set of control variables, the firm would make a ROA of 0.0218 (2.18%) which is smaller than the mean of 0.004 (4.4%) in Table 12. But in presence of corporate governance, the firm would increase its ROA by 0.0397 (3.97%) of the corporate governance index (CGI) and also in the presence of the set of control variables, the firm stands to increase its ROA by 0.0088 (0.88%) of the value of the control variables.

Given the mean values of CGI and control variables as 93.276 and 318.257 as in Table 12, and using the regression equation , the firm would achieve ROA (P_{it}) = 2.18% + 3.97% (93.276) + 0.88% (318.257) = 8.68%. The result implies that if a firm has corporate governance principles in place, coupled with the set of the control variables, it would achieve a ROA above the average of 4.40% in Table 12. Crosson et al., (2008) averred that ROAs over 5% are generally considered good. The regression result therefore established a positive relationship between corporate governance and firm performance of the listed companies on GSE. From Table 13, the level of significance for the regression coefficients B0, B1 and B2 were 0.0523, 0.0482 and 0.0541 respectively. These levels of significances mean that the probabilities that the coefficients B0, B1 and B2 occurred by chance were 0.0523, 0.0482 and 0.0541 respectively. This means 5.23%, 4.82% and 5.41% of the regression coefficients B0, B1 and B2 respectively occurred by chance and there were 94.77%, 95.18% and 94.59% precision of the occurrences respectively. A very low significance value, usually 0.05 (5%) means that the coefficient is unlikely to have occurred by chance a lone (Saunders et al., 2003). The impact of the relationship as established in the regression equation was measured by the regression coefficient R-Square. From the regression analysis R-Square was 0.767 (see Table 14).

Table 14: ***Regression Statistics – Model Summary (ROA as a measure of performance)***

Model 1	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1	0.876[a]	0.767	0.747	0.01049

a. Predictors: (Constant), Control Variables, CGI

The R-Square showed how much of the change in the target variable (performance) was explained by the predictor variables (CGI and control variables). The result indicated that corporate governance and the set of control variables accounts for 76.7% of any change firm performance. The result from Table 14 indicates that Adjusted R-Square was 0.747 (74.7%). This means that if the most extreme observations that still lie within the lower and upper limits of the data set (the survey data for this study) were attuned or brought closer to the line of best fit (the regression line) to minimize their influence on the result, corporate governance and the set of control variables would have accounted for 74.7% of any change in firm performance and not 76.7 % as the R-Square indicated. The Adjusted R-Square figure (74.7%) despites lower than that of the R-Square (76.7%) still showed statistically significant how much impact corporate governance and the set of control variables had on firm performance of the listed firms on GSE.

Hypothesis Testing - H1O: There is no relationship between corporate governance and firm's performance in Ghana **(using ROA as a measure of performance).**The researcher tested hypothesis to agree or disagree with positive relationship established by the regression analysis:

- H1O: There is no relationship between corporate governance and firm's performance in Ghana.
- H1A: There is a relationship

between corporate governance and firm's performance in Ghana.

The test statistic (ts) was the coefficient of CGI (B1) divided by its standard error (SEB1) (see Table 13)

ie ts = B1/SEB1

ts = 0.0397 / 0.0127

ts = 3.126 (See Table 13)

The critical value (tc) = 2.365 for *t*-distribution of seven degrees of freedom (number of observations (10) minus three variables) at 0.05 (5%) significance level, two tailed test. The researcher used students'-distribution because the number of observed variables (ten years corporate governance indices) is less than 30.

Decision Rule. Accept Ho if ts is less than tc, reject Ho otherwise.

Result. Since the test statistic (ts) was greater than the critical value (tc) (3.126 > 2.365), the null hypothesis that there is no relationship between corporate governance and firm's performance in Ghana was rejected and the alternative hypothesis accepted at 95% level of significance that there is a relationship between corporate governance and firm's performance in Ghana. The result of the test of hypothesis supported that of the regression analysis that there is a strong positive relationship between corporate governance and firm performance of listed firms on GSE.

Using ROE as a performance measure. The result showed that the unstandardized regression coefficients B0, B1 and B2 were 0.1076, 0.1548 and 0.0957 respectively (see Table 15).

Table 15*: Regression Coefficients – ROE as performance measure*

Model		Unstandardized Coefficients		Standardized Coefficients	t	sig.
		B	Std. Error	Beta		
1	(Constant)	0.1076	0.0293		3.6724	0.0571
	CGI (ROE)	0.1548	0.0241	0.0612	6.4232	0.0373
	Control Variables	0.0957	0.0133	0.5194	7.1955	0.0484

a. Dependent Variable: ROE

The regression equation therefore became: $P_{it} = 0.1076 + 0.1548CGI_{it} + 0.0957CV_{it} + \mu_{it}$.

This means that in absence of corporate governance and the set of control variables, the firm would make a ROE of 0.1076 (10.76%) which is smaller than the mean of 0.4987 (49.87%) in Table 12. But in presence of corporate governance, the firm would increase its ROE by 0.1548 (15.48%) of the corporate governance index (CGI) and also in the presence of the set of control variables, the firm stands to increase its ROE by 0.0957 (9.57%) of the value of the control variables. Given the mean values of CGI and control variables as 93.276 and 318.257 as in Table 12, and using the regression equation , the firm would achieve ROE (P_{it}) = 10.76%+ 15.48% (93.276) + 9.57% (318.257) = 55.66%. Randall and Gary (2006) asserted that ROEs of 15-20% are generally considered good. The result implies that if a firm has corporate governance principles in place, coupled with the set of the control variables, it would achieve a ROE above the average 49.87% in Table 12. The regression result therefore established a positive relationship between corporate governance and firm performance of the listed companies on GSE. From Table 15, the level of significance for the regression coefficients B0, B1 and B2 were 0.0571, 0.0373 and 0.0484 respectively. These imply that the probabilities that the coefficients B0, B1 and B2 occurred by chance were 0.0571, 0.0373 and 0.0484 respectively. These results mean 5.71%, 3.73% and 4.84% of the regression coefficients B0, B1 and B2 respectively occurred by chance and there were 94.29%, 96.27% and 95.16% precision of the occurrences respectively. From the regression analysis R-Square was 0.731 (see Table 16).

Table 16: ***Regression Statistics – Model Summary (ROA as a measure of performance)***

Model 1	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1	0.855[a]	0.731	0.709	0.95746

a. Predictors: (Constant), Control Variables, CGI

The result indicated that corporate governance and the set of control variables accounts for 73.1% of any change firm performance. The result from the Table 16 indicates that Adjusted R-Square was 0.709 (70.9%). This means that if the most extreme observations that still lie within the lower and upper limits of the data set (the survey data for this study) were attuned or brought closer to the line of best fit (the regression line) to minimize their influence on the result, corporate governance and the set of control variables would have accounted for 70.9% of any change in firm performance and not 73.1 % as the R-Square indicated. The Adjusted R-Square figure (70.9%) despites lower than that of the R-Square (73.1%) still shows statistically significant how much impact corporate governance and the set of control variables had on firm performance of the listed firms on GSE.

***Hypothesis Testing - H1O: There is no relationship between corporate governance and firm's performance in Ghana* (using ROE as a measure of performance).** The researcher tested hypothesis to agree or disagree with positive relationship established by the regression analysis:

- H1O: There is no relationship between corporate governance and firm's performance in Ghana.
- H1A: There is a relationship between corporate governance and firm's performance in Ghana.

The test statistic (ts) was the coefficient of CGI (B1) divided by its standard error (SEB1) (see Table 15)

ie ts = B1/SEB1

ts = 0.1548 / 0.0241

ts = 6.4232 (See Table 15)

The critical value (tc) = 2.365 for *t*-distribution of seven degrees of freedom (number of observations (10) minus three variables) at 0.05 (5%) significance level, two tailed test. The researcher used Students t- distribution because the number of observed variables (ten years corporate governance indices) is less than 30.

Decision Rule. Accept Ho if ts is less than tc, reject Ho otherwise.

Result. Since the test statistic (ts) was greater than the critical value (tc) (6.4232 > 2.365), the null hypothesis that there is no relationship between corporate governance and firm's performance in Ghana was rejected and the alternative hypothesis accepted at 95% level of significance that there is a relationship between corporate governance and firm's performance in Ghana. The result of the test of hypothesis sustained that of the regression analysis that there is a strong positive relationship between corporate governance and firm performance of listed firms on GSE.

Using Tobin's Q as a performance measure. The result showed that the unstandardized regression coefficients B0, B1 and B2 were 0.9465, 0.0068 and 0.0031 respectively (see Table 17).

Table 17: ***Regression Coefficients - Tobin's Q as performance measure***

Model		Unstandardized Coefficients		Standardized Coefficients	t	sig.
		B	Std. Error	Beta		
1	(Constant)	0.9465	0.2320		4.0797	0.0432
	CGI (Tobin's Q)	0.0068	0.0018	0.0853	3.7778	0.0337
	Control Variables	0.0031	0.0012	0.4963	2.5833	0.0456

a. Dependent Variable: Tobin's Q

The regression equation therefore became: $P_{it} = 0.9465 + 0.0068CGI_{it} + 0.0031CV_{it} + \mu_{it}$. This means that in absence of corporate governance and the set of control variables, the firm's Tobin's Q would be 0.9465, which is smaller than the mean of 1.7257 in Table 12. But in presence of corporate governance, the firm would increase its Tobin's Q by 0.0068 (0.68%) of the corporate governance index (CGI) and also in the presence of the set of control variables, the firm stands to increase its Tobin's Q by 0.0031 (0.31%) of the value of the control variables. Given the mean values of CGI and control variables as 93.276 and 318.257 as in Table 12, and using the regression equation, the firm would achieve Tobin's Q (P_{it}) = 0.9465+ 0.0068(93.276) + 0.0031(318.257) = 2.5674. Firms with high Tobin's Qs (greater than 1.00) have been found to have better investment opportunities, have higher growth potential, and indicate management has performed well with the assets under its command (Wolfe & Sauaia, 2003; Tobin & Brainard, 1968; Tobin, 1969; Lang, Stulz & Walkling, 1989). The result implies that if a firm has corporate governance principles in place, coupled with the set of the control variables, it would achieve a Tobin's Q above the average of 1.7257 in Table 12. The regression result therefore established a positive relationship between corporate governance and firm performance of the listed companies on GSE. From Table 17, the level of significance for the regression coefficients B0, B1 and B2 were 0.0432, 0.0337 and 0.0456 respectively. These imply that the probabilities that the coefficients B0, B1 and B2 occurred by chance were 0.0432, 0.0337 and 0.0456 respectively. These results mean 4.32%, 3.37% and 4.56% of the regression coefficients B0, B1 and B2 respectively occurred by chance and there were 95.68%, 96.63% and 95.44% precision of the occurrences respectively. From the regression analysis R-Square was 0.753 (see Table 18).

Table 18: ***Regression Statistics – Model Summary (Tobin's Q as a measure of performance)***

Model 1	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1	0.868[a]	0.753	0.725	0.19190

a. Predictors: (Constant), Control Variables, CGI

The result indicated that corporate governance and the set of control variables accounts for 75.3% of any change firm performance. The result from the Table 18 indicates that Adjusted R-Square was 0.725 (72.5%). This means that if the most extreme observations that still lie within the lower and upper limits of the data set (the survey data for this study) were attuned or brought closer to the line of best fit (the regression line) to minimize their influence on the result, corporate governance and the set of control variables would have accounted for 72.5% of any change in firm performance and not 75.3 % as the R-Square indicated. The Adjusted R-Square figure (72.5%) even though lower than that of the R-Square (75.3%) still shows statistically significant how much impact corporate governance and the set of control variables had on firm performance of the listed firms on GSE.

***Hypothesis Testing - H1O: There is no relationship between corporate governance and firm's performance in Ghana* (using Tobin's Q as a measure of performance).** The researcher tested hypothesis to agree or disagree with positive relationship established by the regression analysis:

- H1O: There is no relationship between corporate governance and firm's performance in Ghana.
- H1A: There is a relationship between corporate governance and firm's performance in Ghana.

The test statistic (ts) was *the* coefficient of CGI (B1) divided byits standard error (SEB1) (see Table 17)

ie ts = B1/SEB1

ts = 0.0068 / 0.0018

ts = 3.7778 (See Table 17)

The critical value (tc) = 2.365 for *t*-distribution of seven degrees of freedom (number of observations (10) minus three variables) at 0.05 (5%) significance level, two tailed test. The researcher used Students t-distribution because the number of observed variables (ten years corporate governance indices) is less than 30.

Decision Rule. Accept Ho if ts is less than tc, reject Ho otherwise.

Result. Since the test statistic (ts) was greater than the critical value (tc) (3.7778> 2.365), the null hypothesis that there is no relationship between corporate governance and firm's performance in Ghana was rejected and the alternative hypothesis accepted at 95% level of significance that there is a relationship between corporate governance and firm's performance in Ghana. The result of the test of hypothesis affirmed that of the regression analysis that there is a strong positive relationship between corporate governance and firm performance of listed firms on GSE.

Correlation Analysis. The result of Pearson Correlation analysis supported the results of the regression analysis with strong positive correlation coefficients. The result showed that the three performance measures: ROA; ROE; and Tobin's Q were all strongly and positively correlated with CGI with correlation coefficients of 0.876, 0.855 and 0.868 respectively. Similarly, these performance measures were also positively correlated with the set of control variables with correlation coefficients of 0.560, 0.512 and 0.569 respectively. These are shown in Table 19.A correlation coefficient greater than 0.5 signifies strong association (Saunders et al., 2003). It is therefore apparent that there exists a very strong positive relationship between corporate governance and firm performance of listed firms in Ghana.

Table 19: ***Correlations Analysis - Corporate governance and firm performance***

		ROA	ROE	Tobin's Q	CGI	Control Variables
ROA	Pearson Correlation	1	0.476	0.325	0.876	0.560
	Sig. (2-tailed)		0.834	0.359	0.044	0.092
	N	10	10	10	10	10
ROE	Pearson Correlation	0.476	1	0.237	0.855	0.512
	Sig. (2-tailed)	0.834		0.509	0.046	0.057
	N	10	10	10	10	10
Tobin's Q	Pearson Correlation	0.325	0.237	1	0.868	0.569
	Sig. (2-tailed)	0.359	0.509		0.037	0.640
	N	10	10	10	10	10
CGI	Pearson Correlation	0.876	0.855	0.868	1	0.961**
	Sig. (2-tailed)	0.044	0.046	0.037		0.020
	N	10	10	10	10	10
Control Variables	Pearson Correlation	0.560	0.512	0.569	0.961**	1
	Sig. (2-tailed)	0.092	0.057	0.640	0.020	
	N	10	10	10	10	10

**. Correlation is significant at the 0.01 level (2-tailed).

Table 20: ***Correlation Analysis - Ensuring a basis for an effective corporate governance framework (VAR 1) and firm performance.***

		ROA	ROE	Tobin's Q	VAR 1
ROA	Pearson Correlation	1	0.499	0.525	0.856
	Sig. (2-tailed)		0.092	0.059	0.045
	N	10	10	10	10
ROE	Pearson Correlation	0.499	1	0.501	0.845
	Sig. (2-tailed)	0.092		0.078	0.034
	N	10	10	10	10
Tobin's Q	Pearson Correlation	0.525	0.501	1	0.875
	Sig. (2-tailed)	0.059	0.078		0.025
	N	10	10	10	10
VAR 1	Pearson Correlation	0.856	0.845	0.875	1
	Sig. (2-tailed)	0.045	0.034	0.025	
	N	10	10	10	10

RQ1a: Does ensuring a basis for an effective corporate governance framework in a firm in Ghana affect performance? Research question RQ1a, investigated whether ensuring a basis for an effective corporate governance framework in a firm in Ghana affect performance. The result of correlation analysis in Table 20

showed strong positive correlation coefficient between ensuring a basis for an effective corporate governance framework in a firm in Ghana and firm performance. The correlation coefficient between the corporate governance variable and performance measurement variables ROA, ROE, and Tobin's Q were 0.856, 0.845 and 0.875 respectively.

Hypothesis Testing - H1aO: Ensuring a basis for an effective corporate governance framework in a firm in Ghana does not affect performance.

- H1aO: Ensuring a basis for an effective corporate governance framework in a firm in Ghana does not affect performance.
- H1aA: Ensuring a basis for an effective corporate governance framework in a firm in Ghana does affect performance.

The test statistic (ts) for correlation coefficient was defined as:

$ts = t = r\ (n-2/1-r^2)^{0.5}$, n = number of observations (10), r = correlation coefficient

VAR1 and ROA: $ts = 0.856\ (10-2/1-0.856^2)^{0.5} = 4.683$

VAR 1 and ROE: $ts = 0.845\ (10-2/1-0.845^2)^{0.5} = 4.469$

VAR 1 and Tobin's Q: $ts = 0.875\ (10-2/1-0.875^2)^{0.5} = 5.112$

The critical value (tc) = 0.632from*r-table* of eight degrees of freedom (number of observations (10) minus two variables) at 0.05 (5%) significance level, two tailed test.

Decision Rule. Accept Ho if ts is less than tc, reject Ho otherwise.

Result. The test statistic (ts) for VAR 1 and ROA, VAR 1 and ROE and VAR 1 and Tobin's Q were 4.683, 4.469 and 5.112 respectively. They were all greater than the critical value (tc) 0.632, and are statistically significant. The null hypothesis that ensuring a basis for an effective corporate governance framework in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that ensuring a basis for an effective corporate governance framework in a firm in Ghana does affect performance.

The result of the test of hypothesis collaborated that of the correlation analysis that ensuring a basis for an effective corporate governance framework in a firm in Ghana does affect performance.

RQ1b: Does the rights of shareholders in a firm in Ghana affect performance? Research question RQ1b, sought to find out whether the rights of shareholders in a firm in Ghana affect performance. The result of correlation analysis in Table 21 showed strong positive correlation coefficient between the rights of shareholders in a firm in Ghana and firm performance. The correlation coefficient between the rights of shareholders and performance measurement variables ROA, ROE, and Tobin's Q were 0.736, 0.768 and 0.797 respectively.

Table 21: ***Correlation Analysis - the rights of shareholders (VAR 2) and firm performance.***

		ROA	ROE	Tobin's Q	VAR 2
ROA	Pearson Correlation	1	0.509	0.625	0.736
	Sig. (2-tailed)		0.092	0.059	0.031
	N	10	10	10	10
ROE	Pearson Correlation	0.590	1	0.501	0.768
	Sig. (2-tailed)	0.092		0.078	0.034
	N	10	10	10	10
Tobin's Q	Pearson Correlation	0.625	0.501	1	0.797
	Sig. (2-tailed)	0.059	0.078		0.056
	N	10	10	10	10
VAR 2	Pearson Correlation	0.736	0.768	0.797	1
	Sig. (2-tailed)	0.031	0.034	0.056	
	N	10	10	10	10

Hypothesis Testing - H1bO: The rights of shareholders in a firm in Ghana do not affect performance.

- H1bO: The rights of shareholders in a firm in Ghana do not affect performance.
- H1bA: The rights of shareholders in a firm in Ghana do affect

performance.

The test statistic (ts) for the correlation coefficient was defined as:

$ts = t = r\ (n\text{-}2/1\text{-}r^2)^{0.5}$, n = number of observations (10), r = correlation coefficient

VAR 2 and ROA: $t = 0.736\ (10\text{-}2/1\text{-}0.736^2)^{0.5} = 3.075$

VAR 2 and ROE: $t = 0.768\ (10\text{-}2/1\text{-}0.768^2)^{0.5} = 3.392$

VAR 2 and Tobin's Q: $t = 0.797\ (10\text{-}2/1\text{-}0.797^2)^{0.5} = 3.732$

The critical value (tc) = 0.632from*r-table* of eight degrees of freedom (number of observations (10) minus two variables) at 0.05 (5%) significance level, two tailed test.

Decision Rule. Accept Ho if ts is less than tc, reject Ho otherwise.

Result. The test statistic (ts) for VAR 2 and ROA, VAR 2 and ROE and VAR 2 and Tobin's Q were 3.075, 3.392 and 3.732 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that the rights of shareholders in a firm in Ghana do not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that the rights of shareholders in a firm in Ghana do affect performance. The result of the test of hypothesis upheld that of the correlation analysis.

RQ1c: Does fair and equal treatment of shareholders in a firm in Ghana affect performance? Research question RQ1c investigated whether fair and equal treatment of shareholders in a firm in Ghana affect performance. The result of correlation analysis in Table 22 showed strong positive correlation coefficient between fair and equal treatment of shareholders in a firm in Ghana and firm performance. The correlation coefficient between fair and equal treatment of shareholders and performance measurement variables ROA, ROE, and Tobin's Q were 0.841, 0.812 and 0.853 respectively as shown in Table 22.

Table 22: ***Correlation Analysis - fair and equal treatment of shareholders (VAR 3) and firm performance.***

		ROA	ROE	Tobin's Q	VAR 3
ROA	Pearson Correlation	1	0.649	0.525	0.841
	Sig. (2-tailed)		0.092	0.059	0.036
	N	10	10	10	10
ROE	Pearson Correlation	0.649	1	0.561	0.812
	Sig. (2-tailed)	0.092		0.057	0.041
	N	10	10	10	10
Tobin's Q	Pearson Correlation	0.525	0.561	1	0.853
	Sig. (2-tailed)	0.059	0.057		0.024
	N	10	10	10	10
VAR 3	Pearson Correlation	0.841	0.812	0.853	1
	Sig. (2-tailed)	0.036	0.041	0.024	
	N	10	10	10	10

***Hypothesis Testing - H1cO: Fair and equal treatment of shareholders in a firm in Ghana does not affect performance*.**

- H1cO: Fair and equal treatment of shareholders in a firm in Ghana does not affect performance.
- H1cA: Fair and equal treatment of shareholders in a firm in Ghana does affect performance.

The test statistic (ts) for the correlation coefficient was defined as:

$ts = t = r\ (n\text{-}2/1\text{-}r^2)^{0.5}$, n = number of observations (10), r = correlation coefficient

VAR 3 and ROA: $t = 0.841\ (10\text{-}2/1\text{-}0.841^2)^{0.5} = 4.397$

VAR 3 and ROE: $t = 0.812\ (10\text{-}2/1\text{-}0.812^2)^{0.5} = 3.935$

VAR 3 and Tobin's Q: $t = 0.853\ (10\text{-}2/1\text{-}0.853^2)^{0.5} = 4.623$

The critical value (tc) = 0.632from*r-table* of eight degrees of freedom (number of observations (10) minus two variables) at 0.05 (5%) significance level, two tailed test.

Decision Rule. Accept Ho if ts is less than tc, reject Ho otherwise

Result. The test statistic (ts) for VAR 3 and ROA, VAR 3 and ROE and VAR 3 and Tobin's Q were 4.397, 3.935

and 4.623 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that fair and equal treatment of shareholders in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that fair and equal treatment of shareholders in a firm in Ghana does affect performance. The result of the test of hypothesis agreed with that of the correlation analysis.

RQ1d: Do stakeholders in corporate governance in a firm in Ghana affect performance? Research question RQ1d explored whether stakeholders in corporate governance in a firm in Ghana affect performance. The result of correlation analysis in Table 23 demonstrated strong positive correlation coefficient between stakeholders in corporate governance in a firm in Ghana and firm performance. The correlation coefficient between stakeholders and performance measurement variables ROA, ROE, and Tobin's Q were 0.742, 0.739 and 0.789 respectively as shown in Table 23.

Table 23: ***Correlation Analysis - stakeholders in corporate governance (VAR 4) and firm performance.***

		ROA	ROE	Tobin's Q	VAR 4
ROA	Pearson Correlation	1	0.509	0.525	0.742
	Sig. (2-tailed)		0.052	0.035	0.025
	N	10	10	10	10
ROE	Pearson Correlation	0.509	1	0.517	0.739
	Sig. (2-tailed)	0.052		0.378	0.292
	N	10	10	10	10
Tobin's Q	Pearson Correlation	0.525	0.517	1	0.789
	Sig. (2-tailed)	0.035	0.378		0.052
	N	10	10	10	10
VAR 4	Pearson Correlation	0.742	0.739	0.789	1
	Sig. (2-tailed)	0.025	0.292	0.052	
	N	10	10	10	10

Hypothesis Testing - H1dO: The stakeholders in corporate governance in a firm in Ghana does not affect performance.

- H1dO: The stakeholders in corporate governance in a firm in Ghana does not affect performance.
- H1dA: The stakeholders in corporate governance in a firm in Ghana does affect performance.

The test statistic (ts) for the correlation coefficient was defined as:

ts = t = r $(n-2/1-r^2)^{0.5}$, n = number of observations (10), r = correlation coefficient

VAR 4 and ROA: t = $0.742(10-2/1-0.742^2)^{0.5}$ = 3.131

VAR 4 and ROE: t = $0.739\ (10-2/1-0.739^2)^{0.5}$ = 3.103

VAR 4 and Tobin's Q: t = $0.789\ (10-2/1-0.789^2)^{0.5}$ = 3. 632

The critical value (tc) = 0.632 from *r-table* of eight degrees of freedom (number of observations (10) minus two variables).

Decision Rule. Accept Ho if ts is less than tc, reject Ho otherwise.

Result. The test statistic (ts) for VAR 4 and ROA, VAR 4 and ROE and VAR 4 and Tobin's Q were 3.131, 3.103 and 3.632 respectively. They were all greater than the critical value (tc) 0.632,and were statistically significant. The null hypothesis that stakeholders in corporate governance in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that stakeholders in corporate governance in a firm in Ghana does affect performance. The result of the test of hypothesis collaborated that of the correlation analysis.

RQ1e: Does disclosure in firm's financial statement in Ghana affect performance? Research question RQ1e sought whether disclosure in firm's financial statement in Ghana affect performance. Correlation analysis result in Table 24 demonstrates strong positive correlation coefficient between disclosure in firm's financial statement in Ghana and firm performance. The correlation coefficient between disclosure and performance measurement variables ROA, ROE, and Tobin's Q were 0.842, 0.837 and 0.875 respectively as shown in Table 24.

Table 24: ***Correlation Analysis - disclosure in firm's financial statement (VAR 5) and firm performance.***

		ROA	ROE	Tobin's Q	VAR 5
ROA	Pearson Correlation	1	0.549	0.556	0.842
	Sig. (2-tailed)		0.038	0.059	0.046
	N	10	10	10	10
ROE	Pearson Correlation	0.549	1	0.501	0.837
	Sig. (2-tailed)	0.042		0.078	0.057
	N	10	10	10	10
Tobin's Q	Pearson Correlation	0.556	0.501	1	0.875
	Sig. (2-tailed)	0.059	0.078		0.025
	N	10	10	10	10
VAR 5	Pearson Correlation	0.842	0.837	0.875	1
	Sig. (2-tailed)	0.046	0.057	0.025	
	N	10	10	10	10

Hypothesis Testing - H1eO: Disclosure in firm's financial statement in Ghana does not affect performance.

- H1eO: Disclosure in firm's financial statement in Ghana does not affect performance.
- H1eA: Disclosure in firm's financial statement in Ghana does affect performance.

The test statistic (ts) for the correlation coefficient was defined as:

ts = t = r $(n-2/1-r^2)^{0.5}$, n = number of observations (10), r = correlation coefficient

VAR 5 and ROA: t = $0.842(10-2/1-0.842^2)^{0.5}$ = 4.415.

VAR 5 and ROE: t = $0.837\ (10-2/1-0.837^2)^{0.5}$ = 4.326

VAR 5 and Tobin's Q: t = $0.875\ (10-2/1-0.875^2)^{0.5}$ = 5.112

The critical value (tc) = 0.632 from *r-table* of eight degrees of freedom (number of observations (10) minus two variables) at 0.05 (5%) significance level, two tailed test.

Decision Rule. Accept Ho if ts less than tc, reject Ho otherwise.

Result. The test statistic (ts) for VAR 5 and ROA, V|AR 5 and ROE and VAR 5 and Tobin's Q were 4.415, 4.326 and 5.112 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that disclosure in firm's financial statement in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that disclosure in firm's financial statement in Ghana does affect performance. The result of the test of hypothesis supported that of the correlation analysis.

Table 25: ***Correlation Analysis - effective fulfilment of responsibilities of Board of Directors (VAR 6) and firm performance.***

		ROA	ROE	Tobin's Q	VAR 6
ROA	Pearson Correlation	1	0.665	0.532	0.798
	Sig. (2-tailed)		0.034	0.059	0.011
	N	10	10	10	10
ROE	Pearson Correlation	0.665	1	0.567	0.806
	Sig. (2-tailed)	0.034		0.054	0.047
	N	10	10	10	10
Tobin's Q	Pearson Correlation	0.525	0.567	1	0.854
	Sig. (2-tailed)	0.059	0.054		0.035
	N	10	10	10	10
VAR 6	Pearson Correlation	0.798	0.806	0.854	1
	Sig. (2-tailed)	0.011	0.047	0.035	
	N	10	10	10	10

RQ1f: Do effective fulfilment of responsibilities of Board of Directors in a firm in Ghana affect performance? Research question RQ1f investigated whether effective fulfilment of responsibilities of Board of Directors in a firm in Ghana affect performance. Correlation analysis result in Table 25 demonstrates strong positive correlation coefficient between effective fulfilment of

responsibilities of Board of Directors in a firm in Ghana and firm performance. The correlation coefficient between effective fulfilment of responsibilities of Board of Directors and performance measurement variables ROA, ROE, and Tobin's Q were 0.798, 0.806 and 0.854 respectively as shown in Table 25.

Hypothesis Testing - H1fO: Effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does not affect performance.

- H1fO: Effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does not affect performance.
- H1fA: Effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does affect performance.

The test statistic (ts) for the correlation coefficient was defined as:

ts = t = r $(n-2/1-r^2)^{0.5}$, n = number of observations (10), r = correlation coefficient

VAR 6 and ROA: t = $0.798(10-2/1-0.798^2)^{0.5}$ = 3.745

VAR 6 and ROE: t = $0.806(10-2/1-0.806^2)^{0.5}$ = 3.851

VAR 6 and Tobin's Q: t = $0.854(10-2/1-0.854^2)^{0.5}$ = 4.643

The critical value (tc) = 0.632 from *r-table* of eight degrees of freedom (number of observations minus two variables) at 0.05 (5%) significance level, two tailed test.

Decision Rule. Accept Ho if ts is less than tc, reject Ho otherwise.

Result. The test statistic (ts) for VAR 6 and ROA, V|AR 6 and ROE and VAR 6 and Tobin's Q were 3.745, 3.851 and 4.643 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does affect performance. The result of the test of hypothesis affirmed that of the correlation analysis.

RQ2: Is there any relationship between corporate governance framework of Ghana and OECD principles of corporate governance? The research question RQ2 aimed at establishing whether there is any relationship between corporate governance framework of Ghana and OECD principles of corporate governance. Table 26 shows the descriptive statistics of the two variables.

Table 26: ***Descriptive Statistics - Corporate governance framework of Ghana and OECD principles of corporate governance***

	N	Minimum	Maximum	Mean	Std. Deviation
CGI of Ghana	10	90.89	95.67	93.276	1.606
CGI of OECD	10	95.00	100.00	97.48	1.674
Valid N (list wise)	10				

From Table 26, corporate governance framework of Ghana and OECD principles of corporate governance had corporate governance index (CGI) means of 93.276 and 97.480 respectively. Their corresponding standard deviations were 1.606 and 1.674 respectively. These were relatively very small, implying that the distributions were very close around the mean.

Table 27: ***Correlation Analysis - Corporate governance framework of Ghana and OECD principles of corporate governance***

		CGI of Ghana	CGI of OECD
CGI of Ghana	Pearson Correlation	1	0.926**
	Sig. (2-tailed)		0.013
	N	10	10
CGI of OECD	Pearson Correlation	0.926**	1
	Sig. (2-tailed)	0.013	
	N	10	10

**. Correlation is significant at the 0.01 level (2-tailed).

Correlation analysis result in Table 27 established strong positive correlation coefficient between corporate governance framework of Ghana and OECD principles of corporate governance. The correlation coefficient between the two variables was 0.926.

Hypothesis Testing - H2O: There is no relationship between corporate governance framework of Ghana and OECD principles of corporate governance.

- H2O: There is no relationship between corporate governance framework of Ghana and OECD principles of corporate governance.
- H2A: There is a relationship between corporate governance framework of Ghana and OECD principles of corporate governance.

The test statistic (ts) for the correlation coefficient was defined as:

$ts = t = r\ (n\text{-}2/1\text{-}r^2)^{0.5}$, n = number of observations (10), r = correlation coefficient

$ts = t = 0.926(10\text{-}2/1\text{-}0.926^2)^{0.5} = 6.938$

The critical value (tc) = 0.632from*r-table* of eight degrees of freedom (number of observations (10) minus two variables) at 0.05 (5%) significance level, two tailed test.

Decision Rule. Accept Ho if ts is less than tc, reject Ho otherwise.

Result. The test statistic (ts) 6.938 was greater than the critical value (tc) 0.632, and is statistically significant. The null hypothesis that there is no relationship between corporate governance framework of Ghana and OECD principles of corporate governance was rejected and the alternative hypothesis accepted at 95% level of significance that there is a relationship between corporate governance framework of Ghana and OECD principles of corporate governance.The result of the test of hypothesis confirmed that of the correlation analysis.

Summary of Results

Research question 1 (RQ1) investigated whether there is any relationship between corporate governance and firm's performance in Ghana. The regression results of ROA, ROE and Tobin's Q established strong positive relationship between corporate governance and firm performance of the listed companies on GSE. The impact of the relationship as established in the regression equations, measured by the regression coefficient R-Square were 0.767, 0.731 and 0.753 respectively. The result of the Pearson Correlation analysis supported the result of the regression analysis with strong positive correlation coefficients. The result showed that the three performance measures: ROA; ROE; and Tobin's Q were all strongly and positively correlated with CGI with correlation coefficients of 0.876, 0.855 and 0.868 respectively. Similarly, these performance measures were also positively correlated with the set of control variables with correlation coefficients of 0.560, 0.512 and 0.569 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics 3.126, 6.4232, and 3.7778 respectively. These were greater than the critical value 2.365 and statistically significant, hence the null hypothesises that there is no relationship between corporate governance and firm's performance in Ghana were rejected and the alternative hypothesises accepted at 95% level of significance that there is a relationship between corporate governance and firm's performance in Ghana.

Research question 1a (RQ1a) sought to find out whether ensuring a basis for an effective corporate governance framework in a firm in Ghana affect performance. The result of correlation analysis showed strong positive correlation coefficient between ensuring a basis for an effective corporate governance framework in a firm in Ghana and firm performance. The correlation coefficient between the corporate governance variable and performance measurement variables ROA, ROE, and Tobin's Q were 0.856, 0.845 and 0.875 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics4.683, 4.469 and 5.112

respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that ensuring a basis for an effective corporate governance framework in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that ensuring a basis for an effective corporate governance framework in a firm in Ghana does affect performance.

Research question 1b (RQ1b) investigated whether the rights of shareholders in a firm in Ghana affect firm performance. The result of correlation analysis showed strong positive correlation coefficient between the rights of shareholders in a firm in Ghana and firm performance. The correlation coefficient between the rights of shareholders and performance measurement variables ROA, ROE, and Tobin's Q were 0.736, 0.768 and 0.797 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics3.075, 3.392 and 3.732 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that the rights of shareholders in a firm in Ghana do not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that the rights of shareholders in a firm in Ghana do affect performance.

Research question 1c (RQ1c) examined whether fair and equal treatment of shareholders in a firm in Ghana affect firm performance. The result of correlation analysis showed strong positive correlation coefficient between fair and equal treatment of shareholders in a firm in Ghana and firm performance. The correlation coefficient between fair and equal treatment of shareholders and performance measurement variables ROA, ROE, and Tobin's Q were 0.841, 0.812 and 0.853 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics 4.397, 3.935 and 4.623 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that fair and equal treatment of shareholders in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that fair and equal treatment of shareholders in a firm in Ghana does affect performance. The results of the test of hypothesises collaborated that of the correlation analysis.

Research question 1d (RQ1d) explored whether stakeholders in corporate governance in a firm in Ghana affect performance. The result of correlation analysis demonstrated strong positive correlation coefficient between stakeholders in corporate governance in a firm in Ghana and firm performance. The correlation coefficient between stakeholders and performance measurement variables ROA, ROE, and Tobin's Q were 0.742, 0.739 and 0.789 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics3.131, 3.103 and 3.632 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that stakeholders in corporate governance in a firm in Ghana do not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that stakeholders in corporate governance in a firm in Ghana do affect performance. The result of the test of hypothesises supported that of the correlation analysis.

Research question 1e (RQ1e) searched whether disclosure in firm's financial statement in Ghana affect performance. Correlation analysis result demonstrated strong positive correlation coefficient between disclosure in firm's financial statement in Ghana and firm performance. The correlation coefficient between disclosure and performance measurement variables ROA, ROE, and Tobin's Q were 0.842, 0.837 and 0.875 respectively. Test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics4.415, 4.326 and 5.112 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that disclosure in firm's financial statement in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that disclosure in firm's financial statement in Ghana does affect performance. The results of the test of hypothesises affirmed that of the correlation analysis.

Research question 1f (RQ1f) investigated whether effective fulfilment of responsibilities of Board of Directors in a firm in Ghana affect performance. Correlation analysis result established strong positive correlation coefficient between effective fulfilment of responsibilities of Board of Directors in a firm in Ghana and firm performance. The correlation coefficient between effective fulfilment of responsibilities of Board of Directors and performance measurement variables ROA, ROE, and Tobin's Q were 0.798, 0.806 and 0.854 respectively. Test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics 3.745, 3.851 and 4.643 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does affect performance. The results of the test of hypothesises upheld that of the correlation analysis.

The research question 2 (RQ2) explored whether there is any relationship between corporate governance framework of Ghana and OECD principles of corporate governance. Correlation analysis result revealed strong positive correlation coefficient between corporate governance framework of Ghana and OECD principles of corporate governance. The correlation coefficient between the two variables was 0.926. Test of hypothesis carried out had test statistic (ts) 6.938 which was greater than the critical value (tc) 0.632, and was statistically significant. The null hypothesis that there is no relationship between corporate governance framework of Ghana and OECD principles of corporate governance was rejected and the alternative hypothesis accepted at 95% level of significance that there is a relationship between corporate governance framework of Ghana and OECD principles of corporate governance.The result of the test of hypothesis collaborated that of the correlation analysis.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

The results of the data analysis presented in Chapter 4 provided significant evidence to support the hypothesis that corporate governance has a statistically positive impact on performance of listed firms on GSE. This chapter provides an in-depth discussion of the results including comparative analysis with relevant empirical studies. This last chapter, draw the conclusion of the study and finally made practical recommendations and suggestions for further research.

Summary of the Results

Research question 1 (RQ1) investigated whether there is any relationship between corporate governance and firm's performance in Ghana. The regression results of ROA, ROE and Tobin's Q established strong positive relationship between corporate governance and firm performance of the listed companies on GSE. The impact of the relationship as established in the regression equations, measured by the regression coefficient R-Square were 0.767, 0.731 and 0.753 respectively. The result of the Pearson Correlation analysis supported the result of the regression analysis with strong positive correlation coefficients. The result showed that the three performance measures: ROA; ROE; and Tobin's Q were all strongly and positively correlated with CGI with correlation coefficients of 0.876, 0.855 and 0.868 respectively. Similarly, these performance measures were also positively correlated with the set of control variables with correlation coefficients of 0.560, 0.512 and 0.569 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics 3.126, 6.4232, and 3.7778 respectively. These were greater than the critical value 2.365 and statistically significant, hence the null hypothesises that there is no relationship between corporate governance and firm's performance in Ghana were rejected and the alternative hypothesises accepted at 95% level of significance that there is a relationship between corporate governance and firm's performance in Ghana.

Research question 1a (RQ1a) sought to find out whether ensuring a basis for an effective corporate governance framework in a firm in Ghana affect performance. The result of correlation analysis showed strong positive correlation coefficient between ensuring a basis for an effective corporate governance framework in a firm in Ghana and firm performance. The correlation coefficient between the corporate governance variable and performance measurement variables ROA, ROE, and Tobin's Q were 0.856, 0.845 and 0.875 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics4.683, 4.469 and 5.112 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that ensuring a basis for an effective corporate governance framework in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that ensuring a basis for an effective corporate governance framework in a firm in Ghana does affect performance.

Research question 1b (RQ1b) investigated whether the rights of shareholders in a firm in Ghana affect firm performance. The result of correlation analysis showed strong positive correlation coefficient between the rights of shareholders in a firm in Ghana and firm performance. The correlation coefficient between the rights of shareholders and performance measurement variables ROA, ROE, and Tobin's Q were 0.736, 0.768 and 0.797 respectively.

The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics3.075, 3.392 and 3.732 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that the rights of shareholders in a firm in Ghana do not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that the rights of shareholders in a firm in Ghana do affect performance.

Research question 1c (RQ1c) examined whether fair and equal treatment of shareholders in a firm in Ghana affect firm performance. The result of correlation analysis showed strong positive correlation coefficient between fair and equal treatment of shareholders in a firm in Ghana and firm performance. The correlation coefficient between fair and equal treatment of shareholders and performance measurement variables ROA, ROE, and Tobin's Q were 0.841, 0.812 and 0.853 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics4.397, 3.935 and 4.623 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that fair and equal treatment of shareholders in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that fair and equal treatment of shareholders in a firm in Ghana does affect performance. The result of the test of hypothesis collaborated that of the correlation analysis.

Research question 1d (RQ1d) explored whether stakeholders in corporate governance in a firm in Ghana affect performance. The result of correlation analysis demonstrated strong positive correlation coefficient between stakeholders in corporate governance in a firm in Ghana and firm performance. The correlation coefficient between stakeholders and performance measurement variables ROA, ROE, and Tobin's Q were 0.742, 0.739 and 0.789 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics3.131, 3.103 and 3.632 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that stakeholders in corporate governance in a firm in Ghana do not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that stakeholders in corporate governance in a firm in Ghana do affect performance. The result of the test of hypothesis supported that of the correlation analysis.

Research question 1e (RQ1e) searched whether disclosure in firm's financial statement in Ghana affect performance. Correlation analysis result demonstrated strong positive correlation coefficient between disclosure in firm's financial statement in Ghana and firm performance. The correlation coefficient between disclosure and performance measurement variables ROA, ROE, and Tobin's Q were 0.842, 0.837 and 0.875 respectively. Test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics4.415, 4.326 and 5.112 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that disclosure in firm's financial statement in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that disclosure in firm's financial statement in Ghana does affect performance. The result of the test of hypothesis affirmed that of the correlation analysis.

Research question 1f (RQ1f) investigated whether effective fulfilment of responsibilities of Board of Directors in a firm in Ghana affect performance. Correlation analysis result established strong positive correlation coefficient between effective fulfilment of responsibilities of Board of Directors in a firm in Ghana and firm performance. The correlation coefficient between effective fulfilment of responsibilities of Board of Directors and performance measurement variables ROA, ROE, and Tobin's Q were 0.798, 0.806 and 0.854 respectively. Test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics 3.745, 3.851 and 4.643 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does affect performance. The result of the test of hypothesis upheld that of the correlation analysis.

The research question 2 (RQ2) explored whether there is any relationship between corporate governance framework of Ghana and OECD principles of corporate governance. Correlation analysis result revealed strong positive correlation coefficient between corporate governance framework of Ghana and OECD principles of corporate governance. The correlation coefficient between the two variables was 0.926. Test of hypothesis carried out had test statistic (ts) 6.938 which was greater than the critical value (tc) 0.632, and was statistically significant. The null hypothesis that there is no relationship between corporate governance framework of Ghana and OECD principles of corporate governance was rejected and the alternative hypothesis accepted at 95% level of significance that there is a relationship between corporate governance framework of Ghana and OECD principles of corporate governance.The result of the test of hypothesis collaborated that of the correlation analysis.

Discussion of the Results

Research question 1 (RQ1). It investigated whether there is any relationship between corporate governance and firm's performance in Ghana. Using the model, $P_{it} = \beta_{0i} + \beta_1 CGI_{it} + \beta_2 CV_{it} + \mu_{it,}$ the regression results of ROA, ROE and Tobin's Q established strong positive relationship between corporate governance and firm performance of the listed companies on GSE. The analysis of the results of the model showed that in existence of corporate governance, a firm would increase its ROA by 0.0397 (3.97%) of its corporate governance index (CGI) and 0.0088 (0.88%) of the value of its control variables, all things being equal. Similarly, in presence of corporate governance, the firm would increase its ROE by 0.1548 (15.48%) of its CGI and 0.0957 (9.57%) of the value of its control variables. Also in presence of corporate governance, the firm would increase its' Tobin's Q by 0.0068 (0.68%) of its CGI and 0.0031 (0.31%) of the value of its control variables.

The impact of the relationship as established in the regression equations, measured by the regression coefficient R-Square were 0.767, 0.731 and 0.753 respectively. The result of the Pearson Correlation analysis supported the result of the regression analysis with strong positive correlation coefficients. The result showed that the three performance measures: ROA; ROE; and Tobin's Q were all strongly and positively correlated with CGI with correlation coefficients of 0.876, 0.855 and 0.868 respectively. Similarly, these performance measures were also positively correlated with the set of control variables with correlation coefficients of 0.560, 0.512 and 0.569 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics 3.126, 6.4232, and 3.7778 respectively. These were greater than the critical value 2.365 and statistically significant, hence the null hypothesises that there is no relationship between corporate governance and firm's performance in Ghana were rejected and the alternative hypothesises accepted at 95% level of significance that there is a relationship between corporate governance and firm's performance in Ghana.

All the three dependant variables above (ROA, ROE, and Tobin's Q) showed statistically significant positive relationship with corporate governance using regression and correlation analyses. These suggest that a firm can increase value by improving its governance. The findings also supported the theory that corporate governance has positive effect on performance. Thus a firm with relatively low corporate governance can increase its value by changing governance structure. Therefore a firm with low corporate governance has the opportunity to increase its value (Flodberg & Nadjari, 2013). This is consistent with disequilibrium phenomenon theory by Demsetz (1993) that contended that a firm would change its value by changing the level of its corporate governance. The results also concurred with the agency theory such that decreasing agency cost; a manager will for example have less opportunity to take on bad investments and therefore increase firm performance (Flodberg & Nadjari, 2013). In line with the agency theory, the firms would need to put in a number of control mechanisms as part of checks and balances to reduce the principal-agent conflict to optimise the firm's performance (Lodh &Rashid, 2014). This would align the interest of the managers and shareholders and thereby enhance corporate performance (Jensen and Meckling, 1976; Jensen, 1993). The stakeholder theory advocates that performance and success are contingent on how well an organisation manages its dealings with its stakeholders (Freeman & Phillips, 2002). Certainly to succeed, the firms need to synchronise contradictory interests of these stakeholders in a balancing act which calls for significant diplomacy. Where these interests are appropriately accommodated, the support of the stakeholders is preserved, while the firm is seen as a worthy platform upon which the stakeholders' value can be maximised (Freeman & Phillips, 2002). Corporate governance encompasses the relationship and patterns of behaviour among different interested parties in a corporation, such as management, board of directors and shareholders (Lodh & Rashid, 2014). This symbiotic relationship would need to be nurtured and maintained among the interested parties to guarantee a continuous good corporate performance.

Notwithstanding the strong relationship established between corporate governance and performance (ROA, ROE and Tobin's Q), it is imperative to put a caveat regarding uncertainties of causality. The study has not been able to prove that the independent variables were exogenous. Owing to the complexity of the corporate governance variables it was cumbersome to control for possible endogeneity in the model, hence the researcher could not make an assessment of the causality relationship between the variables.

Developed economies. It is worthy to establish that the results were consistent with several earlier findings such as Black (2001), Laing and Weir (2001), Low (2002), Gompers et al. (2003), Brown and Caylor (2004), Coles et al. (2004), Davies et al. (2005), Kelly and Switzer (2006), Li and MacNeil (2006), Ashbaugh-Skaife and Lafond (2006), Cornett et al. (2009), Schillhofer and Zimmermann (2011), and Flodberg and Nadjari (2013)conducted across a wide range of developed economies. For instance Black (2001) reported a strong correlation between the market value and corporate governance of Russian firms. The result showed that the three performance measures: ROA; ROE; and Tobin's Q were all strongly and positively correlated with corporate governance with correlation coefficients of 0.876, 0.855 and 0.868 respectively. However, Black (2001) employed different corporate governance variables which were not the same as the ones used in the present study. The result was also consistent with Gompers et al. (2003) which constructed a US governance index to proxy for the level of shareholder rights for about 1,500 large firms during the 1990s. They found a strong correlation between corporate governance and stock returns during the 1990s and that the 'Democracy portfolio' outperformed the 'Dictatorship Portfolio'. However, their study used only one of the OECD principles as corporate governance variable (shareholders right). The present study on the other hand used all the six principles in an attempt to ensure holistic approach to the study. The result also supported Coles et al. (2004) which found a positive association between firm performance (measured by Q) and corporate governance variables such as board size for diversified firms, larger firms, and high leverage firms. Their study conversely differed from the present study in terms of corporate governance variables used but their performance measurement variable (Tobin's Q) was among the performance variables used for the present study.

Furthermore, the result was unswerving with Drobetz, Schillhofer and Zimmermann (2011) which investigated whether differences in the quality of firm-level corporate governance also help to explain firm performance in a cross-section of 91 companies in Germany. The valuation measures were Tobin's Q and the market-to-book ratio. The corresponding regression results showed adjusted R-squares were 0.032 and 0.037 for the Tobin's Q and the market-to-book value respectively. The regression results for the present study showed that the adjusted R-squares for ROA, ROE and Tobin's Q were 0.747, 0.709 and 0.725 respectively (see Tables 14, 16 and 18). Comparatively, the regression results of the present study were relatively statistically significant than those of Drobetz, Schillhofer and Zimmermann (2011). In establishing the positive relationship between corporate governance and firm performance, their study used regression and Tobin's Q which are consistent with the present study. However, the corporate governance sub-variables differed which made the need for this study intriguing.

Furthermore, the result agreed with Flodberg and Nadjari (2013) which investigated the link between corporate governance and firm performance in the Nordic countries. They constructed a model for 190 Nordic firms with Tobin's Q as the dependent variable, Corporate Governance Index as the independent variable while controlling for Total Assets, Financial Leverage, Systematic Risk, Unsystematic Risk and Growth to evaluate the impact upon firm performance from 2004-2011. Their study showed a positive relationship between corporate governance and firm performance as well as statistically significant control variables. The present study also used Tobin's Q as one the dependent variables and had Total Assets and Financial Leverage as some of the control variables.The result showed that the three performance measures: ROA; ROE; and Tobin's Q were all strongly and positively correlated with CGI with correlation coefficients of 0.876, 0.855 and 0.868 respectively. Similarly, these performance measures were also positively correlated with the set of control variables with correlation coefficients of 0.560, 0.512 and 0.569 respectively (see Table 19). It is worthy to know that their study used regression and correlation as methods of establishing the relationship which was the same as adopted in this present study. However, the sub-variables of both dependent and independent variables vary. This made the focus of this study unprecedented.

Notwithstanding the consistency of the results with earlier studies from developed economies aforementioned, the corporate governance framework, monitoring, supervision and compliance existing in Ghana cannot be compared with those existing in these developed economies. For instance, Laing and Weir (1999) which investigated the extent of Cadbury compliance and its effect on performance of UK quoted companies, found strong evidence of compliance amongst UK quoted companies and evidence of strong positive influence on performance. Existence of strong corporate governance instructions, monitoring and supervision to ensure compliance is a major problem in Ghana. This may be partly attributed to bribery and corruption which according to Burton et al. (2009) can influence the enforcement of corporate governance through regulatory officers and the judiciary. Furthermore, Burton et al. (2009) showed that corruption remains endemic in developing African nations and in some cases, this becomes institutionalized as a result of collective behaviour. For instance, in Ghana, Mensah et.al (2003) documented that the Ghana Centre for Democracy and Development and the World Bank found that corruption is prevalent in both the private and public sector in Ghana. This position was confirmed by Transparency International by ranking Ghana in 2012, 2013 and 2014 as 64^{th} out 176, 63^{rd} out of 177 and 61^{st} out of 175 less corrupt countries respectively in the Corruption Perception Index (Transparency International, 2014). Firms in Ghana would therefore be able to take opportunity to increase their value through corporate governance if these weaknesses are comprehensively addressed.

Emerging economies. Similarly, the results of the study also strongly correspond to several earlier studies conducted in emerging economies, for example,Black, Jang and Kim (2003), Klapper and Love (2004), Black et al. (2006), Kyereboah-Coleman (2007), Abdo and Fisher (2007), Garay and González (2008), Ahmad (2010), Meeamol et al. (2011), Kowalewski (2012), Amba (2012), Alhaji and Yusoff (2012), Duke II, Kankpang & Okonkwo (2012), Phan and Vo (2013), and Lodh and Rashid (2014).

For example, Black, Jang and Kim (2003) reported evidence that corporate governance is an important factor in explaining the market value of Korean public companies. They constructed a corporate governance index (0~100) for 526 companies based primarily on responses to a Spring 2001 survey of all listed companies by the Korea Stock Exchange. They found that a moderate 10 point increase in the corporate governance index predicts a 5% increase in Tobin's Q. The current study produced a model $P_{it} = 0.9465 + 0.0068CGI_{it} + 0.0031CV_{it} + \mu_{it}$ for Tobin's Q as a measure of performance. From the above model, it implies that a moderate 10 point increase in the corporate governance index predicts a 6.8% increase in Tobin's Q. This is comparatively consistent with the result of Black, Jang and Kim (2003). The high Tobin's Q value would inspire firms to invest more in capital because they are "worth" more than the price they paid for them (Brainard & Tobin, 1968). Also, their index was based on six sub-indices for shareholder rights, board of directors in general, outside directors, audit committee and internal auditor, disclosure to investors, and ownership parity. Each sub-index was an individually significant or marginally significant predictor of higher Tobin's Q and other performance variables. The present study emulated Black, Jang and Kim (2003) in terms of methodology, performance variables and some corporate governance variables. Similarly, the present study was also based on six sub-indices namely: ensuring the basis for an effective corporate governance framework; rights of shareholders; equitable treatment of shareholders; role of stakeholders; disclosure; and responsibilities of the board. Equally, each sub-index is individually significant predictor of higher Tobin's Q and other performance variables. For instance, shareholder rights and disclosure which are common sub-indices for both studies, in the current study show strong correlation with Tobin's Q and other performance variables ROA and ROE. The correlation coefficient between the rights of shareholders and performance measurement variables Tobin's Q, ROA and ROE, were 0.797, 0.736, and 0.768 respectively (see Table 21). Likewise, the correlation coefficient between disclosure and performance measurement variables Tobin's Q, ROA, and ROE, were 0.875, 0.842, and 0.837 respectively (see Table 24). Notwithstanding the large extent to which the current study collaborated Black, Jang and Kim (2003), it is worthwhile to mention that there is a little difference between the two studies. Black, Jang and Kim (2003) included only two OECD principles of corporate governance among their six variables whilst the present study used all the six OECD principles of corporate governance.

The results also confirmed Kyereboah-Coleman (2007) which established a positive relationship between corporate governance and firm performance from African perspective. This study considered 103 listed companies drawn from Ghana, Nigeria, Kenya and South Africa. It recorded amean value of ROA 0.13 and Tobin's Q 0.30, indicating an average return on assets of 13%. The present study similarly registered a mean value of ROA 0.044 and Tobin's Q 1.726, indicating an average return on assets of 4.4%. Comparatively, the difference in the two results is quite statistically significant and could be attributable to differences in sample size. The regression results of Kyereboah-Coleman (2007) further showed that positive direction and the extent of the impact of governance on the performance measure being investigated was very statistically significant. The present study equally showed positive direction and strong impact.

The R-Square which showed how much of the change in the target variable (performance) was explained by the predictor variable (corporate governance), in other words, the extent of the impact, were 0.767, 0.731, and 0.753 for ROA, ROE and Tobin's Q respectively (see Table 14, 16 and 18 respectively).

Besides, the results collaborated Garay and González (2008) which used regression analysis to examine the relationship between corporate governance and firm value, and evaluated the relatively understudied governance practices in Venezuela. They constructed a corporate governance index (CGI) for 46 publicly-listed firms and showed strong positive relationship between good corporate governance and firm performance. They showed that an increase of 1 per cent in the CGI results in 2.7 per cent in Tobin's Q as compare to 0.68 per cent in the present. The findings were consistent with the theoretical models that relate good corporate governance practices to higher investor confidence. Similarly, the results were harmonious with Ahmad (2010) which explored the factors that influence the relation between corporate governance and performance of 18 banks operating in Palestine. The study relied on financial ratios, namely ROA and ROE and using regression analysis, found that corporate governance have positive statistically significance impact on firm performance. The ROA and ROE regression results from the present study showed that corporate governance has positive statistically significance impact on firm performance (see Table 14 and 16).

Furthermore, the results of the present study were congruent with recent studies which have also confirmed the positive relationship between good corporate governance practices and firm performance. For example, Kowalewski (2012) investigated the relationship between corporate governance, measured by Corporate Governance Index (CGI), and firm's performance during the financial crisis in Poland. The model and performance measurement variables used in this study were the same as the ones adopted for the present study. Kowalewski (2012) had mean values for ROA, ROE and Tobin's Q to be 0.410, 0.598 and 2.115 respectively. The present study on the other hand had mean values for ROA, ROE and Tobin's Q to be 0.044, 0.499 and 1.725 respectively (see Table 12). Comparatively, the difference could be linked to the number of observations. Kowalewski (2012) had 1,405 observations whilst the present study had 136 observations. The results of Pearson Correlation analyses for both studies supported the results of the regression analyses of both studies with strong positive correlation coefficients.

Similarly, the results are consistent with recent study by Phan and Vo (2013) which confirmed strong positive relationship between good corporate governance and firm performance. Their study used flexible generalised least squares technique on 77 listed firms on Vietnam Stock Exchange trading over the period from 2006 to 2011. Their findings revealed a mean of 11.8% for ROA, whilst the present study registered a mean of 4.4% for ROA. Similar to the present study, their study also showed strong positive correlation between ROA and corporate governance. Their regression results using ROA as a performance measure, had adjusted R-square at 27.02% compared to present study's adjusted R-square of 74.7%. Comparatively, the two results seem to be pointing to the same direction except that they were not statistically close enough. This could be probably due to differences in the number of observations. Their study made use of 325 observations whilst the present study used 136 observations.

Finally, the results were also congruent with Lodh and Rashid (2014) which also examined corporate governance mechanisms and firm performance of 87 medium and small sized enterprises (SMEs) listed on Dhaka Stock Exchange in Bangladesh for the period 2000-2008. From an observation of 769 firms, they found that there is a significant positive relationship between good corporate governance practices and firm performance measured by ROA and Tobin's Q. Their findings showed means of 0.054 and 1.146 for ROA and Tobin's Q respectively, whilst the present study registered 0.044 and 1.726 respectively (see Table 12). The results of the present study were there for every close to that of Rashid and Lodh (2014), and statistically significant. Their regression results using ROA and Tobin's Q as performance measures, had adjusted R-square at 57.9% and 88.4% compared to present study's adjusted R-square of 74.7% and 72.5% respectively. Comparatively, the two results were to be pointing to the same direction and were relatively statistically close.

Though the result of the present study seemed to be consistent with several empirical studies conducted in emerging economies as discussed above, it is worth to know that good corporate governance framework and adherence to best practice differ from country to country. For instance, La Porta et al. (1999) which investigated the differences in corporate governance between countries, asserted that corporate governance depends on the legal framework of the country. This is the challenge that listed firms in Ghana have to overcome in other to ripe the benefits of good corporate governance.

Ghana. In the context of Ghana, the results were likewise congruent with empirical studies by Abor and Biekpe (2007), Akpakli (2010), and Tornyeva and Wereko (2012). Abor and Biekpe (2007) assessed how the adoption of corporate governance structures affects the performance of SMEs (small to medium-sized enterprises) in Ghana. Regression analysis was used to estimate the relationship between corporate governance and performance of 22 SMEs. Their results showed that corporate governance has significant positive impacts on firm performance. The results of the present study supported the findings of Abor and Biekpe (2007), however, the scope of their study was limited to SMEs in Ghana which were not listed firms. The present study focused on only listed firms hence the difference between the two studies and the need to carry out the study.

Similarly, the results of the present study matched Akpakli (2010) which investigated corporate governance and organisational performance to assess the effectiveness of listed companies on GSE. This study used a data set for 2007 financial year of a sample of six firms. ROE was used as a measure of firm performance. The study revealed a correlation coefficient of 0.869 between ROE as a performance measure and corporate governance which correlates strongly with that of the present study of 0.855. However, the present study investigates the issue in a broader perspective compared to Akpakli (2010). For example, their study used a sample size of six firms, the present study used a sample size of thirty; their study used only ROE as performance measure, the present study used ROE, ROA and Tobin's Q; and their study used data for just a single year (2007) but the present study used a data set for ten years (2004-2013).

Furthermore, the results of the study corresponded with the empirical study of Tornyeva and Wereko (2012) which investigated the relationship between corporate governance and the financial performance of insurance companies in Ghana. Using a Panel Data Methodology with a sample of 19 firms, their study showed that corporate governance impacts financial performance of insurance companies in Ghana. They found means of 0.08 and 0.18 for ROA and ROE respectively. Comparatively, the present study recorded means of 0.044 and 0.499 respectively which were relatively close to that of Tornyeva and Wereko (2012). Their regression results using ROA and ROE as performance measures, had adjusted R-square at 63.8% and 45.9% compared to present study's adjusted R-square of 74.7% and 72.5% respectively. Comparing these two studies, the deviation between the two results was meagre, however, their study was limited in scope as it covered only insurance companies and with a small sample of 19 firms as compared to 30 for the present study.

Research question 1a (RQ1a). This research question sought to find out whether ensuring a basis for an effective corporate governance framework in a firm in Ghana affect performance. The result of correlation analysis showed strong positive correlation coefficient between ensuring a basis for an effective corporate governance framework in a firm in Ghana and firm performance. The correlation coefficient between the corporate governance variable and performance measurement variables ROA, ROE, and Tobin's Q were 0.856, 0.845 and 0.875 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics4.683, 4.469 and 5.112 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that ensuring a basis for an effective corporate governance framework in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that ensuring a basis for an effective corporate governance framework in a firm in Ghana does affect performance.

With this evidence, it is essential that the government of Ghana ensure an effective corporate governance framework to boost firm performance and thereby stimulate economic growth and development. It is necessary that an appropriate and effective legal, regulatory and institutional foundation is established upon which all listed companies can rely on in establishing their private contractual relations. This corporate governance framework typically should encompass elements of legislation, regulation, self-regulatory arrangements, voluntary commitments and business practices that are the result of a country's specific circumstances, history and tradition (OECD, 2004). OECD (2004) asserted that countries seeking to implement good corporate governance framework should monitor their framework, including regulatory and listing requirements and business practices, with the aim of upholding and reinforcing its contribution to market integrity and economic performance. It is also essential to take into consideration the collaborations and complementarity between different elements of the corporate governance framework and its overall capability to stimulate ethical, responsible and transparent corporate governance practices. Moreover, in developing a sound corporate governance framework in Ghana, national legislators and regulators should duly consider the need for, and the results from, effective international dialogue and cooperation (OECD, 2004). If these circumstances are addressed, the governance system is more probable to evade over-regulation, support the exercise of entrepreneurship and reduce the risks of damaging conflicts of interest in both the private sector and in public institutions in Ghana.

The results were consistent with DeAngelo and DeAngelo (1985), Johnson, et al. (1999), La Porta et al (2002), Klapper and Love (2004) and Afolabi (2013). For example, the results were unswerving with Johnson, et al. (1999) which empirically used the Asian financial crises to revealed how legal institution affected corporate governance and stock market performance. The authors found that managerial agency problem can make countries with weak legal system miss the opportunity to attract the confidence of investors. This situation would consequently have a negative repercussion on performance. Also, the results are congruent with La Porta, et al (2002) which formulated a model of the effects of legal protection of minority shareholders and of cash-flow ownership by controlling shareholder on the valuation of firms. The model was tested empirically using sample of 539 large firms from 27 developed countries. The results revealed that firms in countries with well protection of minority shareholders had higher firm valuation. Furthermore, the results collaborated Klapper and Love (2004) which used current data on corporate governance ranking in firms across 14 developing markets. Using empirical evidence the authors found that firm-level of governance was lower in those countries that have weak legal systems. In addition, better corporate governance was correlated with higher operating performance. Finally, the results were harmonious with Afolabi (2013) which investigated challenges of corporate governance of firms in Sub-Saharan African. Using correlation analysis to estimate the relationship between corporate governance legal framework and firm performance, the author recorded correlation coefficient of 0.721 compared to present study's 0.845. Comparatively, the two results were pointing to the same direction, statistically significant and relatively close.

Research question 1b (RQ1b). This research question investigated whether the rights of shareholders in a firm in Ghana affect firm performance. The result of correlation analysis showed strong positive correlation coefficient between the rights of shareholders in a firm in Ghana and firm performance. The correlation coefficient between the rights of shareholders and performance measurement variables ROA, ROE, and Tobin's Q were 0.736, 0.768 and 0.797 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics3.075, 3.392 and 3.732 respectively. They all greater than the critical value (tc) 0.632, and are statistically significant. The null hypothesis that the rights of shareholders in a firm in Ghana do not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that the rights of shareholders in a firm in Ghana do affect performance.

From the above striking results it is imperative to reiterate that equity investors have certain property rights. For example, an equity share in a publicly traded company can be bought, sold, or transferred (OECD, 2004). An equity share also warrants the investor to partake in the profits of the company, with liability restricted to the amount of the investment. Furthermore, possession of an equity share affords a right to information about the company and a right to impact the company, principally by involvement in general shareholders meetings and by voting. The corporate governance framework should protect and facilitate the exercise of shareholders' rights (OECD, 2004). It is therefore essential for GSE, Securities and Exchange Commission of Ghana and other regulatory bodies to ensure that the rights of shareholders of listed companies in Ghana are protected and facilitate the exercise of these rights.

The results are consistent with Black, Jang and Kim (2003) which reported evidence that corporate governance is an important factor in explaining the market value of Korean public companies. Their correlation coefficient between the rights of shareholders and performance measured in terms of Tobin's Q was 0.650 as compared to 0.797 for the present study (see Table 21). Similarly, the results collaborate Afolabi (2013) which recorded a correlation coefficient between the rights of shareholders and performance measured in terms of ROA of 0.770 as compared to 0.736 for the present study (see Table 21).

Research question 1c (RQ1c). This research question examined whether fair and equal treatment of shareholders in a firm in Ghana affect firm performance. The result of correlation analysis showed strong positive correlation coefficient between fair and equal treatment of shareholders in a firm in Ghana and firm performance. The correlation coefficient between fair and equal treatment of shareholders and performance measurement variables ROA, ROE, and Tobin's Q were 0.841, 0.812 and 0.853 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics4.397, 3.935 and 4.623 respectively. They were all greater than the critical value (tc) 0.632, and are statistically significant. The null hypothesis that fair and equal treatment of shareholders in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that fair and equal treatment of shareholders in a firm in Ghana does affect performance. The result of the test of hypothesis collaborated that of the correlation analysis.

The results are symptomatic that a good corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders (OECD, 2004). The study therefore affirmed OECD Principles' position that all shareholders, including minority and foreign shareholders, should be treated equitably by controlling shareholders, boards and management (Jesover, 2001). Insider trading and abusive self-dealing should be forbidden. The OECD Principles call for transparency with respect to distribution of voting rights and the ways voting rights are exercised. They also call for disclosure of any material interests that managers and directors have in transactions or matters affecting the corporation (Jesover, 2001; OECD, 2004). Gilson (1996) asserts that protecting minority shareholders will accelerate the economic growth of a nation, because realising long-term value for the entire shareholders is the closest index of development of a national economy. All shareholders should have the chance to get effective resolution for abuse of their rights. Investors' confidence that the capital they provide will be protected from misuse or misappropriation by corporate managers, board members or controlling shareholders is an important factor in the capital markets (OECD, 2004). However, corporate boards, managers and controlling shareholders may have the chance to involve in activities that may promote their own interests at the detriment of non-controlling shareholders. Protection of small equity holders is currently a very central issue in developing economies of which Ghana is no exception (Aboagye, Agyemang, & Ahali, 2013; Berglof & Claessens, 2004). It is in this vein that it is paramount for the corporate governance framework of Ghana to be aligned to support fair and equal treatment of foreign and domestic shareholders as well as non-controlling shareholders on GSE to promote corporate performance and economic growth.

The results were consistent with Afolabi (2013) which found out that preferential treatment of large shareholders has a negative significant effect on firm performance and rule of law. The author recorded a correlation coefficient between fair and equal treatment of shareholders and performance measured in terms of ROA of 0.527 as compared to 0.841 for the present study (see Table 22). The results were also unswerving with Kim and Yoon (2007) which investigated how firm performance is related to corporate governance in Korea. Their study showed that fair and equal treatment of foreign equity owners and minority shareholders have positive relationship with firm size and profitability. Using correlation analysis, the author recorded a correlation coefficient between fair and equal treatment of shareholders and performance measured in terms of ROA of 0.34 as compared to 0.841 for the present study.

Research question 1d (RQ1d). This research question explored whether stakeholders in corporate governance in a firm in Ghana affect performance. The result of correlation analysis demonstrated strong positive correlation coefficient between stakeholders in corporate governance in a firm in Ghana and firm performance. The correlation coefficient between stakeholders and performance measurement variables ROA, ROE, and

Tobin's Q were 0.742, 0.739 and 0.789 respectively. The test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics3.131, 3.103 and 3.632 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that stakeholders in corporate governance in a firm in Ghana do not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that stakeholders in corporate governance in a firm in Ghana do affect performance. The result of the test of hypothesis supported that of the correlation analysis.

These inspiring results highlighted the importance of the role of stakeholders in economic fortunes of a firm. The results were consistent with the stakeholder theory which advocates that performance and success are contingent on how well an organisation manages its dealings with these stakeholders (Freeman & Phillips, 2002). Corporate governance framework of a country should therefore recognise the rights of all stakeholders established by law or through mutual agreements and inspire active co-operation between organisations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises (OECD, 2004). The keenness and critical success of an organisation is the outcome of teamwork that encompasses contributions from an array of different resource providers including investors, employees, creditors, and suppliers (OECD, 2004). This is consistent with the fundamental assumption of resource dependency theory. The theory is of the view that organisations are dependent on actors outside the organisation because this actor provides critical resources that lessen uncertainty in achieving strategic performance goals (Balkin, Beaten, & Berghe, 2011).

Organisations should realise that the contributions of stakeholders form a valued resource for building competitive and profitable companies (OECD, 2004). It is therefore, in the long-term benefit of organisations to adopt wealth-creating collaboration among stakeholders. Governance framework should be designed on the premise that the interests of an organisation are better served by identifying the interests of stakeholders and their contribution to the long-term success of the organisation.

The results were congruent with Black et al (2009) which confirmed association between corporate governance and firm performance using panel data on Korean public companies over 1998-2004. Using correlation analysis to investigate the relationship between the role of stakeholders and firm performance, measured by Tobin's Q, the authors recorded correlation coefficient of 0.75compared to present study's 0.789 (see Table 23). Comparatively, the two results were pointing to the same direction, statistically significant and relatively close. The results were also consistent with Berman et al. (1999) which investigated the relationship between stakeholder management and firm financial performance. Using regression analysis, the authors found statistically significant positive relationship between the two variables. For instance, they found that two stakeholder relationship variables, employee (b = 0.33, $p< 0.01$) and customers (b = 0.27, $p < 0.05$) were positively and significantly related to firm performance. The results of the present study reinforced the perception of stakeholder theorists that emphasising how a firm manages its relationships with stakeholders such as employees and customers (especially product safety/quality issues) can have a significant impact on financial performance (Berman et al., 1999). The results also supported previous management research containing arguments for a connection between the treatment of a given stakeholder and firm financial performance (Berman et al., 1999; Huselid, 1995; Pfeffer, 1994; Graves & Waddock, 1997).

Research question 1e (RQ1e). This

research question searched whether disclosure in firm's financial statement in Ghana affect performance. Correlation analysis result demonstrated strong positive correlation coefficient between disclosure in firm's financial statement in Ghana and firm performance. The correlation coefficient between disclosure and performance measurement variables ROA, ROE, and Tobin's Q were 0.842, 0.837 and 0.875 respectively. Test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics4.415, 4.326 and 5.112 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that disclosure in firm's financial statement in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that disclosure in firm's financial statement in Ghana does affect performance. The result of the test of hypothesis affirmed that of the correlation analysis.

The results showed how robust disclosure can influence corporate performance. Corporate governance framework should therefore ensure that timely and accurate disclosure is made on all material matters regarding the organisation, including the financial situation, performance, ownership, and governance of the organisation. A resilient disclosure regime that promotes real transparency is a central feature of market-based monitoring of companies and is crucial to shareholders' ability to exercise their ownership rights on an informed basis (OECD, 2004). Experience in countries with large and active equity markets shows that disclosure can also be a powerful tool for influencing the behaviour of companies and for protecting investors (OECD, 2004). A robust disclosure regime can assist to attract capital and uphold confidence in the capital markets. By contrast, weak disclosure and non-transparent practices can lead to unethical behaviour and to a loss of market integrity at great cost, not just to the company and its shareholders but also to the economy as a whole (OECD, 2004). Shareholders and potential investors need access to regular, reliable and comparable information in adequate detail for them to evaluate the stewardship of management, and make informed decisions about the valuation, ownership and voting of shares. Inadequate or unclear information may hinder the capacity of the markets to function, increase the cost of capital and result in a poor allocation of resources (OECD, 2004).

The results were unswerving with Black, Jang and Kim (2003) which reported evidence that corporate governance is an important factor in explaining the market value of Korean public companies. Their correlation coefficient between disclosure and performance measured in terms of Tobin's Q was 0.570 as compared to 0.875 for the present study (see Table 24). Similarly, the results were congruent with Black et al. (2009) which confirmed association between corporate governance and firm performance using panel data on Korean public companies over 1998-2004. Using correlation analysis to investigate the relationship between disclosure and firm performance, measured by Tobin's Q, the authors recorded correlation coefficient of 0.740compared to present study's 0.875. Comparatively, the two results are pointing to the same direction, statistically significant and relatively close. Likewise, the results collaborated Afolabi (2013) which recorded a correlation coefficient between disclosure and performance measured in terms of ROA of 0.680 as compared to 0.842 for the present study (see Table 24). Comparatively, the two results are pointing to the same direction, statistically significant and relatively close.

Research question 1f (RQ1f). This research question investigated whether effective fulfilment of responsibilities of Board of Directors in a firm in Ghana affect performance. Correlation analysis result established strong positive correlation coefficient between effective fulfilment of responsibilities of Board of Directors in a firm in Ghana and firm performance. The correlation coefficient between effective fulfilment of responsibilities of Board of Directors and performance measurement variables ROA, ROE, and Tobin's Q were 0.798, 0.806 and 0.854 respectively. Test of hypothesises carried out using ROA, ROE and Tobin's Q as performance measures had test statistics 3.745, 3.851 and 4.643 respectively. They were all greater than the critical value (tc) 0.632, and were statistically significant. The null hypothesis that effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does not affect performance was rejected and the alternative hypothesis accepted at 95% level of significance that effective fulfilment of responsibilities of Board of Directors in a firm in Ghana does affect performance. The result of the test of hypothesis upheld that of the correlation analysis.

The results highlighted the importance of the roles and responsibilities of Board of Directors in impacting firm performance. Corporate governance framework should therefore be designed to ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders (OECD, 2004). Coupled with directing corporate strategy, the board is principally accountable for monitoring managerial performance and achieving a sufficient return for shareholders, while averting conflicts of interest and harmonising competing demands on the company (OECD, 2004). In order for boards to successfully accomplish their responsibilities they must be able to exercise impartial and independent judgement. Additional essential board responsibility is to oversee structures designed to ensure that the company conforms to applicable laws (OECD, 2004). The board is not only answerable to the company and its shareholders but also has an obligation to act in their best interests. Furthermore, boards are expected to take due concern of, and deal equitably with, other stakeholder interests including those of employees, creditors, customers, suppliers and local communities (OECD, 2004).

The results agreed with Afolabi (2013) which recorded a correlation coefficient between roles and responsibilities of Board of Directors and performance measured in terms of ROA of 0.580 as compared to 0.798 for the present study (see Table 25). Comparatively, the two results were pointing to the same positive direction, statistically significant and relatively close. The results were also consistent with Gillan (2006) which asserted that many researchers view the roles and responsibilities of board of directors as the cornerstone of corporate governance with fiduciary obligation to shareholders and the responsibility to provide strategic direction and monitoring. The author in furtherance maintained that the board's role and responsibility in corporate governance is very essential.

The research question 2 (RQ2).This research question explored whether there is any relationship between corporate governance framework of Ghana and OECD principles of corporate governance. Correlation analysis result revealed strong positive correlation coefficient between corporate governance framework of Ghana and OECD principles of corporate governance. The correlation coefficient between the two variables was 0.926. Test of hypothesis carried out had test statistics (ts) 6.938 which is greater than the critical value (tc) 0.632, and was statistically significant. The null hypothesis that there is no relationship between corporate governance framework of Ghana and OECD principles of corporate governance was rejected and the alternative hypothesis accepted at 95% level of significance that there is a relationship between corporate governance framework of Ghana and OECD principles of corporate governance.The result of the test of hypothesis collaborated that of the correlation analysis.

The result was symbolic of how statistically significant the corporate governance framework of Ghana correlates with the OECD Principles of Corporate Governance. The OECD Principles of Corporate Governance were endorsed by OECD Ministers in 1999 and have since become an international benchmark for policy makers, investors, corporations and other stakeholders worldwide (OECD, 2004).They have promoted the corporate governance agenda and delivered specific guidance for legislative and regulatory initiatives in both OECD and non OECD countries. The Principles also provide the basis for an extensive programme of cooperation between OECD and non-OECD countries (OECD, 2004). Policy makers are now more cognisant of the influence good corporate governance makes to financial market stability, investment and economic growth. Companies now vividly comprehend how good corporate governance influence their competitiveness. Investors, especially collective investment institutions and pension funds acting in a fiduciary capacity recognise they have a role to play in ensuring good corporate governance practices, thereby underpinning the value of their investments (OECD, 2004). In today's economies, interest in corporate governance goes beyond that of shareholders in the performance of individual companies (OECD, 2004). This position is consistent with the stakeholder theory. As companies play a fundamental role in economies and economies rely increasingly on private sector institutions to manage personal savings and secure retirement incomes, good corporate governance is imperative to broad and growing segments of the population (OECD, 2004). The OECD Principles are a living instrument offering non-binding standards and good practices as well as guidance on implementation, which can be adapted to the specific circumstances of individual countries and regions (OECD, 2004).

A detailed country assessment of the corporate governance framework of Ghana vis-a-vis the OECD principles of corporate governance by the World Bank (2010) revealed that some of Ghana's scores have improved since the last Reports on the Observance of Standards and Codes (ROSC) was carried out in 2005.The Work Bank (2010) further maintained that the average percent of implementation in the shareholder rights subdivision increased from 65 to 75, and from 52 to 61 in the subdivision on equitable treatment of shareholders, reflecting in part the introduction of the securities depository and the Securities and Exchange Commission's (SEC) rules on changes in control. Also, disclosure percent implementation increased from 56 to 62 (see Figure 1). These remarkable improvements could be linked to the mandatory adoption of International Financial Reporting Standards (IFRS) in 2008 by all financial institutions and listed companies. Notwithstanding, more work remains to be done. World Bank (2010) on the other hand averred that using the new methodology to assess compliance with the OECD principles, only four principles were fully implemented and 10 were broadly implemented. Also, World Bank (2010) avowed that 43 principles were partially implemented and six were not implemented. Ghana's scores for the board actually fell, in large due to low awareness of and compliance with the SEC's Corporate Governance Guidelines (CGG). The World Bank (2010) additionally revealed that Ghana lags in some key areas compared to other countries in the region. For example, when compared to other countries in Sub-Saharan Africa with listed companies, Ghana does well in terms of enforcement and institutional framework; shareholder rights and ownership; equitable treatment of stakeholders; and transparency and disclosure, but lags in equitable treatment of shareholders and, especially, responsibilities of the board (World Bank, 2010).

It is therefore interesting to note that Ghana has made considerable progress in improving the legal and regulatory framework for capital markets and the financial system, with new acts and legislative amendments on insurance, credit, banks and non-bank financial institutions, alternative dispute resolution, and pensions (Word Bank, 2010). The SECs long-standing Corporate Governance Guidelines (SEC CGG) remain a source of good practice for listed companies and the Bank of Ghana has actively pursued better corporate governance in banks (Word Bank, 2010). Listed companies are now mandated to use International Financial Reporting Standards (IFRS) and auditors International Standards of Audit (ISA).

Notwithstanding the high positive correlation between the corporate governance framework of Ghana and the OECD principles of corporate governance, there are still tithing challenges. While the broader legal framework has seen significant change, laws for companies and securities markets have not (Word Bank, 2010). The companies act in particular is outdated and key provisions, including those on conflicts of interest, lack clarity. The SEC CGG has also not been reviewed in a number of years, and is purely voluntary, with limited awareness and compliance (World Bank, 2010). The Bank of Ghana's corporate governance prerequisite is not clarified in any regulation or code. Beyond legal and regulatory requirements, there are problems with enforcement and implementation. Capacity building for and oversight of the implementation of IFRS by the SEC, Bank of Ghana and Institute of Chartered Accountants (ICAG) has been minimal and there is little to ensure independence of company auditors (World Bank, 2010). Addressing these challenges would make the corporate governance framework of Ghana very robust comparatively to the OECD principle of corporate governance. The resultant effect would be a considerable increase in firm performance with a trickling down effect on economic growth and development of Ghana.

Conclusions and Practical Recommendations

The study investigated whether there exists a relationship between corporate governance and firm performance of listed firms on Ghana Stock Exchange. The study constructed a corporate governance index (0~100) using all the six OECD principles of corporate governance as independent sub-variables for 30 of the 36 listed companies, relying primarily on survey responses and secondary data. The study reported evidence that corporate governance is an important factor in explaining the performance of listed companies on Ghana Stock Exchange. The study revealed a strong positive correlation between the overall corporate governance index and firm performance measured in terms of ROA, ROE and Tobin's Q which were robust with the results of the regression analyses. All the six OECD principles of corporate governance that constituted the index, individually showed strong positive correlation with the three performance variables. The study further investigated whether there exists a relationship between the corporate governance framework of Ghana and the OECD principles of corporate governance. The result indicated a very robust relationship between the two frameworks. The study made use of control variables that were not previously used in other studies on Ghana. The combined control variables also correlated positively with the performance variables and were statistically significant.

It is worthy to note that Ghana has embarked on important reforms in recent years. However, fully tapping the potential of capital markets and professionalising boards and management will require that reforms continue. Good corporate governance ensures that companies use their resources more efficiently and leads to better relations with employees, creditors, and other stakeholders (World Bank, 2010). Good corporate governance is an important prerequisite for attracting the capital needed for sustained long-term economic growth and development (World Bank, 2010). The study therefore recommended the following key reforms:

- Demanding all listed companies to make annual disclosure of their compliance to the framework to SEC;
- Equipping the SEC with the requisite resources and independence to fully carry out its duties and strengthening its capability in enforcing regulatory compliance by listed firms;
- Reviewing the Company Code 1963 (Act of 179) to increase clarity and better protect shareholder rights, including stronger requirements for the review, approval, and disclosure of related party transactions;
- Improving independence and oversight of the accounting and audit professions by Bank of Ghana, SEC and other regulatory bodies;
- Ensuring full operationalisation of the whistleblowing act to fight against bribery and corruption menace that is detrimental to good corporate governance practice;
- Revising the SEC corporate governance guidelines to include board responsibilities, increase non-financial disclosure, and encourage posting company information online;
- Increased training and awareness of sound corporate governance practices;
- Enacting a legal instrument that would ensure better disclosure of beneficial ownership and trading in company shares by insiders;
- Encouraging capital market development through listing of State Owned Enterprises and other companies and effective pension regulation

Recommendations for Further Research

World Bank (2010) asserted that studies have shown that good corporate governance practices have led to significant increases in economic value added (EVA) of firms. Ryan (2011) on a related issue avowed that EVA as a performance measure does assess the value created by managers, so is a more appropriate tool for measuring the performance of commercial organisations than profit-based ones. The study therefore recommends the use of EVA as one of the performance measurement variables (dependent variables) in investigating the relationship between corporate governance and firm performance in further research on the topic. Future studies on the topic can be expanded by incorporating other variables to control for factors outside of the scope of this study including investigating causality relationship between the variables. For example, the performance of a firm is influenced by a host of factors such as political, economic, social, technology, environment and legal (PESTEL). The current study recommends that future research should consider some of these factors in exploring the impact of corporate governance on firm performance. The current study focused on listed companies on GES, further research could be extended to include non-listed and smaller companies, where it is likely that there is more variation in governance and the possibility of non-linear relations between governance and performance. This would enable comparative analysis to be made of corporate governance practices of listed and non-listed companies to see if corporate governance really matter for intra-firm comparison.

REFERENCES

- Abdo, A., & Fisher, G. (2007). The impact of reported corporate governance disclosure on the financial performance of companies listed on the JSE.
- Abdullah, A., & Page, M. (2009). Corporate governance and corporate performance UK FTSE 350 companies.
- Aboagye, E., Agyemang, O. S., & Ahali, A. Y. O. (2013). Prospects and challenges of corporate governance in Ghana. *International Journal of Scientific and Research Publications, 3*(5).

- Abor, J., & Biekpe, N. (2007). Corporate governance, ownership structure and performance of SMEs in Ghana: Implications for financial opportunities. *Corporate governance*, *7*(3), 288-300.
- Afolabi, A. A. (2013).The key challenges of the corporate governance of firms: Empirical evidence from Sub-Saharan African Anglophone (SSAA) countries.
- Agrawal, A., & Mandelker, G.N. (1990). Large shareholders and the monitoring of managers: The case of antitakeover charter amendments. *The Journal of Financial and Quantitative Analysis*, *25*(2), 143.
- Aguilera, R.V.,& Desender, K. A. (2012). Challenges in the measuring of comparative corporate governance: A review of the main indices.
- Agyemang, O. S., & Castellini, M., & (2012). Ownership and board structures to ensuring effective corporate governance through ownership and board control systems. *Corporate Ownership and Control*, *9*(2), 336-343.
- Ahmad, A. (2010). How does corporate governance affect performance of banks in Palestine?
- Ahunwan, B. (2002). Corporate governance in Nigeria. *Journal of Business Ethics, 3 Corporate Governance Reforms in Developing Countries 37*(3), 269-287.
- Akinyomi, O.J., & Olagunju, A. (2013). Determinants of Capital Structure in Nigeria. *International Journal of Innovation and Applied Studies*, *3*(4), 999-1005.
- Akpakli, E. K. (2010). Corporate governance and organisational performance: assessing the effectiveness of public limited liability companies' governance practices in Ghana.
- Alhaji, I. A., & Yusoff, W. F.W. (2012). Insight of corporate governance theories. *Journal of Business & Management, Science and Education Centre of North*
- Amaeshi, K. (2010). Stakeholder framework analysis of the meaning and perception of corporate social responsibility: A North -South Comparison. Retrieved from http://info.worldbank.org/etools/docs/library/57481/northsouthfinalist.
- American Psychological Association. (2002). Ethical principles of psychologists and code of conduct. *American Psychologist, 57*(12).
- Anderson, R.C., & Reeb, D.M. (2003). Founding-family ownership and firm performance: Evidence from the S&P 500. *The Journal of Finance*, *58*(3), 1301.
- Ansari, V. A., & Pande, S. (2014). A theoretical framework for corporate governance. *Journal of Corporate Governance*, India, *7*(1).
- Argyris, C. (1973). Some limits of rational man organizational theory. *Public Administration Review*, *33*(3), 253-267.
- Arnqvist, G., & Wooster, D. (1995). Meta-analysis: Synthesizing research findings in ecology and evolution
- Ashbaugh-Skaife, H., & La Fond, R. (2006), GMI Governance and performance studies. New York: Governance Metrics International.
- Austin, R., & Gittell, J. H. (2002). When it should not work but does: Anomalies of high performance, in business performance measurement: Theory and practice, Cambridge University Press.
- Ayuso, R. G., & Arino. (2007). Maximizing stakeholder's interests: An empirical analysis of the stakeholder approach to corporate governance
- Baeten, X., Balkin, D., & Berghe, L. (2011). Beyond agency theory: A three-paradigm approach to executive compensation.
- Bainbridge, S. M. (2005). Executive Compensation: Who decides? *Texas Law Review*, 83, 1616-1662.
- Bajpai, A. B., & Singh, Y. K. (2008). *Research methodology*: (4thed.). Techniques and trends. APH Publishing Corporation Students. Prentice Hall
- Barney, J. B., & Arikan, A. M. (2001). The resource-based view: Origins and implications. Blackwell handbook of strategic management. Oxford: Blackwell Publishing.

- Barzel, Y., Habib, M. A., & Johnsen D. B. (2004). Prevention is better than cure: Precluding information acquisition in IPOs.
- Bathala, C.T., & Rao, R. P. (1995). The determinants of board composition: An agency theory perspective. *Managerial and Decision Economics, 16*, 59-69.
- Baysinger, B. D., & Butler H. N. (1985). Corporate governance and the board of directors: Performance effects of changes in board composition. *Journal of Law Economics and Organization*, *1*(1), 101 -124.
- Berle, A.A., & Means, G. C. (1932). The Modern Corporation and private property. Brunswick, NJ. Transaction Publishers.
- Berman, S. L., Phillips, R. A., & Wicks, A. C. (2005). Resource dependence, managerial discretion and stakeholder performance. Academy of management best conference paper.
- Bernard, H. R. (2000). Social research methods*: Qualitative and quantitative approaches*. Thousand Oaks, California, Sage Publications, Inc.
- Black, B. (2001). The corporate governance behaviour and market value of Russian firms *Emerging Markets Review, 2.*
- Black, B., Jang, H., & Kim, W. (2003). Does corporate governance affect firm value? Evidence from Korea.
- Black, B. S., Kim, W., Jang, H., & Park, K. (2009). How corporate governance affects firm value: Evidence on Channels from Korea.
- Bloom, N., Mahajan, A., McKenzie, D., & Roberts, J. (2010). Why do firms in developing countries have low productivity?
- Boatright, J. R. (1994). Fiduciary duties and the shareholder management relation: Or, what's so special about shareholders*? Business Ethics Quarterly*, *4*, 393–407.
- Bokpin, G. A., & Isshaq, Z. (2009). Corporate governance, disclosure and foreign share in the Ghana Stock Exchange. *Managerial Auditing Journal*, *24*(7), 688-703
- Bondy, K., & Raelin, J. D. (2013). Putting the good back in good corporate governance: The presence and pproblems of double-layered agency theory. *1*(7). Wiley & Sons Ltd,
- Boone, C., & Van Witteloostuijn, A., &, (2006). A resource-based theory of market structure and organizational form. *Academy of Management Review*, *31*(2), 409-426.
- Bordean, O., Crişan, E. L., &Pop, Z. C. (2012). Corporate governance, actors, capability and risk, *7*(3), 52-59.
- Brickley, J. C., Smith Jr., W., & Zimmerman, H. L. (2001). Managerial economics and organizational architecture, New York, NY: McGraw-Hill.
- Brown, D., & Caylor, L. (2004). Corporate Governance and Firm Performance. Retrieved from http://ssrn.com/abstract=586423.
- Bryman, A. (2008). Social research methods. (3rd ed.). Oxford University Press.
- Burton, B., Wanyama, S., & Helliar C. (2009). Framework underpinning corporate governance: Evidence on Uganda perceptions. *Journal of Corporate Governance: An International Review*, *17*.
- Carpenter, M. A., & Sanders, G. W. (1998). Internationalization and firm governance: Theroles of CEO compensation, top team compensation, and board structure. *Academy of Management Journal, 41*, 158-178.
- Carter, C. B., & Lorsch, J. W. (2004). Back to the drawing board: Designing corporate boards for a complex world. Boston MA, Harvard Business School Press.
- Chadwick, K. H. (1998). An empirical analysis of the relationships among entrepreneurial orientation, organizational culture and firm performance.
- Chaghadari, M. F. (2011).Corporate governance and firm performance. *International Conference on Sociality and Economics Development*, IPEDR, IACSIT, Press, Singapore.
- Charreaux, G., & Desbrières, P. (2001). Corporate governance: Stakeholder value versus shareholder value. Université de Bourgogne.

- Chen, L. (2012). The Effect of Ownership Structure on Firm Performance: Evidence from Non-financial Listed Companies in Scandinavia.
- Chryssides, G., & Kaler, J. (1996) what is Business ethics? Chapter 1 in Essentials of Business ethics. London, UK: McGraw-Hill,
- CIMA, (208). Fraud risk management: A guide to good practice. London, UK: Chartered Institute of Management Accountants.
- Coe, R. (2002). It's the effect size, stupid: What effect size is and why it is important. Paper presented at the annual conference of British Education Research Association, Univeristy of Essex England.
- Cohen, J. (1988). Statistical Power Analysis for the Behavioural Sciences. (2nd ed.). Hillsdale, NJ: Erl-baum.
- Coles, J. L., Daniel, N. D., & Naveen, L. (2004), Boards: Does one size fit all? Paper presented at the Corporate Governance Conference, London Business School.
- Conyon, M., & Peck, S. (1998). Board size and corporate performance: Evidence from European countries. *European Journal of Finance*, *41*, 291-304.
- Creswell, J., (2009). Research design. Qualitative, quantitative and mixed methods approaches. Third edition. California, U.S.A: Sage Publications
- Craig, V. V. (2005). The Changing Corporate Governance Environment: Implications for the Banking Industry. *FDIC Banking Review*, 1-15
- Credit Lyonnais Securities Asia, (2001). Corporate governance in emerging markets. Hong Kong: Saints and Sinners.
- Creswell, J. (2006). *Qualitative inquiry and research design: Choosing among five traditions.* (2nd ed.). Newbury Park, CA: Sage.
- Creswell, J. W. (2009). *Research design: Qualitative, quantitative, and mixed methods approaches.* Thousand Oaks, CA: Sage publications.
- Crosson S. V., Jr Needles, B. E., Needles, B. E., & Marian , P. (2008). *Principles of accounting*. Boston: Houghton Mifflin. 209.
- Cudbury Committee, (1992). The financial aspects of corporate governance, Gee, London.
- Cyert, R. M., Kang, S. H., & Kumar, P. (2002). Corporate governance, takeovers, and top-management compensation: Theory and evidence. Management Science, *48*, 453–469.
- Daily, C. M., Dalton, D. R., & Canella, A. A. (2003). Corporate governance: Decades of dialogue and data. *Academy of Management Review*, *28*(3), 371-382.
- Damodaran, A. (2007). Return on capital (ROC), return on invested capital (ROIC) and return on equity (ROE): Measurement and implications. Stern School of Business
- Davis, G. F., & Cobb, L. A. (2009). Resource dependency theory: Past and future. Retrieved from http://www.webuser.bus.umich.edu/gfdavis/Papers/davis_cobb_09_RSO.pdf
- Davis, J., & Donaldson, L. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management*, *16*(1), 49-65
- Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Towards a stewardship theory of management. *Academy of Management Review*, *22*, 20-47.
- DeCoster, J. (2004). Meta-analysis Notes. Retrieved from: http://www.stat-help.com/notes.html
- Demsetz, H., & Villalonga, B. (2001) Ownership structure and corporate performance. *Journal of Corporate Finance*, *7*, 209-233.
- Deutsch, Y. (2005). The impact of board composition on firms. Critical decisions: A Meta-Analytic Review. *Journal of Management*, *31*, 424-444.
- Devinney, T. (2011). Social responsibility, global strategy, and the multinational enterprise. *Global Strategy Journal*, *1*, 329–344.
- DFID. (2011). Fraud risk management: A guide to good practice
- Dharwardkar, R., George, G., & Brandes, P. (2000). Privation in

emerging economies: An agency perspective. *Academy of Management Review*, *25*(3): 650-669.

- Doidge, C.A., Karolyi, G. A., & Stulz, R.M. (2007). Why do countries matter so much for corporate governance? *Journal of Financial Economics*, 86, 1-39.
- Donaldson, T. (2007). Ethical blowback: The missing piece in the corporate governance puzzle. *Corporate Governance*, *7*,534–541.
- Donaldson, L., & Muth, M. M. (1998). Stewardship theory and board structure: A contingency Approach. *Corporate governance: An International Review*, *6*, 5-28.
- Donaldson, T., & Preston, L. E. (1995). The stakeholders theory of the corporation: Concept, evidence, and implication. *Academy of Management Review*, *20,* 65-91.
- Duke, J., & Kankpang, K. A. (2011). Linking corporate governance with organizational performance: New insights and evidence from Nigeria. *Global Journal of Management and Business Research*, *11*(12), 47-57.
- Duke II, J., Kankpang, K., & Okonkwo, G. (2012).Corporate governance as a driver of organizational efficiency in courier service firms: Empirical findings from Nigeria.
- Dulewicz, V., & Herbert, P. (2004). Does the composition and practice of boards of directors bear any relationship to the performance of their companies? Corporate governance: *An International Review*, *12*(3), 263-280.
- Durnev, A., & Kim, E. H. (2002). To steal or not to steal: Firm attributes, legal environment, and valuation. Working Paper, available at: http://ssrn.com/abstracxt=318719.
- Drobetz1, W., Schillhofer, A., & Zimmermann, H. (2011).Corporate governance and firm performance: Evidence from Germany.
- ECA, (2002). Guidelines for enhancing good economic and corporate governance in Africa. United Nations Economic Commission for Africa, Addis Ababa Ethiopia.
- Eisenberg, T.S., Sundgren, S., & Wells, M. T. (1998). Larger board size and decreasing firm value in small firms. *Journal of Financial Economics 48*, 35-54.
- Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *Journal of Law & Economics*, *26*: 301-325.
- Fauziah, W.Y., & Idris, A. A. (2012). Corporate governance and firm performance of listed companies in Malaysia. *Trends and Development in Management Studies*, *1*(1), 43-65.
- Flodberg, D., & Nadjari, D. (2013). The link between corporate governance and firm performance in the Nordic countries.
- Fooladi, M., Shukor, Z. A., Saleh, N.M., & Jaffar, R. (2014). The effect of corporate governance and divergence between cash flow and control rights on firm performance: Evidence from Malaysia, *International Journal of Disclosure & Governance*, *11*(4), 326-340.
- Freeman, R.E. (1984). Strategic management: A stakeholder approach. London, UK: Pitman
- Freeman, R. E., & Phillips, R. (2002). Stakeholder theory: A libertarian defence. *Business Ethics Quarterly*, *12*(3), 331–350.
- Freeman, R. E., & Parmar, W. (2004). Stakeholder theory and the corporate objective revisited. *Organization Science*, *15*(3), 364-369.
- Fuenzalida, D., Mongrut, S., Arteaga, J. R., & Erausquin, A. (2013). Good corporate governance: Does it pay in Peru? *Journal of Business Research*, *66*(10) 1759-1770.
- Gani, L., & Jermias, J. (2006). Investigating the effect of board independence on performance across different strategies. *The International Journal of Accounting*, *41*,295-314.
- Garay, & Gonzalez. (2008).Corporate governance and firm value: The case of Venezuela, *Journal compilation, Blackwell Publishing Ltd*, *16* (3).
- Gay, K. (2002). Board theories and governance practices: Agents, stewards and their evolving relationships with

stakeholders. *Journal of General Management*, *27*, 36-61.

- Gillan, S. L. (2006). Recent developments in corporate governance: An overview. *Corporate finance*, *12* (12), 381-402.
- Gilson, R. J. (1996). Corporate governance and economic efficiency: When do institutions matter? *74*, 327.
- Glass, G. V. (1976). Primary, secondary, and meta-analysis. *Educational Researcher 5*(10), 3–8.
- Glass, G. V., McGaw, B., & Smith, M. L. (1981). Meta-analysis in social research. Beverly Hills, California: Sage Publications.
- Gompers, P. A., Ishi, J. L., & Metrick, A. (2003). Corporate governance and equity prices. *Journal of Economics*, *118*(1), 107-55.
- Gomez-Mejia, L.R., & Grabke-Rundell, A. (2002). Power as a determinant of executive compensation, *Human Resource Management Review*, *12*, 3-23.
- Gomez-Mejia, L., Wiseman, R. M., & Dykes, B. J. (2005). Agency problems in diverse contexts: A Global perspective. *Journal of Management Studies*, *42*, 1507-1517.
- Governance Metrics International (GMI) (2006). Governance and performance studies. New York.
- Gray, R, O. D., & Adams, C. (1996). Accounting and accountability, London, UK: Prentice-Hall.
- Griffith, J. M. (1999). CEO ownership and firm value. *Managerial and decision Economics*, *20*(1), 1-8.
- Gurevitch, J., Morrow, L.L., Wallace, A., & Walsh, J.S. (1992). A meta-analysis of competition in field experiments. American Naturalist, *140*, 539–572.
- Haniffa, R. M., & Cooke, T.E. (2002). Culture, corporate governance and disclosure in Malaysian corporations. *Abacus 38*(5), 317-349.
- Harris, M., & Raviv, A. (1988). Corporate control contests and capital structure. Journal of Financial Economics, *20*, 55- 86.
- Heath, J. (2009). The uses and abuses of agency theory. *Business Ethics Quarterly*, *19*, 497–528.
- Hedges, L. V., & Ingram, O. (1985). Statistical methods for meta-analysis. Orlando, Florida: Academic Press.
- Henningsson, S., Rukanova, B., & Hrastinski, S. (2010). Resource dependencies in socio-technical information systems design research.
- Hessel, J., & Terjesen, S. (2010). Resource dependency and institutional theory perspectives on direct and indirect export choices.
- Hsiao, C., & Yanan, W. (2006). Panel data analysis: Advantages and challenges. Wise working paper series, China: Xiamen University.
- Hillman, A. J., Canella, A. A., & Paetzold, R. L. (2000). The resource dependency role of corporate directors: Strategic adaptation of board composition in response to environmental change. *Journal of Management Studies*, *37*(2), 235-255.
- Htay, S. N. (2012). Impact of corporate governance on performance, risk and disclosure, KG. Saarbrucken, Germany: LAP LAMBERT Academic Publishing GmbH & Co.
- Htay, S., Salma, S. A., & Meera, A. K. M. (2013). Let's move to universalcorporate governance theory. *Journal of Internet Banking and Commerce*, *18*(2). Retrieved from http://www.arraydev.com/commerce/jibc/
- Jarvinen, A. (1991). A meta-analytic study of the effects of female age on laying-date and clutch-size in the Great Tit Parus major and the Pied Flycatcher Ficedula hypoleuca, Ibis*133*(1), 62–67.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behaviour agency costs and capital structures. *Journal of Financial Economics*, *3*(12), 305-60
- Jensen, M. C. (2002). Value maximization, stakeholder theory, and the corporate objective function. *Business Ethics Quarterly*, *12*,235–256
- Jensen, M. C. (2012). The foundations and future of agency theory. Speech delivered at the Academy of

Management Annual Meeting, Boston, MA, August.

- Jesover, F. (2001). Corporate governance in the Russian federation: The relevance of the OECD Principles on shareholder rights and equitable treatment.
- Johnson, B. T., & Eagly, A. H. (2000). Quantitative synthesis in social psychological research. In H.T. Reis & C. M. Judd (Eds.), *Handbook of Research Methods in Social Psychology*, London: Cambridge University Press, 496-528.
- Jones, T. M. (1995). Instrumental stakeholder theory: A synthesis of ethics and Economics. *Academy of Management Review, 20*, 404-437.
- Jones, T., & Hunt, III, R. O. (1991). The ethics of management buy-outs revisited. *Journal of Business Ethics, 10*, 833–840.
- Kazi, M., & Khalid, W. (2012). Questionnaire designing and validation
- Kellen, V. (2003). Business Performance Measurement. At the Crossroads of Strategy, Decision-Making, Learning and Information Visualization
- Kelly, C., & Switzer, L. N. (2006). Corporate governance mechanisms and the performance of small-cap firms in Canada
- Kim, W.S., & Sorensen, E.H. (1986). Evidence on the impact of the agency costs of debt on corporate debt policy. *The Journal of Financial and Quantitative Analysis, 21*(2), 131.
- Kim H. J., & Yoon, S. S. (2007). Corporate governance and firm performance in Korea
- Klapper, L.F., & Love, I. (2002). Corporate governance, investor protection and performance in emerging markets. *World Bank Policy Research Paper*, 2818.
- Klein, A. (1998). Firm performance and board committee structure. *Journal of Law and Economics 41*, 275-303.
- Koricheva, J., Gurevitch, J., & Mengersen, K. (2013). Handbook of meta-analysis in ecology and evolution, Princeton University Press.
- Kowalewski, O. (2012).Does corporate governance determine corporate performance and dividends during Financial Crisis: Evidence from Poland.
- Kupiec, P., & Lee, Y. (2012). What factors explain differences in return on assets among community banks?
- Kyereboah-Coleman, A. (2007). Corporate governance and shareholder value maximization: An African perspective. *Journal of African Development Review 19*(2).
- Laing, D., & Weir, C., M. (1999). Governance structures, size and corporate performance in UK firms', *Management Decision, 37(*5), 457-464.
- Laing, D., & Weir, C. M. (2001). Governance structures, director independence and corporate performance in the UK. *European Business Review*, *13*(2).
- La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (1998). *Journal of Law and Finance. 106*(6), 1113-1115.
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A.,& Vishny, R. (2000). Investor protection and corporate governance. *Journal of Financial Economics*, *58*, 3-27
- Lebas, M. & Euske, K. (2002). A conceptual and operational delineation of performance, in Business Performance Measurement: Theory and Practice. Cambridge University Press.
- Leedy, P. D., & Ormrod, J. E. (2001). *Practical research: Planning and design.* (7th ed.). Upper Saddle River, NJ: Merrill Prentice Hall.
- Leedy, P. D., & Ormrod, J. E. (2005). *Practical research: Planning and design.* Upper Saddle River, NJ: Prentice-Hall.
- Lemmon, M. L., & Lins, K. V. (2002). Ownership structure, corporate governance, and firm Value: Evidence from the East Asian Financial Crisis. *Journal of Finance, 58*, 1445-1468.
- Leng, A.C.A. (2004). The impact of corporate governance practices on firms' financial performance: Evidence from Malaysian companies. *ASEAN Economic Bulletin 21*(3), 308-318.
- Lodh, S. C., & Rashid A. R. (2014). Corporate governance and small and

medium sized enterprise performance: Evidence from Bangladesh.

- Low, C. K. (2002). Corporate governance: An Asia-Pacific critique. Hong Kong: Sweet & Maxwell, Asia.
- MacAvoy, P., & Millstein, I. M. (1999). The active board of directors and its effect on the performance of the large publicly traded corporation. *Journal of Applied Corporate Finance*, *11*(4), 8-20.
- MacNeil, I., & Li, X. (2006). Comply or explain: Market discipline and non-compliance with the Combined Code', *Corporate Governance: An International Review*, *14*(5), 486-496.
- Mahoney, J. T., McGahan, A. N., & Pitelis, C. N. (2009). The interdependence of private and public Interests. *Organisational Science*, *20*(6), 1034–1052.
- Mayes, G. D., Halme, L., & and Liuksila A. (2001). Improving banking supervision. New York, USA: Palgrave Macmillan 91-120.
- Meeamol, S., Rodpetch, V., Rueangsuwan, S.,& Li, B. (2011). Measuring the firm's financial value: Interrelationships with the board structure, *International Journal of Performance Measurement*, *1*, 59-78.
- Miaoulis, G., & Michener. R. D. (1976). An introduction to sampling. Dubuque, Iowa: Kendall/Hunt Publishing Company.
- Mintz, S. M. (2004). Improving corporate governance systems: A stakeholder theory approach.
- Mitton, T. (2002). A cross-firm analysis of the impact of corporate governance on the East Asian financial crisis. *Journal of Financial Economics*, *64*,215-241.
- Monks, R. A. G., & Minow, N. (2004. *Corporate governance* (3rd ed.). Blackwell Publishing, Oxford.
- Monks, R., & Minow, N. (2008). *Corporate governance*. (4th ed.). Chichester: John Wiley & Sons Ltd
- Morck, R., Shleifer, A., & Vishny, R. W. (1988). Management ownership and market valuation: An empirical analysis. *Journal of Financial Economics*, *20*(1) 293-315.
- Morck, R., Yeung, B. & Yu, W. (2000). The information content of stock markets: Why do emerging markets have synchronous stock price movements? *Journal of Financial Economics*, 58, 215–260.
- Myers, S. C. (1977). Determinants of corporate borrowing. *Journal of Financial Economics*, *5*(2), 147 -175
- Nkurayija, J. C. (2011).The requirements for the African continent's development: Linking peace, governance, economic growth and global interdependence.
- OECD, (2004). OECD principles of corporate governance
- OECD, (2009). The corporate governance lessons from the financial crisis. *Financial market trends.*
- Office of human subjects research (1979, April). The Belmont report: Ethical principles and guidelines for the protection of human subjects of research. Retrieved from http://ohsr.od.nih.gov/guidelines/belmont.html#gob
- Okike, E.N.M. (2004). The management of crisis: The response of the auditing profession in Nigeria to the challenge to its legitimacy. *Accounting, Auditing and Accountability Journal*, *17*(5), 705-730.
- Okpara, J. O. (2010). Perspective on corporate governance challenges in a Sub-Saharan African Economy. *Journal of Business and Policy Research*, *5*(1), 110-122.
- Ort, E. W. & Strudler, A. (2002). The ethical and environmental limits of stakeholder theory. *Business Ethics Quarterly*, *12*(2), 215-233.
- Otten, J. A. (2007). Theories on executive pay: A literature overview and critical assessment. Erasmus University.
- Paige, R. C. (1999). Craft retail entrepreneurs' perceptions of success and factors effecting success. ProQuest Digital Dissertations (UMI No. 9950110).
- Pfeffer, J. (1973). Size composition and function of corporate boards of directors: The organization environment linkage. *Administrative Science Quarterly*, *18*, 349-64.

- Pfeffer, J., & Salancik, G. R. (1978). The external control of organisations: A resource-dependency perspective, Harper and Row, New York, NY.
- Phan, T., & Vo, D. (2013). Corporate governance and firm performance: empirical evidence from Vietnam.
- Ramachandran, R. (2008). Financial Performance and Stakeholder Management
- Randall, W. J., & Gary, G. (2006). Applied Principles of Finance
- Rosenthal, R. (1984). *Meta-Analytic Procedures for Social Research*. Beverly Hills, California: Sage Publications.
- Ryan, N. (2011). Economic value added versus profit-based measures of performance.
- Rossouw, G. J. (2005). Business ethics and corporate governance in Africa, *Business & Society*, *44*, 94–106.
- Salleh, H.H., & Mallin, C. (2002). Corporate governance in Bahrain. *Corporate Governance*, *10*(3), 197-210.
- Saunders, M., Lewis, P., & Thornhill, A. (2003). Research methods for business students, (3dr ed.). England, UK: Pearson Education Limited, Edinburgh Gate.
- Saunders, M., Lewis, P., & Thornhill, A. (2007). Research methods for business students, (4th ed.), Prentice Hall.
- Saunders, M., Lewis, P., & Thornhill, A. (2009). Research Methods for Business Students. (5thed.). FT Prentice Hall.
- SEC, (2010). Nigerian Securities Exchange Commission. *Securities Market Journal*, Research and Planning department Securities Exchange Commission, Abuja Nigeria.
- Sechrest, L., & Yeaton, W. (1982). Magnitudes of experimental effects in social science research. Evaluation review, Sage Publication Inc. *6*(5), 579-600.Retrieved from: http://hdl.handle.net/2027.42/67520
- Seifert, B., Gonenc, H., & Wright, J. (2005). The international evidence on performance and equity ownership by insiders, block holders, and institutions. *Journal of Multinational Financial Management15*, 171-191.
- Shah, S., Shah, S.M. A., & Amjad, S. (2013). The impact of selected financial ratios on share price of companies in Pakistan: 1999-2006.Proceedings of 6th International
- Business and Social Sciences Research Conference 3 – 4 January, 2013, Dubai, UAE,
- Smith, M. (2001). Fixing the balanced scorecard’s missing link.
- Staff, L. S. (2012). Deductive Reasoning vs. Inductive Reasoning.
- Stephens, P. R. (2000). Small business and high performance management practices. ProQuest Digital Dissertations (UMI No. 3040560).
- Sun, T.Q. (2009). Mixed methods research: Strengths of two methods combined
- Sun, W. (2013) The Emerging reality of corporate governance: Theoretical challenges and alternative thinking.
- Supriti, M., & Pitabas, M. (2014). Corporate governance as a value driver for firm performance: Evidence from India. *The International Journal of Effective Board Performance 14* (2), 265-280.
- Theodorou, E., & Vafeas, N. (1998). The relationship between board structure and firm performance in the UK. *British Accounting Review, 30,* 383-407.
- Thomsen, S. & Pedersen, T. (2000). Ownership structure and economic performance in the largest European companies. *Strategic Management Journal, 21*(6), 689-705.
- Toney, F. (1995). A research study to determine: traits, actions, and backgrounds of leaders that result in goal achievement. ProQuest Digital Dissertations (UMI No. 9608646).
- Tornyeva, K., & Wereko, T. (2012).Corporate governance and firm performance: Evidence from the Insurance Sector of Ghana. *European Journal of Business and Management*: *4*(13).
- Tosi, H. L., Werner, S., Katz, J. P., & Gomez-Mejia, L. R. (2000). How much does performance matter? A meta

analysis of CEO pay studies. *Journal of Management*, *26*(2), 301–339.

- Transparency International (2013). Corruption perceptions index 2013. Berlin: Transparency International.
- Transparency International (2014). Corruption perceptions index 2014. Berlin: Transparency International.
- Triola, M. (2001). *Elementary statistics (*8th ed.*)*. Boston, MA: Addison Wesley
- Triola, M. F. (2009). *Elementary statistics (*11th ed.*)*. New York: Addison Wesley.
- Tsamenyi, M., Enninful-Adu, E., & Onumah, J. (2007). Disclosure and corporate governance in developing countries: Evidence from Ghana. *Managerial Auditing Journal*, *22*(3), 319-334
- Tybout, J. (2000). Manufacturing firms in developing countries: How well do they do and why?b*Journal of Economic Literature*, *38*(1), 11-44.
- Vigil, B. (2005). Development and validation of a measure of empowerment for individuals suffering from eating problems.
- Ward, R. M. (2002). Highly significant findings in psychology: A Power and effect size Survey *Dissertations and Master's Theses.* Retrieved from: http://digitalcommons.uri.edu/dissertations/AAI3053127.
- Whittington, C. (1993). Corporate governance and regulation of financial reporting. *Accounting and Business Research 23*, 311-319.
- Wiwattanakantang, Y. (2001). Controlling shareholders and corporate value: Evidence from Thailand. *Pacific Basin Finance Journal 9*(4), 323-62.
- Wolf, F. M. (1986). *Meta-analysis: Quantitative Methods for Research Synthesis*. Beverly Hills, Calif.: Sage Publications.
- World Bank. (2004). Corporate governance country assessment – Ghana: report on the observance of standards and codes (ROSC).
- World Bank. (2010). Corporate governance country assessment – Ghana: report on the observance of standards and codes (ROSC).
- Yamane, T. (1967). *Statistics: An Introductory Analysis*. (2nd ed.). New York: Harper and Row.
- Yermack, D. (1996). Higher market valuation of companies with a small board of directors. *Journal of Financial Economics 40*, 185-211, America.
- Zikmund, W. G., Babin, B. J., Carr, & Griffin, (2010). *Business research methods*. (8th ed.). South-Western Cengage Learning, Mason, Ohio.

APPENDICES

Appendix A

Informed Consent

Project title: Corporate Governance and Firm Performance - Evidence from Ghana

Introduction

You are invited to join a research study to look at whether the adherence of Corporate Governance principles by listed companies on Ghana Stock Exchange (GSE) have any influence on the performances of companies. Please take whatever time you need to discuss the study with your family and friends, or anyone else you wish to. The decision to join is voluntary.

Good corporate governance has been highlighted to be vital to corporate organisations especially in transition and developing economies like Ghana (Akpakli, 2010). The effectiveness of a company's corporate governance structure has a far-reaching effect on how well it performs (Fooladi et al., 2014). Aboagye, Agyemang and Ahali (2013) asserted that corporate governance promotes effective and efficient allocation of resources, helps corporate organisations in attracting capital at low cost and assists corporate organisations in maximising their performance as well as their capability in meeting community needs.

Research maintains that good corporate governance practices enhance firm performance through prudent allocation of firm's resources, efficient management, high productivity, increase profitability and among others (Black et al., 2009; Akpakli, 2010; Deku II, Kankpang & Okonkwo, 2012; Tornyeva & Wereko, 2012; Afolabi, 2013).

The study seeks to determine how good corporate governance practices among listed companies in Ghana could address the poor performance of the 36 listed companies to accelerate Ghana's economic growth and development

What is involved in the study

You will be asked to answer five – point Likert scale type of questionnaire based on Organisation for Economic Co-operation and Development (OECD) principles of Corporate Governance (OECD, 2004), performance measures and corporate governance framework of Ghana. It is estimated that it will take about 30 minutes to complete. Upon receipt participants would have a period of 30 days to complete the questionnaire. The questionnaires can be either posted using the self-addressed envelope provided or collected personally by the researcher.

Benefits for taking part in the study

It is reasonable to expect benefits from this research though but there is no financial benefit. However, I can guarantee that you will receive a hard copy of the research findings for your library after a successful completion of the study. Others may also benefit in the future from the information we find in this study.

Confidentiality

Your name will not be used when data from this study are published. Every effort will be made to keep your corporate governance, financial performance, research records, and other personal information confidential as per APA, (2002).

The researcher will take the following steps to keep information about you confidential, and to protect it from unauthorized disclosure, tampering, or damage: The supervisor and the researcher shall be the only people that would have access to your information. The data would be described anonymously as data drawn from a listed company on the Ghana Stock Exchange. The data will not be shared with any other individual or organization. Data files will be kept in a locked cabinet and the data kept on a computer which has a password required for getting onto the system. I am the only person who has access to the password for the computer.

Your rights as a research participant

Participation in this study is voluntary as per APA (2002). You have the right not to participate at all or to leave the study at any time which is consistent with APA (2002). Deciding not to participate or choosing to leave the study will not result in any penalty or loss of benefits to which you are entitled, and it will not harm your relationship with Ghana Stock Exchange, Securities and Exchange Commission or any individual. If you decide to leave the study, the procedure is just to either telephone or email me.

CONTACTS FOR QUESTIONS OR PROBLEMS

Call Caesar Simpson on +447984627201 or email Caesar Simpson through simpsonck@yahoo.com if you have questions about the study, any problems, unexpected physical or psychological discomforts, any injuries, or think that something unusual or unexpected is happening.

Consent of Subject (or Legally Authorized **Representative)**
Signature of Subject or Representative:
Date:

C.K. Simpson
07/05/2015

Appendix B

Survey Instrument

Section A: Questions 1-7 are related to your background. Please mark (X) **only one option.**

1. Gender: Male ☐ Female ☐

2. **Occupation:** Board Chairman☐ Chief Executive Officer (CEO) ☐
Non-Executive Director ☐ Executive Director ☐

3. **Years of experience in your occupation:** ……… year(s)

4. **Formal education:** Diploma/Certificate ☐ Bachelor Degree ☐
Master Degree ☐ Doctoral Degree ☐
Professional certificate/other ☐

5. **Your location: ……………………….**

6. How do you rate your knowledge on corporate governance of firms in your firm?
Low ☐Medium ☐High ☐

7. Type of Firm: Financial Firm ☐ Non-Financial Firm ☐

Section B1: Statements 8-14 relate to your views on ensuring the basis for an effective corporate governance framework. Please rate the extent to which you agree with each statement by putting (X) in the box provided according to the scale below.
Please this applies to all sections.

1 = Strongly disagree 2 = Disagree 3 = Do not know 4 = Agree 5 = Strongly Agree

	1	2	3	4	5
8. The legal and regulatory requirements that affect corporate governance practices in Ghana is consistent with the rule of law, transparent and enforceable.					
9. The division of responsibilities among different authorities in Ghana is clearly articulated and ensure that the public interest is served					
10. Supervisory, regulatory and enforcement authorities in Ghana have the authority, integrity and resources to fulfil their duties in a professional and objective manner.					
11. A well-organised legislature and sound regulatory and supervisory agencies in place in Ghana promote good corporate governance.					
12.A good legal system in Ghana helps to improve corporate governance in my firm					
13. The ability to attract staff on competitive terms enhances the quality and independence of supervision and enforcement rule of law in my firm					
14. Regulatory responsibilities in Ghana are vested with bodies that can pursue their functions without conflicts of interest and that are subject to judicial review.					

Section B2: Statements 15-21 relate to your views on the rights of shareholders

15. Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings	1	2	3	4	5
16. Shareholders should have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental corporate changes					
17. Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting	1	2	3	4	5
18. Shareholders should have the opportunity to ask questions to the board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations					
19. Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated.					
20. Shareholders should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or in absentia.					
21. Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights.					

Section B3: Statements 22-28 relate to your views on the fair and equal (equitable) treatment of Shareholders

22. Members of the board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the corporation.	1	2	3	4	5
23. Insider trading and abusive self-dealing should be prohibited.					
24. Within any series of a class, all shares should carry the same rights. All investors should be able to obtain information about the rights attached to all series and classes of shares before they purchase.					
25. Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress.					
26. Votes should be cast by custodians or nominees in a manner agreed upon with the beneficial owner of the shares.					
27. Impediments to cross border voting should be eliminated.					
28. Processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders. Company procedures should not make it unduly difficult or expensive to cast votes.					

Section B4: Statements 29-35 relate to your views on the role of stakeholders in corporate governance

29. Stakeholders, including individual employees and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.	1	2	3	4	5
30. The rights of stakeholders that are established by law or through mutual agreements are to be respected.					
31. Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.					
32. Performance-enhancing mechanisms for employee participation should be permitted to develop.					
33. Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.					
34. The corporate governance framework should be complemented by an effective, efficient insolvency framework and by effective enforcement of creditor rights.					
35. Where stakeholder interests are not legislated, my firm make additional commitments to stakeholders, and concern over corporate reputation and corporate performance often requires the recognition of broader interests.	1	2	3	4	5

Section B5: Statements 36-42 relate to your views on disclosure and transparency

36. An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.	1	2	3	4	5
37. Information should be prepared and disclosed in accordance with high quality standards of accounting and financial and non-financial disclosure.					
38. Remuneration policy for members of the board and key executives, and information about board members, including their qualifications, the selection process, other company directorships must be disclosed					
39. External auditors should be accountable to the shareholders and owe a duty to the company to exercise due professional care in the conduct of the audit.					
40. Channels for disseminating information should provide for equal, timely and cost efficient access to relevant information by users.					
41. Full disclosure of conflicts of interest and how the entity is choosing to manage them is encouraged in my firm					
42. Disclosure of material related party transactions to the market, either individually, or on a grouped basis, including whether they have been executed at arms-length and on normal market terms is required in my firm					

Section B6: Statements 43-49 relate to your views on the responsibilities of the board

43. The board should review and guide corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.	1	2	3	4	5
44. Where board decisions may affect different shareholder groups differently, the board should treat all shareholders fairly.					
45. The board should apply high ethical standards. It should take into account the interests of stakeholders.					
46. Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.					
47. The board should be able to exercise objective independent judgement on corporate affairs					
48. In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.					
49. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.					

Section C: Statements 50-57 relate to your views on Return on Equity (ROE), Return on Assets (ROA) and Tobin's Q as measures of firm performance.

50. Good corporate governance practices affect my firm's sales	1	2	3	4	5
51. Good corporate governance practices affect my firm's cost of sales					
52. Good corporate governance practices affect my firm's operating expenses					
53. Good corporate governance practices affect my firm's profitability					
54. Good corporate governance practices affect my firm's asset base					
55. Good corporate governance practices affect my firm's asset market value					
56. Good corporate governance practices affect my firm's share price					
57. Good corporate governance practices affect my firm's market capitalisation					

Section D1: Statements 58-64 relate to your views on the mission of the board.

58. The mission of the board is to ensure strategic guidance of the corporate entity in keeping its goals.	1	2	3	4	5
59. The mission of the board is overseeing or supervising the management of the business.					
60. The mission of the board is identification of risk as well as the implementation of systems that manage risk.					

Continued Section D1...					
61. The mission of the board is succession planning and the appointments, training, remuneration and replacement of senior management.					
62. The mission of the board is supervision of internal control system.					
63. The mission of the board is maintenance of the corporate entity's communications and information dissemination policy.					
64. The mission of the board is to ensure the sovereign rights of shareholders					

Section D2: Statements 65-71 relate to your views on the Committees of the board.

65. Board to constitute committees such as the audit and remuneration committee as it may deem appropriate to help it in carrying out its duties.	1	2	3	4	5
66. The membership of the audit committee should be those with adequate knowledge on finance, accounts and the basic elements of the laws under which the company operates. It further states that the chairperson of the audit committee should be a Non-Executive Director (NED).					
67. The audit committee should compose of at least three directors, of whom the majority should be NEDs					
68. The chairperson of the audit committee should be a NED.					
69. Committee help board in developing corporate strategies that would improve board control and operating structures of the corporate organisation.					
70. Remuneration committee should institute an official and clear procedure for mounting policy on executive compensation.					
71. Remuneration committee should make sure that a suitable structure is instituted to give performance-oriented incentives to managers.					

Section D3: Statements 72-78 relate to your views on relationship to shareholders and stakeholders.

72. Corporate governance structures employed by the board should not be geared towards stakeholders' benefit at the expense of shareholders.	1	2	3	4	5
73. Shareholders have the right to partake in, and to be satisfactorily informed about decisions concerning fundamental changes.					
74. Equity ownership over and above specified thresholds to be disclosed.					
75. Market for corporate control of listed firms functions in an efficient and transparent way.					
76. All shares issued unless otherwise specified rank of equal step with other share of the same class and in the case of ordinary shares, one share bears one vote.					
77. Effective corporate governance framework forbids and punishes insider trading and self-dealing					
78. Effective corporate governance framework increases shareholder value by monitoring and maintaining stakeholder relationships effectively and professionally.					

Section D4: Statements 79-85 relate to your views on financial affairs and auditing.

79. Board should ensure that the financial statements of the company are audited at such regular intervals as described by law, regulations or internal policies of the company by experienced and well-qualified auditors.	1	2	3	4	5
80. Board should maintain satisfactory records for protecting the assets of the corporate organisation.					
81. Board should make sure that the statutory payments payable by the corporate organisation are executed on time.					
82. Board should make sure that the structures of internal control are present for monitoring risk, adherence to financial governance structures and compliance with the law.					
83. The accurateness of information contained in financial statements is the responsibility of the board.					
84. Board is responsible for making sure required accounting policies have been consistently employed in the preparations of the financial statement.					
85. Board is to ensure that annual and interim financial statements of the company are dispersed to stockholders and regulators within the time frames described by law and regulation.					

Section D5: Statements 86-92 relate to your views on disclosures in annual reports

86. Shareholders should be provided with information on the financial and operating outcomes of the corporate business.	1	2	3	4	5
87. Shareholders should be provided with information on the objectives of the corporate business					
88. Shareholders should be provided with information on major share ownership and voting rights					
89. Shareholders should be provided with information on material predictable with factors					
90. Shareholders should be provided with information on material issues regarding employees and other stakeholders					
91. Shareholders should be provided with information on board members and key executives, and their remuneration.	1	2	3	4	5
92. The membership of the remuneration committee and their policies should be disclosed during annual general meetings to shareholders in their annual report.					

Section D6: Statements 93-99 relate to your views on code of ethics

93. Every corporate organisation is directed to have its own code of ethics and statement of business practices.	1	2	3	4	5
94. Code of ethics should be implemented as part of the mechanisms that ensure effective corporate governance.					
95. Boards of directors are responsible for the formulation of code of ethics document					
96. Content of code of ethics document must be applicable to the board and all employees.					
97. Board should introduce a mechanism that monitors adherence and discipline deviations or breaches of code of ethics.					
98. Board should demonstrate that they are committed to ethical standards and their application to the way they govern and conduct themselves.					
99. The company has a whistle blowing process in place and is it easily accessible and makes it clear who the designated Ethics/Compliance Officer is.					

Section E: Statement 100 any further comments.

100. Any further comments on issue of corporate governance of in your firm

Appendix C

Participants' characteristics

Characteristics	**Male**	**Female**	**Total**
Chairman/Chairperson	22	7	29
CEO	23	5	28
Non-Executive Directors	33	20	53
Executive Directors	18	8	26
Total	**96**	**40**	**136**
Characteristic	**Male**	**Female**	**Total**
Masters' Degree Holders	65	31	96
PhD Holders	31	9	40
Total	**96**	**40**	**136**

Appendix D

Distribution of firms

Industry	**No. of Firms**	**%**
Manufacturing	13	43.33%
Banking	8	26.67%
Oil & Gas	3	10.00%
Mining	2	6.67%
Technology	1	3.33%
Retail	1	3.33%
Publishing	1	3.33%
Insurance	1	3.33%
Total	**30**	**100.00%**

How to cite this thesis: Simpson CK. Corporate governance and firm performance: evidence from Ghana. Galore Knowledge Publication Pvt. Ltd; 2016. Available from: www.gkpublication.in

******