UNIVERSITY OF CAPE COAST

CORPORATE GOVERNANCE AND BANK PERFORMANCE: THE MODERATING ROLE OF CONTEMPORARY FINANCIAL REPORTING PRACTICES

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BY

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Dissertation submitted to the Department of Accounting, School of Business, University of Cape Coast, in partial fulfillmentt of the requirements for the award of Master of Business Administration Degree in Accounting.

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been published or presented for another degree in this university or elsewhere.

Candidate's Signature……………………… Date…………………………

Name: Felicia Kontor

Supervisor's Declaration

I hereby declare that the preparation and presentation of this dissertation were supervised in accordance with the guidelines on the supervision of the dissertation laid down by the University of Cape Coast.

Supervisor's Signature…………………… Date……………………

Name: Rev. Dr. George Tackie

ABSTRACT

This research examined how corporate governance impacts the performance of listed banks in Ghana and explored the moderating influence of modern financial reporting practices. The study utilized the annual reports spanning from 2011 to 2020 of eight banks listed on the Ghana Stock Exchange. Employing an explanatory research design, the study explored the financial performance metrics (ROA, ROE, and EPS) of the listed Ghanaian banks. It aimed to analyze the relationships and impact of corporate governance factors (specifically board size, board composition, and board independence) and assessed the moderating effect of contemporary financial reporting practices. Findings from the study showed that board size (number of directors) had an insignificant relationship with ROA, ROE, and EPS. Again, the composition of the board (executive vs. non-executive directors) showed no significant relationship with ROA, ROE, or EPS. Moreover, board independence had a significant negative relationship with ROA and ROE, but no significant relationship with EPS. Also, there was a negative connection between contemporary financial reporting (accounting quality) and bank performance (ROA, ROE, and EPS, whereas the moderating factor of contemporary financial reporting did not significantly influence the relationship between corporate governance and bank performance. Based on the findings, the study recommends that banks in Ghana should focus on other aspects of corporate governance and management to enhance performance.

KEYWORDS

Corporate Governance

Contemporary Financial Reporting

Financial Performance

Board Size

Board Composition

Board Independence

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DEDICATION

To Mr. Samuel Forkuoh-Grant, and my children.

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LIST OF ACRONYMS

ROA	Return on Assets
ROE	Return on Equity
EPS	Earnings Per Share
BS	Board Size
ED	Executive Directors
NED	Non-Executive Directors
BIND	Board Independence
SPSS	Statistical Package for Social Sciences

CHAPTER ONE

INTRODUCTION

In any firm, including banks, corporate governance and modern financial reporting practices play a vital role. Every economy's banking sector plays a critical part in its development, and its actions have a significant influence on the economy. As a consequence of this, having standards in place for good financial reporting and corporate governance is essential to banking industry's performance in Ghana.

Background of the Study

The banking sector of Ghana experienced an aggressive clean-up in the year 2017 concerning the announcement of the Bank of Ghana (Anokye, 2019). This banking sector clean-up was aimed at enforcing regulations governing the sector and ensuring that industry players comply with the regulations (Anokye, 2019). In addition, 420 financial institutions' licenses were revoked, and some banks were consolidated as a result of this effort (Addison, 2019). Furthermore, Ataur, Islam, and Ataur (2018) claimed that corporate governance is a key practice that contributed to the banking sector financial crisis globally. Steger and Amann (2008) stressed the relevance of excellent corporate governance in all firms.

Due to the increased desire for more accountability, disclosure, and openness in the business sector as well as efficient risk management techniques, corporate governance has evolved in recent years (Iatridis, 2013; Ntim, Lindop, & Thomas, 2013). Corporate governance, according to the Cadbury Committee (1992), is a system designed to harness and defend the welfares of stakeholders. According to Campbell (2007), corporate governance refers to the activities, structures, and tasks that directors play to help a company achieve its stated goals. Corporate governance, according to Ataur et al. (2018), is the technical technique by which firms are governed and managed to maximize shareholder capital. Sound corporate governance diminishes agency conflicts and enhances corporate managerial conduct, leading to better business performance (Terjesen, Aguilera, & Lorenz, 2015; Economist, 2010).

There are growing apprehensions regarding governance protocols within financial systems, and this concern extends to the banking sector in Ghana. This stems from growing pressure exerted by international organizations like “International Monetary Fund” (IMF), “International Finance Corporation” (IFC), “Organization for Economic and Community Development” (OECD), and “World Bank”, among others (Marashdeh, 2014). These advancements are anticipated to carry practical consequences for bank proprietors, boards, and managerial staff. According to Dedzo (2015), the board of directors holds a crucial position in a bank's internal governance. They are tasked with defining the bank's strategy, carrying it out, and adapting the institution's vision and goals as needed (Davis, 2012). The increased focus is an acknowledgment of the understanding that well-structured governance can result in enhanced operational efficiency for banks (Edmans, Fang, & Zur, 2012). The influence of ownership structure and concentration on a company's performance is a significant topic extensively discussed in financial theory literature.

Efficient corporate governance has been recognized as a pivotal element in all economic dealings. The administration and supervision of a company have a direct influence on its performance, enduring profitability, achievements, and competitive standing. It sets the criteria for entering capital markets and impacts the degree of trust investors place in the institution (Bino & Tomar, 2012). Several researchers (Adams & Mehran, 2010; Bokpin, 2013a) argue that robust and active corporate governance principles act as a protective measure against managerial misuse of corporate assets, fostering improved decision-making and proficient management. This, in turn, results in more effective resource allocation within the company, ultimately enhancing the organization's overall performance.

Adnan, Htay, Rashid, and Meera (2011) emphasized the need for solid corporate structures in the banking sectors. Additionally, there are conflicting findings in the study on business performance and corporate governance. Some data show a optimistic and substantial relation (Naushad & Malik, 2015; Al-Amarneh, 2014), while others show no significant relationship (Demsetz, 1983; Mural & Welch, 1989). The measuring of corporate governance was the source of these differences.

In addition, the requirement for consistent and high-quality financial statement preparation and presentation took the growth of "International Financial Reporting Standards" (IFRS) and "International Accounting Standards" (IAS). Relevance, trustworthiness, and comparation of financial information are hallmarks of high-quality accounting standards, according to authors such as (Khanagha, 2011; Erin, Olojede, & Ogundele, 2017). According to Okere (2009), financial information is important when it represents a corporation's economic content in terms of relevance, dependability, comparability, and ease of comprehension. Furthermore, use accounting information is retrieved from financial data attributes, which aids in resource allocation efficiency (Rusnak, 2009; Cai & Wong, 2010).

Investors, regulators, auditors, financial analysts, and academia all need to know how IFRS affects a company's performance to make informed judgments (Park & Scaria, 2017). According to certain studies (Barth, Landsman, & Lang, 2008; Daske & Gebhardt, 2008), IFRS adoption has a favourable effect the performance of listed firms, while other studies demonstrate a detrimental effect (Palea, 2013; Matthias, 2015). The adoption of IFRS is equivocal due to this mixed finding.

Statement of the Problem

The value of banks to the Ghanaian economy and the rest of the globe cannot be underestimated. Banks facilitate transactions, assist firms in raising funds, and benefit the economy as a whole. However, recent reports from the Bank of Ghana showed a tough financial sector clean-up which led to the revocation of 420 financial institutions (Addison, 2019).

Furtheremore, there are conflicting outcomes on the works of corporate governance and business performance. Some research indicates a favorable and statistically significant relationship between corporate governance and business success (Naushad & Malik, 2015; Al-Amarneh, 2014), while others show no significant relationship (Naushad & Malik, 2015; Al-Amarneh, 2014; Demsetz, 1983; Mural & Welch, 1989). The measuring of corporate governance was the source of these differences.

Additionally, the necessity for consistent and high-quality financial statement preparation and presentation brought about the creation of IFRS and IAS (Donwa, Mgbame & Idemudia, 2015). Investors, regulators, auditors, financial analysts, and academia all need to know how IFRS affects a company's performance to make informed judgments (Park & Scaria, 2017). According to Barth, Landsman, and Lang, 2008, and Daske and Gebhardt, 2008, IFRS adoption has a direct outcome on listed firm performance. Studies by Palea, 2013 and Matthias, 2015 also demonstrate a negative effect. The adoption of IFRS is ambiguous due to this mixed finding.

Although research on corporate governance, financial reporting procedures, and business performance has been undertaken, the majority of the findings are mixed, making the studies inconclusive. In addition, these research conducted earlier failed to look at the moderating role that financial reporting plays between corporate governance and bank performance. Hence, the primary goal of this study is to fill the void in current literature by investigating how corporate governance influences the performance of publicly listed banks in Ghana. Simultaneously, the study seeks to explore the moderating influence of modern financial reporting practices.

Purpose of the Study

The study aims to examine the influence of corporate governance and the performance of Ghana's listed banks on the moderating influence of modern financial reporting practices.

Research Objectives

To achieve the study's overall goal, the objectives of the study were to:

1. Investigate the impact of the size of the board on the performance of banks listed in the market.
2. Analyze how the composition of the board affects the performance of listed banks.

3. Assess the impact of the independence of the board on the performance of listed banks.
4. Evaluate the impact of current financial reporting methods on the performance of listed banks.
5. Explore how contemporary financial reporting practices moderate the relationship between corporate governance and the performance of listed banks.

Research Questions

The study also formulated these research questions to address the research objectives:

1. How does the size of the board influence the performance of banks listed in the market?
2. How does the composition of the board impact the performance of listed banks?
3. What influence does the independence of the board have on the performance of listed banks?
4. How do current financial reporting practices affect the performance of listed banks?
5. What role does contemporary financial reporting play in moderating the relationship between corporate governance and the performance of listed banks?

Significance of the Study

The research findings will aid banks and industry players in enforcing strict and strong corporate governance and improving the quality of financial reports issued to ensure the accurate and fair performance of the banks following the bank crisis and financial sector clean-up. It will also assist the Bank of Ghana in identifying the gaps in corporate governance and financial reporting of listed banks, allowing for strict adherence to legislation and industry best practices. It will also assist investors in identifying appealing banks and developing prudent investing strategies. Finally, it will be used to inform the literature and future research.

Delimitation of the Study

This study investigated the link between corporate governance, contemporary financial reporting, and the performance of Ghana's listed banks. The annual reports of these listed banks from 2011 to 2020 was used for this study.

Limitations of Study

This research looks into link between corporate governance and the performance of Ghana's publicly traded banks, as well as the moderating effects of modern financial reporting procedures. To evaluate the statistical significance of the study's variables, the researcher used an explanatory research design.

Definition of Key Terms

Corporate Governance: is a system for governing and controlling businesses that aims to reconcile shareholder and other stakeholder accountability with the firm's power and authority

Return on Assets (ROA): this term pertains to the proportion of net income to total assets and serves as an gauge of short-term performance.

Return on Equity (ROE): it reveals to shareholders and other stakeholders the profits generated from the investments made by investors.

Earnings per Share (EPS): it stands for the share of a business's profits allotted to each remaining share of stock.

Organization of the Study

Five sections made up the organization of the study. Chapter One covered the study's background, problem statement, purpose, objectives, research questions, hypotheses, significance, delimitations, and limitations. Chapter Two looked at the conceptual review, theoretical review, empirical review, and conceptual framework. In Chapter Three, the research methodologies were covered. In Chapter Four, the findings of the study and discussions were reported, and in Chapter Five, the study was ended with practical recommendations.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This section offers an detailed assessment of past research concerning the influence of corporate governance and financial reporting practices on the banks performance. It includes a conceptual framework, an empirical review, a theoretical review, and a conceptual review. The main assumptions that underpin the study are explored in detail in the theoretical overview. The relevant concepts related to the investigation are examined in detail in the conceptual review. The empirical review entails an analysis of prior studies aligned with the study's objectives. Meanwhile, the conceptual framework illustrates a diagram explaining the interrelationships among the study variables.

Theoretical Review

The agency theory, the decision-useful theory, stakeholders' theory, and stewardship theory were adopted as the main theories for the study.

Agency theory

The principals' and agents' purposes diverge, according to agency theory, and the principal can regulate or mitigate this by giving inducements to the agent and investing expenditures in actions targeted at monitoring and limiting the agent's self-interest activities. As a result, agency cost and knowledge asymmetry were identified as the key challenges emerging from the agency relationship.

Independence of control and ownership, conferring to Jensen and Meckling (1976), generates agency complications when management's interests take precedence over the interests of shareholders. When management has access to knowledge that shareholders do not, this is known as information asymmetry. Because agency issues have such a detrimental influence, good company governance is always essential to mitigate agents' self-interest (Wiseman, Cuevas-Rodriguez, & Gomez-Mejia, 2012).

Additionally, conferring to agency theory, increasing the presence of external directors within a company could serve as a mechanism to oversee operations, thus reducing agency costs. Kelton and Yang (2008) suggested that a substantial count of “independent and non-executive directors” on a board can help mitigate agency problems and ensure the accuracy of financial reporting.

Agency theory highlights the challenges that arise when the interests of management (agents) diverge from those of shareholders (principals). In the context of banks, this theory suggests that effective corporate governance practices, like having independent directors, can help mitigate these challenges and ensure accurate financial reporting. Therefore, agency theory offers a theoretical basis for understanding how corporate governance and financial reporting practices can impact bank performance, making it relevant to the study's investigation of how contemporary financial reporting practices moderate bank performance.

Decision useful theory

This theory seeks to explain accounting as a system that gives relevant information to decision-makers for them to make informed decisions. Because the theory lays out a structured process by which a person, given his or her subjective probabilities, can make the best decision, it's crucial in this study, where bank executives are expected to not only track their business transactions but also make the most specific decisions that will benefit their companies.

McClelland (1961) examines how entrepreneurs achieve success in their businesses. Profit, he believes, is a measure of success and skill for good company operators. They set personal but attainable goals for their company and are concerned about their performance. In this way, they are aware of any transaction that originates from their company and is thus more equipped to manage losses. The Decision Usefulness Theory emphasizes the documenting of corporate transactions for successful business decision-making. Consequently, proper documentation facilitates the creation and presentation of financial data. Hence, the presented financial data is of very high quality.

This theory is pertinent to the study because it underscores the importance of accounting systems providing relevant information to decision-makers, a crucial aspect of corporate governance. In the context of the study, bank executives, as key decision-makers, rely on accurate financial data and information to make informed choices that impact their bank's performance. The theory's emphasis on documenting corporate transactions aligns with the need for contemporary financial reporting practices, which show a moderating role in confirming the quality and relevance of financial information used in corporate governance and, ultimately, bank performance.

Stakeholder theory

The core idea behind the stakeholder theory is that various stakeholders are impacted by a firm's actions, and vice versa. This implies that the “board of directors and management” are not the only parties to the company's contracts. The discussion surrounding the firm's ecological footprint, the use of local resources, employee needs, and public expectations are a few examples of the different demands (and as a result, stakeholders) that may have an impact on and might affect the operations of the company. Due to this, the agency theory has less comprehensive outlook than the stakeholder theory. The focus on the principal-agent connection frequently gives the idea that there exist only two people who can impact or be impacted by the operations of the organization. The agency theory previously described is constrained in that only shareholders and management are included in the contractual relationship.

The numerous objections levelled at the agency theory by academics also show its shortcomings. For instance, McDonald and Puxty (1979) contend that businesses now exist in society and have responsibilities to that society rather than being the sole machinery of stockholders. Jensen (2001), who argues that a company's performance is determined by a variety of stakeholders rather than only shareholder returns, likewise supports the aforementioned claim. On the other side, Arthur (2015) makes an indirect case for the agency theory by asserting that a corporation may have several stakeholders, making it challenging to determine who are the true stakeholders. Similar to this, Smallman (2004) argues that trying to satisfy everyone's requirements may open up opportunities for corruption because it might just be a way to divert money that investors owed to other parties.

In the study's context, modern financial reporting practices play a dynamic part in offering “transparency and accountability” to diverse stakeholders, encompassing shareholders, staff, local communities, and the general public. The Stakeholder Theory emphasizes that a bank's performance is influenced by multiple stakeholders, which underscores the importance of financial reporting practices in meeting the diverse demands and expectations of these stakeholders.

Stewardship theory

The stewardship hypothesis is a substitute to the agency theory. Donaldson and Davis proposed this theory (1991). According to the premise, the company's elected officers, sometimes known as “executives”, were seen as good “stewards” who would work in the owners' best interests. They claimed that because the stewards' behaviour is pro-organizational and collectivistic, it will be more useful than self-centred behaviour (Arthur, 2015). According to Van Slyke (2006), appointed directors' actions will be consistent with the company's objectives since they are representing the owners or shareholders of the company.

Bulle (2014) concluded that stewardship theory concentrated on the intangible, intrinsic benefit. While agency theory placed a strong emphasis on extrinsic motivation, these intrinsic incentives include development, success, and obligation. As predicted by the theory, managers are less probable to participate in earnings management due to their lack of motivation.

In the context of the study, contemporary financial reporting practicesserves as a moderating role in positioning the behaviour of these stewards with the objectives of the bank and its owners. These practices promote transparency and accountability, ensuring that executives and directors prioritize organizational success and their obligations to shareholders, as highlighted in the Stewardship Theory. Thus, the theory underlines the importance of financial reporting in maintaining stewardship behaviour and ultimately influencing bank performance.

Conceptual Review

Economy of Ghana

The banking industry is not independent on its own. It is usually affected by the macro-economic variables of the economy. Also, the Ghanaian economy is impacted by a global phenomenon which influences the sectors of the economy indirectly. According to the International Monetary Fund (2020), the COVID-19 epidemic prompted an unanticipated global economic slowdown in 2020. The update on the World Economic Outlook by the IMF, released in June 2020, estimated that growth globally would be -4.9 percent in the year 2020. It is projected that real Gross Domestic Product (GDP) growth will progressively improve as countries ease their trade sanctions in the coming months. The development of COVID-19, the possibility of a next wave, the length of any shutdowns, their effects on activity, and adoption of beneficial monetary and fiscal policies are some of the variables that will affect the economy's future. The global economy is expected to rise by 5.4 percent in 2021 as a result of strengthening financial conditions. The following significant elements of Ghana's economy were examined:

Gross domestic product (GDP)

The COVID-19 epidemic has had a substantial effect on several nations, including Ghana's economy. The 2020 mid-year budget review predicted that growth predictions would decline to 0.9 percent from the desired 6.8 percent. In an effort to lessen the COVID-19's economic and social effects, the government has moved its emphasis to enhancing the country's healthcare system and offering COVID-19-related stimulus packages. The economy is predicted to revive, with a forecast rate of growth of 4.7% in 2021.

Inflation

The Ghana Statistical Service (2020) and the Bank of Ghana (2020), both of which are mentioned in PwC's (2020) survey report on the banking sector, claim that headline inflation declined steadily in the year 2019 from 9% to 7.9% between January and December. A steady Monetary Policy Rate and non-food inflation were the key factors in the fall in inflation (MPR). The introduction of the updated inflation basket in August 2019 led to a notable expansion in the range of items incorporated within it, accompanied by a considerable surge in the quantity of data gathered and employed. This alteration resulted in a significant drop in inflation by 1.6% from July 2019 to August 2019. With certain upside risks, such as supply chain disruptions due to COVID-19 and budgetary constraints resulting from the adoption of inducement programmes to lessen the “social and economic effects” of the disease, the government is estimating 2020 inflation at 11.2 percent.

Interest rate

According to PwC's (2020) survey report, the “Monetary Policy Committee” (MPC) decreased the MPR in December 2018 from 17% to 16% in January 2019, where it stayed all year. This was done due to the lowering headline inflation rate and the favorable global economic climate at the time. The typical commercial bank loan rate remained high in 2019. The average bank loan rate, which is 23.7 percent, is still significantly higher than the policy rate, which is 16 percent, by a margin of 7.7 percent. This gap of more than 5% shows that there are structural problems that need to be fixed before the private sector can get a lot more credit. For the most part throughout 2019, short-term Treasury bills interest rates remained constant. The interest rate on 182-day Treasury bills improved marginally by 0.1% from September to December 2019, while the interest rate on 91-day Treasury bills remained stable at 14.7 percent. The imminent risk that COVID-19 posed to domestic economic activity led the MPC to cut the MPR from 16 to 14.5 percent in March 2020 (PwC, 2020). In order to ensure that banks can provide the necessary monetary support to the economy, the MPC announced further macroprudential policies to ease liquidity constraints. The capital adequacy ratio, capital conservation buffer, and primary reserve requirement were all relaxed.

Exchange rate

Data from the BoG show that in the year 2019, the Ghana Cedi's value versus all of its key trading currencies fell precipitously. A major contributor to the change in exchange rates seen in the first three months of 2019 was the BoG's 1% policy rate cut, which encouraged foreign holders of domestic bonds to sell their holdings in local currency and put pressure on the FX reserves. Additionally, throughout 2019, the uncertainty brought on by the IMF bailout program's conclusion encouraged speculative attacks on the local currency.

Overview of the banking industry

After a year of cleansing and recapitalization, the banking industry entered 2019 with renewed optimism (PwC, 2020). The improvements in the sector made it possible for the regulatory agency to follow its directives about maintaining the public's trust and confidence. However, the COVID-19 epidemic in recent months has compelled the sector to adapt to considerable shifts and uncertainty. The business had previously unheard-of challenges managing its staff, movement restrictions and customers. Both directly and indirectly, this outbreak has had an impact on the sector. Hospitality, construction, oil and gas, and education are a few of the important sectors to which banks commonly lend in our trade and commerce, all of which have suffered. The following factors, according to PwC's (2020) Banking Industry in Ghana Report, are crucial:

Corporate governance directives implementation

Data from the BoG show that, the Corporate Governance Directive that BoG released in 2018 was still being implemented in 2019 by BoG. Bank directors had to complete a certification training course throughout the year as a requirement. One of the primary components of the directive is updated information on the credentials of neds based in Ghana. In addition, the maximum terms for managing directors and other board members are 12 and 9 years, respectively(Bank of Ghana, 2020). Many boards within the industry were reorganised as a result of the execution of this regulation.

Payment systems and service

The Payment Systems and Services Act 2019 (Act 987) is an Act that was enacted by the legislature and became a law in May 2019. This Act combines current laws and regulations regarding payment systems and electronic money with the aim of broadening the class of services and players within the network. To assist in achieving the purposes of the Act, BoG developed the “National Payment Systems Strategic Plan” (2019–2024). It seeks to augment financial innovation, increase financial enclosure, and advance efficient payments. Transactions were greatly assisted by industry developments in the extension of payment options and service in response to the constrained traditional banking activity during the COVID-19 crisis.

Ghana deposit protection scheme

The “Ghana Deposit Protection Scheme” began to work in September of this year. The Scheme is run by the Ghana Deposit Protection Corporation ("GDPC"). Small depositors are intended to be shielded from financial loss in the event that a bank fails. The Ghana Deposit Protection Act, 2016, requires banks to pay an upfront premium of 0.1 percent of the required minimum paid-up capital, as well as a yearly premium of 0.3 percent of fully insured deposits (total deposits minus the exclusions in Section 13) (GDPC, 2021).

High denomination currency

Report from BoG revealed thata, the BoG issued GHS 100 and GHS 200 banknotes, as well as a GHS 2 coin in November 2019. The BoG's evaluation of currency and survey of small businesses resulted in the creation of new denominations as one outcome (Bank of Ghana, 2020).

Fit and proper person directives

According to Bank of Ghana (2020), banks, financial houses, special deposit-taking institutions and financial holding companies are required to abide by the Fit and Proper Persons Directive, which was released by the BoG in July 2019. The main aims of the directive are to: advise on how to assess a key management employee, director, or significant shareholder of a regulated financial institution for fitness and propriety, disallow anyone who is not "fit and proper" from participating in or carrying out activities that require a licence or registration under the “Banks and Specialized Deposit-Taking

Institutions Act", 2016 (Act 930), and encourage reputable corporate governance techniques. The instruction would promote closer examination of individuals entrusted with overseeing the operations of organisations regulated under the 2016 "Banks & Specialized Deposit-Taking Institutions Act" (Act 930).

Performance of banking sector

Profitability

Ghana's banking industry has experienced a rise in its profit before tax for the third straight year since the year 2017, according to PwC's (2020) report on the industry. The increases in the years 2019, 2018, and 2017 were, respectively, 41.6 percent, 38.1 percent, and 36.4 percent. The government of Ghana's and the central bank's respective adoption of economic and regulatory changes during the past few years has been responsible for the persistent improvement. These regulations have increased confidence and reduced uncertainty over the security of depositors' money in the sector. Additionally, the larger capital base has resulted in lower funding costs and improved profitability for the entire sector. The industry's net interest income increased by 26% thus GHS 1.7 billion. Investment-related interest income increased by 40.1% in the year 2019, accounting for the majority of all interest income . This can be clarified by the statistic that the sector's investments in cash equivalents grew steadily between the years 2017 and 2019, rising by 25% (PwC, 2020). The capital infusion and higher deposit mobilisation provided the majority of the money required to finance the growth in investment securities. In the year 2019, interest on loans and advances will account for 46% of all interest income. Deposits with other financial institutions' interest income fell by 10% in the year 2019. The interest earned from these cash equivalents decreased by 28.3 percent in the year 2018. This continued tendency is consistent with the objective of boosting earnings. Net fee and commission income increased by 12% in the year 2019 (PwC, 2020).

Return on shareholders' equity

Combining capital infusion, profit retention, and business mergers, the market was able to respond to the demand oF regulators for a minimum share capital. As a result, industrial spending increased by GHS 3.9 billion from the year 2017 to the year 2018 (PwC, 2020). Some investors believed that banks could absorb bigger risks and disruptions at the beginning of the year, while others believed that the capital was too high for their specific market area. Despite the variety of viewpoints, shareholders aim to maximise the return on their investments in the industry.

Moreover, the sector bounced back from the recapitalization, which decreased ROE by 1.8% in the year 2018 and recorded an increase in ROE from 17.9% to 20% in the year 2019 (PwC, 2020). Following the capitalization, industry equity remained practically unaltered, but industrial profitability after taxes soared by 44.2% as financial institutions opted to use equity capital to produce alluring returns for investors. For 74% of the active banks, the return on equity improved. In the year 2019, six banks distributed dividends, generating positive returns for investors. In contrast to the year 2018, when most banks retained earnings, only three institutions distributed dividends (PwC, 2020).

Return on assets

According to PwC (2020), the average return of the industry on assets grew slightly in the year 2019 from 2.9 to 3 percent. Thanks to the many funding sources, the industry's earning potential improved, and its total assets rose by 25.1%. The result showed a profit surge of 37.4% before taxes for the fiscal year ending on December 31, 2019. Investment securities' growth, which increased around 25% and now make up 42% of all assets, was a key contributor to the expansion. The sector's improvements, which make up 31% of all assets, increased by 36% between the years 2018 and 2019, adding GHS 9.6 billion. Hence, the banks' adoption of IFRS 16 - Leases in the year 2019, which required them to recognise leases (formerly treated as off-balance sheet transactions), GHS 1.3 billion of the industry's contribution assets as of December 31, 2019, were identified as right-of-use assets (PwC, 2020).

In the year 2018, profit before taxes climbed by GHS 1.4 37% more quickly than total assets. Interest income, which accounts for GHS 1.6 billion or 24% of the growth in overall income from the year 2018 to the year 2019, was the main contributor (PwC, 2020). The almost 1% reduction in average interest rates between the years 2018 and 2019 was mostly caused by the spike in loans, advances, and investment securities. The assets' quality has improved, and the amount spent on impairment has decreased from GHS 17 million in the year 2018 to in the year 2019 as a consequence of the clean-up activity and the rehabilitation of previously impaired assets. Operating expenses increased by 17.18 percent in the year 2019 as a result of the cost of adopting IFRS 16 - Leases, rising prices, and the effect of a depreciating cedi on transactions with foreign exchange as the base currency. Additionally, more participating banks from 42.1 percent in the year 2018 to 52.6 percent in the year 2019 recorded ROA above the industry standard of 3 percent (PwC, 2020). The industry has made considerable progress and continues to invest in resources that boost benefits for all parties.

Liquidity

Only small declines in indicators like the amount of liquid cash available to pay interest-bearing liabilities and deposits were seen in the banking sector during the year, which was marked by strong liquidity levels. The stability of the industry's liquidity during the past five years can be attributed to the establishment of a risk-averse culture in reply to the capital loss lessons gained through illegal lending activities in the past. In the year 2019, the proportion of liquid money to all deposits decreased by 2%, from 91% to 89% (PwC, 2020). This is due to a considerable growth in total deposits, which increased in the year 2019 by GHS 22.5 billion from 2018. The banking sector has regained stability and confidence as a result of the 2018 reforms, which helped to fuel the record-breaking growth of total deposits, which rose by 38.3 percent compared to 3.7 percent in 2018 (PwC, 2020).

Banks kept accumulating liquidity in a responsible manner by holding marketable securities and cash. The amount of liquid assets and money held at the end of the year climbed from GHS 61 billion to GHS 72.8 billion, a 19.27 percent rise. The entire quantity of liquid assets held by the participating banks was equal to 42% of their total deposits (PwC, 2020). The distribution of loans has been done so with extreme prudence, notwithstanding the lack of any indication of an abnormally high tendency for withdrawal.

Additionally, despite the growth in funds, the sector's overall liquidity ratio in the year 2019 remained stable at 62 percent. This indicates that the pace of customer financing is still slow. Gross advances and loans rose by GHS 9.7 billion this year, and banks' holdings of short-term securities surged significantly by 24.7 percent to GHS 49.1 billion (PwC, 2020). This results in a broader diversification of risk across the banks' operating asset portfolios while a concentration of risk across their lending portfolios. The majority of banks are reporting strong liquidity, and more than 50% of participating banks have stated liquid funds-to-total-asset ratios that are higher than the sector average of 62 percent.

Quality of assets

The measures the regulator enacted throughout the year were advantageous to the industry. At the end of the year 2019, the industry's gross loans and advances increased by 32.4 percent, while total assets increased by 25.1 percent year over year, with the majority of this growth coming from new deposits and equity infusion. Total advances and loans rose to "GHS 39.36 billion in 2019 from GHS 29.73 billion in 2018" (PwC, 2020). Nevertheless, from the year 2018 to the year 2019, the yearly impairment charge for financial assets decreased by 2%. This raised the sector's overall asset quality.

The ratio of non-performing loans declined from 9.8% in the year 2018 to 9.5% in the year 2019 by a factor of 0.3. The decline observed during the year was due to factors such as recoveries on loans, write-offs, and enhancements in the collateral quality supporting the loans over the period. A substantial amount of the non-performing liabilities in the oil and gas industry were removed as an outcome of the government paying back Bulk Distribution Company's (BDC) heritage loans. Participating banks' holdings of non-performing loans fell by 33% from the same period in 2018 to December

2019 (PwC, 2020). The last five years have seen a substantial development in the corporate environment. Similar to that, the industry's impairment charge to advances gross loans increased from 2.9 percent to 3 percent in the year 2019. This demonstrates the industry's ongoing and forward-moving improvement in credit management and recovery.

Corporate governance

Corporate governance is a system for governing and controlling businesses that aims to reconcile shareholder and other stakeholder accountability with the firm's power and authority (Jensen & Meckling, 1976). Conferring to Kusuma and Ayumardani (2016), the function of corporate governance is to regulate the power of directors, managers, shareholders, and other parties engaged in the growth of businesses in a specific environment. Board size, board composition, and board independence were the main corporate governance parameters used in this study.

Board size

Size of board is referred to as the members on the bank's board. The size of the board is reliant on on the size of the business and the type of industry, claim Dehaence, De Vuyst, and Oogne (2001). However, a distinct co-orientation difficulty emerges when the board size is too large. The CEO becomes lost in their efficiency, which results in bad performance (Eisenberg, Sundgren & Wells, 1998; Fernández Alvarez, Gómez Ansón, & Fernández Méndez., 1997). Literature suggests, board size affects firm performance positively. Large boards in contrast have a detrimental impact on bank performance, whereas smaller boards have a beneficial one. The majority of the researchers (Jensen,1993; De Andres, Azofra, & Lopez, 2005; Cheng, 2008) agreed that a big board size increased the bank's capability to monitor, but that it was undermined by the absence of communiqué and inefficient decision-making. Therefore, proper board size affects bank performance.

Board composition

The number of "independent and non-independent directors" on the board is shown under Board Composition. The performance of banks is also impacted by this combination. Boards are tasked with overseeing internal monitoring and improving the organization's efficiency. As a result, board composition is an important aspect of bank performance. According to Chiang and Lin (2011), corporations' performance is enhanced if board composition is taken into account. Independent board directors have a favourable effect on the bank's performance. Previous literature shows mismatched results in board composition and bank performance. Some authors (De Andres & Vallelado, 2008; Adams & Mehran, 2012) believe board composition has a negative impact on banks' performance while other authors (Cornett et al., 2008; Ravina & Sopienza, 2009) believe that board composition influences banks' performance positively.

Board independence

The association between the management and board and the independence of the board are two related concepts. The Cadbury Committee (1992) claims that a vital element of effective corporate governance is board independence. A competent board effectively segregates executive and non-executive directors. Executive directors are actively involved in the daily management of the business, whereas non-executive directors are typically not company employees and are not engaged in day-to-day operations. Singh, Aggarwal, and Anand (2017) are of the view that independent directors can better manage and monitor a firm's business activity due to their independence.

International financial reporting standards

The IFRS, originally known as IAS was established in response to a demand for consistency and quality in the composing of financial statements (Donwa, Mgbame & Idemudia, 2015). Various accounting studies suggest that the implementation of high-quality accounting standards contributes to generating consistent and comparable financial data across different accounting periods (Khanagha, 2011; Erin, Olojede & Ogundele, 2017). Investors, regulators, auditors, financial analysts, and academics must understand how IFRS influences a company's financial performance to make well-informed judgments. Many countries globally have embraced the implementation of IFRS due to its unification of accounting reporting standards. As a result, financial reports are only useful if they accurately reflect an organization's "economic substance" in terms of relevance, consistency, comparability, and readability (Okere, 2009).

Accounting quality

According to Pounder (2013), the quality of financial accounting determines its worth. According to the fundamental tenet of financial accounting quality, some accounting data is superior than others in successfully communicating its intended meaning. Moreover, accounting quality not only pertains to the content of reports but extends its influence across all facets of financial reporting. It underscores the importance of auditor independence in a novel manner. Specifically, auditing financial reports bolsters the credibility of managerial reporting, reducing uncertainty, risk, and capital costs. High-quality financial reporting demonstrates to managers that enhancing auditor independence voluntarily can add value (Badin & Dabor, 2015).

Empirical Review

Corporate governance and performance of banks

Ataur, Islam, and Ataur (2018) assessed the influence of corporate governance on banks' performance. The study examined 85 observations from 17 banks between 2013 and 2017. In order to investigate the effects of corporate governance on banks' performance, the study employed pooled OLS to analyze secondary data. The study's findings demonstrated that board size positively affects ROE, EPS, and ROA. Furthermore, the independence of the board improves ROE and EPS. Furthermore, the CEO position positively affects ROA. The outcomes of the study disclosed a strong direct correlation between corporate governance and bank performance.

The bank performance and corporate governance of a few chosen banks in the GCC region were surveyed by Naushad and Malik in 2015. The study looked into how corporate governance affected banks' performance. 24 GCC banks were employed in the study, which looked at their performance on total asset criteria between 2012 and 2013. Small boards are effective at monitoring management, according to the study. Additionally, the CEO's dual function enhances bank performance. According to the study's findings, corporate governance significantly affects the GCC banking sector's performance financially.

Efficacy of community and rural banks in Ghana was the subject of a 2018 study by Oteng-Abayie, Affram, and Mensah. In Ghana, the study looked at how well rural and community banks performed in terms of technical proficiency, operational effectiveness, and productivity, as well as the impact of corporate governance on these banks' operations. 70 RCBs were sampled from a total of 140 RCBs based on the performance rating of ARB Apex Bank and the availability of data. The study used the Data Envelopment Analysis (DEA) to determine how effective the selected RCBs were. According to the report, just 11% to 20% of RCBs perform better, and 65% to 81% perform appallingly. Therefore, the study concluded that the effectiveness of RCBs is influenced by board size, corporate social responsibility and regular board meetings.

The influence of financial reporting delays and corporate governance on corporate performance was examined by Agyei-Mensah (2018). 90 listed companies on GSE reports were used in the study between 2012 and 2014. Regression analysis and descriptive statistics were employed to analyse the reports. The study discovered that poor corporate governance (independent boards and audit committees) undermines the performance of businesses (ROE and ROA). Additionally, a lag in financial reporting is detrimental to the success of businesses (ROE and ROA).

Contemporary financial reporting practices and bank performance

In 2017, Park and Scaria carried out a research to look at how listed deposit money banks performed in relation to International Reporting Standards. The financial statements and yearly reports of these organizations aided as the major source of data for the study. Research conducted after the fact was used. According to the report, the implementation of IFRS has an effect on how well deposit banks function (after-tax profit). The banks' ROA, ROE, and EPS are unaffected by this, though. The study also discovered that in order to enhance long-term performance indicators including ROA, ROE, and after tax profit, pertinent regulatory agencies should impose strict adherence to IFRS.

The influence of IFRS adoption on banks' performance was studied by Adeuja (2015). Ratio analysis was utilised in the study to evaluate and contrast the performance of 10 banks from 2010 to 2013. The results demonstrated no link amid the adoption of IFRS and performance of the banks when the IFRS financial statements were compared to the GAAP financial statements.

In Queku (2021), the IFRS compliance and bank profits in Ghana were investigated. 20 Ghanaian banks' annual reports covering the years 2008 through 2014 were employed in the study. The study revealed that IFRS compliance had an effect on Ghanaian banks' profits. Furthermore, voluntary disclosure and faithful representation revealed a negative impact on banks' earnings, whereas accounting quality and mandatory disclosure showed a favourable but not very significant impact. The study proposed that ICAG analyse and evaluate the IFRS adoption policies in order to improve the banks' compliance with financial reporting requirements.

Conceptual Framework

The framework in Figure 1 below captures what has been discussed from literature in this study; where corporate governance (board size, board composition, and board independence) has been found to have an influence on bank performance (ROA, ROE, AND EPS) through contemporary fincial reporting (accounting quality).

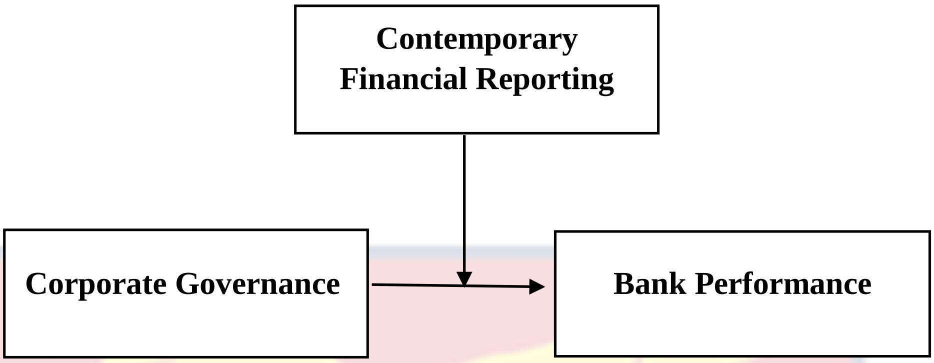

Figure 1: Formulated Conceptual Framework

Source: Author (2022)

Chapter Summary

The chapter evaluated relevant literature on the topic. Agency theory and decision-useful theory were the theories used in the investigation. The empirical data demonstrated that there are discrepancies between listed bank performance and corporate governance findings. While some results are encouraging, others are bad as well. The effectiveness of Ghana's listed banks is impacted by modern financial practises.

CHAPTER THREE

RESEARCH METHODS

Introduction

The approaches used to look at the link between listed banks' performance, financial reporting standards, and corporate governance are covered in this chapter. It outlines the methodology, variable measurement, data collecting strategies, model specifications, processing of data and analysis procedures.

Research Design

The study examined the moderating impacts of contemporary financial reporting practices as well as the connection between listed bank performance and corporate governance using an explanatory research methodology. According to Saunders, Lewis, and Thornhill (2012), explanatory studies are those that aim to ascertain cause and effect associations among variables. The study aimed to evaluate the cause-and-effect association between corporate governance, contemporary financial reporting methods, and the performance of publicly listed banks, making the chosen research methodology appropriate. Also, a cursory study from the literature showed inconsistent results from the research design therefore it was recognized as the weakness of the research design.

Research Approach

Quantitative, qualitative, and mixed methods are the three main types of research approaches, according to Creswell (2014). The study utilized a quantitative research methodology to assess the correlation among corporate governance and the performance of listed banks in Ghana, along with assessing the moderating impact of contemporary financial reporting practices. This approach was chosen because it was appropriate for explanatory research.

Data Collection Procedures

The yearly reports of banks listed on the Ghana Stock Exchange were among the secondary data sources used in the study. The study used these banks' annual reports from 2011 – 2020 to draw insight into the pre-COVID 19 and COVID-19 era performance of the listed banks. Additionally, it demonstrated the connection between these banks' performance and financial reporting standards as well as corporate governance. All mentioned banks' annual reports were obtained from their own websites.

Table 1: Listed Banks

Symbol	Company
ACCESS	Access Bank Ghana
ADB	Agricultural Development Bank
CAL	CalBank PLC
EGH	Ecobank Ghana Ltd
GCB	Ghana Commercial Bank Ltd
RBGH	Republic Bank Ghana PLC
SCB	Standard Chartered Bank Ghana PLC
TBL	Trust Bank Ltd

Source: Ghana Stock Exchange (2022)

Measurement of Variables

All of the variables' measurements were chosen based on how frequently they were used in the literature. ROA, ROE, and EPS were employed to evaluate the performance of banks, which was the dependent variable. Corporate governance is the first independent variable which includes board size, board composition, and board independence. Accounting quality is the second independent variable in financial reporting methods. The number of members on the bank's board was used to determine board size, composition of the board was determined by the number of independent and non-independent members on the board, and the independence of the board was determined by the ratio of non-executive directors to board size. The financial reporting practice was measured using accounting quality which employed the discretionary accrual method.

Table 2: Description of Variables and Data Source

Variable	Measurement	Data Source	Empirical Justification
Performance	Return on Assets (Profit after tax / Total asset employed) Return on Equity (Profit after tax / Total Equity) Earning Per Shares (profit attributable to ordinary equity holders divided by weighted average number of shares. This research depended on EPS as computed and stated by the various banks in their annual reports)	Annual Report	Ataur, Islam, and Ataur (2018), Kusuma and Ayumardani (2016), and Agyei-Mensah (2018)
Board Size	The members of the bank's board	Annual Report	Ataur, Islam, and Ataur, (2018), Naushad and Malik (2015), and Agyei-Mensah (2018)
Board Composition	The number of executive and non-executive directors on the bank board	Annual Report	Ataur, Islam, and Ataur (2018), and Agyei-Mensah (2018)
Board Independence	The ratio of non-executive directors to board size	Annual Report	Agyei-Mensah (2018)

Accounting Quality	Discretionary Accrual Method $$DA = \frac{TA_t}{A_{t-1}} - \beta 1\left(\frac{1}{A_{t-1}}\right) + \beta 2\left(\frac{\Delta REV - \Delta REC_t}{A_{t-1}}\right) + \beta 3\left(\frac{PPE_t}{A_{t-1}}\right) + \varepsilon j,t$$	Discretionary Accrual Method and Audit Qualifications	Jones (1991)

Source: Fieldwork (2022)

Model Specifications

Model 1: The effect of corporate governance on the performance of listed banks

Model 1 is a multi-linear regression equation for the research objective (1). It was adapted and modified from the regression equation of Ataur, Islam, and Ataur, (2018). The following is the regression model used:

$$\text{BP}it=\alpha+ \beta 1\text{BS}it+\beta 2\text{BC}it+\beta 3\text{BIND}it +\beta 4TOit+ \text{e}it$$

Where BP is bank performance

BS is board size

BC is board composition

BIND is Board Independence

Model 2: The effect of contemporary financial reporting practices on the performance of listed banks

Model 2 is a linear regression equation for the research objective (2). The following is the regression model used:

$$\text{BP}it=\alpha+ \beta 1\text{AQ}it+ \text{e}it$$

Where BP is bank performance

AQ is the accounting quality of banks

Data Processing and Analysis

Excel 2019 and SPSS version 21 were utilized for the data analysis. Ordinary Least Square (OLS) was utilized in the research to investigate the relationship and regression between listed bank performance, financial reporting methods, and corporate governance. According to Rutherford (2001), OLS regression is a commonly used method for data analysis, and it provides the foundation for many other approaches such as ANOVA and generalized linear models. Also, OLS regression, according to Sofroniou and Hutcheson (1999), is appropriate to check the assumptions of the model like linearity, constant variance and outlier effect. In order to determine if there was a substantial connection between bank performance and corporate governance procedures, the study performed a Pearson's correlation. Furthermore, the study utilized regression and correlation analysis to assess the direction and intensity of the link between listed bank performance, financial reporting methods, and corporate governance. The effect of the predictor factors on the dependent variable “bank performance” which was evaluated using measures including “ROE, ROA, and EPS” was ascertained by a multiple regression analysis.

Chapter Summary

The study's methodology was described in this chapter. In order to clarify the connection between corporate governance, contemporary accounting standards, and the performance of banks listed in Ghana, the study employed an explanatory research approach. The study used a quantitative research approach and collected data using secondary means (annual reports).

Ultimately, the gathered data underwent analysis utilizing SPSS version 21 and Excel 2019.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

The statistical analysis of ten years of annual reports of listed banks (2011 to 2020), interpretation, and discussion with literature was presented in this chapter. The organization of this chapter was directed by the research objectives and the questionnaire. The results are organized as descriptive statistics, correlation, regression analysis, and moderation analysis.

Descriptive Statistics

Table 3: Descriptive Statistics

STATISTICS	ROA	ROE	EPS	BS	ED	NED	B IND
Mean	2.88%	18.39%	6.84	9.38	2.2	7.19	0.758
Standard Error	0.29%	1.70%	3.09	0.22	0.13	0.24	0.015
Median	2.70%	19.05%	1.22	8.5	2	7	0.760
Mode	3.00%	9.80%	0.010	8	1	7	0.75
Standard Deviation	2.57%	15.18%	27.65	1.98	1.12	2.16	0.130
Sample Variance	0.001	0.02	764.74	3.93	1.25	4.66	0.017
Kurtosis	5.50	1.09	19.89	-0.03	-0.30	0.06	0.512
Skewness	1.02	-0.63	-2.23	0.97	0.65	0.46	-0.927
Range	0.1868	0.774	247	9	4	10	0.590
Minimum	-3.68%	-27.4%	-166	6	1	2	0.333
Maximum	15%	5%	81	15	5	12	0.923
Sum	2.30	14.71	547.30	750	176	575	60.664
Count	80	80	80	80	80	80	80

Source: Fieldwork (2022)

The analysis from Table 3 showed that the average ROA, ROE and EPS of listed banks in Ghana are 2.88%, 18.39%, and GH₵ 6.84 respectively. Following that the minimum ROA, ROE and EPS of listed banks in Ghana were (-3.68%, 27.4%, and -166 respectively). Also, the maximum ROA, ROE and EPS listed banks have recorded since 2011 were 15%, 5% and 81 respectively.

Moreover, with regards to corporate governance sub-variables, the average "board size, executive directors, non-executive directors, and board independence" were 9, 2, 7, and 0.758 respectively. This shows the board of these banks are highly independent. This is however good for corporate governance practice. Furthermore, the minimum "board size, executive directors, non-executive directors, and board independence" were 6, 1, 2, and 0.333 while the maximum were 15, 5, 12, and 0.923 respectively.

In addition, the most ROA, ROE and EPS these listed banks have recorded over the last ten years were 3%, 9.8%, and 0.0010. The board size had been 8 with 1 being an executive director and the others being non-executive directors. The results from Table 3 display that the independence of the board of every bank is seen as a priority to safeguard the investment of the shareholders.

Corporate Governance and Performance of Listed Banks

Table 4: Correlation Analysis

	BOARD SIZE	*BCOMP*	*B IND*	*ROA*	*ROE*	*EPS*
BOARD SIZE	1					
BCOMP	0.9984	1				
BIND	0.2691	0.2708	1			
ROA	0.0601	0.0481	-0.2239	1		
ROE	-0.0112	-0.0253	-0.2461	0.7709	1	
EPS	-0.1146	-0.1549	0.1021	0.1297	0.2911	1

Source: Fieldwork (2022)

To better understand the link between the "corporate governance variables (board size, board composition, and board independence) and the financial performance" of listed banks, a correlation analysis was undertaken. The results from Table 4 depict that there was a direct connection between board size (r = 0.0601), board composition (r = 0.0481) and return on assets but board independence (r = -0.2239) showed a diverse relationship with return on assets. Also, the board size (r = -0.0112), board composition (r = -0.0253) and board independence (r = -0.2461) showed a diverse relationship with return on equity. Moreover, board size (r = -0.1146) and board composition (r = -0.1549) showed a negative relationship with earnings per share while board independence (r = 0.1021) showed a direct relationship with earnings per share. The outcomes display some disagreement with the research of Ataur, Islam, and Ataur (2018), which found a favorable association between banks' performance and corporate governance, namely board size and composition. Additionally, Ataur, Islam, and Ataur (2018) discovered a favorable correlation between board independence and ROE and EPS. This is not totally in line with the study's conclusions, which showed a negative correlation between board independence and ROE. These results corroborate those of Agyei-Mensah (2018), who found a diverse association between return on equity and return on assets and board size and independence.

Effect of board size on the performance of listed banks

Table 5: Board Size and ROA, ROE, and EPS

	Coefficient	Standard Error	t-Stat	P-value
Intercept	0.02150	0.01402	1.53359	0.12918
ROA	0.00078	0.00146	0.53157	0.59653
Intercept	0.1919	0.0830	2.3114	0.0235
ROE	-0.0009	0.0087	-0.0989	0.9215
Intercept	21.8189	15.0249	1.4522	0.1505
EPS	-1.5976	1.5684	-1.0186	0.3115

Independent Variable: Board Size

Confidence Interval 95%

Source: Fieldwork (2022)

The influence of board size was examined on the performance of listed banks. From Table 5, the outcomes indicated that there is an insignificant link among board size (coefficient = 0.00078, p-value > 0.05, coefficient = -0.0009, p-value > 0.05, coefficient = -1.5976, p-value > 0.05) and ROA, ROE, and EPS because the p-values are above 0.05. The analysis implication is that board size cannot influence the performance or predict the variations in the listed banks performance in Ghana. Board size alone may not have a major influence on these performance indicators, as seen by the lack of a meaningful association among board size and the performance measures (ROA, ROE, and EPS) in Ghana's listed banks. This implies that other factors, such as management practices, market conditions, or regulatory frameworks, may play a more dominant role in influencing and predicting variations in listed banks' performance in Ghana. Board size alone may not be a reliable predictor or driver of performance in this context, highlighting the multifaceted nature of factors affecting bank performance in the Ghanaian market. The outcomes of the study go counter to the conclusions of Ataur, Islam, and Ataur's (2018) study, which asserts a high link among board size and ROA, ROE, and EPS. As such, the size of the board has little bearing on the performance of Ghana's listed banks.

Effect of board composition on the performance of listed banks

Table 6: Board Composition and ROA, ROE, and EPS

	Coefficient	Standard Error	t-Stat	P-value
Intercept	0.0229	0.0141	1.6281	0.1075
ROA	0.0006	0.0015	0.4252	0.6718
Intercept	0.2021	0.0833	2.4251	0.0176
ROE	-0.0019	0.0087	-0.2236	0.8237
Intercept	27.1756	15.0018	1.8115	0.0739
EPS	-2.1661	1.5642	-1.3848	0.1700

Independent Variable: Board Composition

Confidence Interval 95%

Source: Fieldwork (2022)

The impact of the composition of the board with respect to “executive and non-executive directors” was investigated on the listed banks performance. The analysis from Table 6 revealed that there is an insignificant association among board composition (coefficient = 0.0006, p-value > 0.05, coefficient = -0.0019, p-value > 0.05, coefficient = -2.1661, p-value > 0.05) and ROA, ROE, and EPS of listed banks in Ghana. These findings suggest that there is no direct or indirect link among the makeup of bank boards and the performance of Ghanaian listed banks. The absence of a noteworthy correlation between the performance metrics (ROA, ROE, and EPS) of listed banks in Ghana and the composition of the board, which consists of both “executive and non-executive directors”, implies that the particular distribution of “executive and non-executive directors” on the board has no influence on these metrics. It implies that other factors, such as operational strategies, market dynamics, or economic conditions, are likely more prominent drivers of listed banks' performance in the Ghanaian context. Board composition alone may not be a determining factor in predicting or affecting the financial performance of these banks, highlighting the complex interplay of various variables in shaping their outcomes. This runs counter to the conclusions of Ataur, Islam, and Ataur's (2018) study, which shows that ROA, ROE, and EPS are significantly linked with the makeup of the board. As a result, the makeup of the board has little bearing on the performance of Ghana's listed banks.

Effect of board independence on the performance of listed banks

Table 7: Board Independence and ROA, ROE, and EPS

	Coefficient	Standard Error	t-Stat	P-value
Intercept	0.0622	0.0167	3.7218	0.0004
ROA	-0.0441	0.0217	-2.0290	0.0459
Intercept	0.4012	0.0983	4.0805	0.0001
ROE	-0.2866	0.1278	-2.2424	0.0278
Intercept	-9.5868	18.3808	-0.5216	0.6035
EPS	21.6643	23.8934	0.9067	0.3674

Independent Variable: Board Independence

Source: Fieldwork (2022)

The effect of the board's independence on listed banks' performance was also looked at. Table 7's findings showed that there is a statistically significant negative correlation among board independence and the listed banks in Ghana's ROA (r = -0.0441, p-value < 0.05) and ROE (r = -0.2866, p-value < 0.05). However, board independence has no substantial relationship with EPS (coefficient = 21.6643, p-value > 0.05). This suggests that while board independence has an impact on listed banks' returns on equity and assets, it has no effect on their earnings per share. The substantial inverse association seen between board independence and both ROA and ROE implies that the profitability and return on equity of Ghanaian listed banks likely to decline as board independence rises (signaling a higher percentage of independent directors). This might be because highly independent boards may prioritize risk management and governance over profit-seeking strategies, potentially leading to reduced returns on assets and equity. The lack of a substantial connection between board independence and EPS implies that while board independence affects overall profitability (ROA and ROE), it doesn't necessarily impact the allocation of earnings to shareholders in the form of earnings per share, which can be influenced by factors beyond board composition, such as dividend policies or share buybacks. These findings agree with Agyei-Mensah's (2018) research that found that board independence negative influences ROE and ROA.

Contemporary Financial Reporting and Performance of Listed Banks

Table 8: Correlation Analysis

	Accounting Quality	ROA	ROE	EPS
Accounting Quality	1			
ROA	-0.0587	1		
ROE	-0.1332	0.7709	1	
EPS	-0.1486	0.1297	0.2911	1

Source: Fieldwork (2022)

Before the main analysis, the relationship between contemporary financial reporting practices (measured by accounting quality) and the performance of listed banks (ROA, ROE, and EPS) was carried out using correlation analysis. The findings from Table 8 revealed that there exist a negative connection between contemporary financial reporting ($r = -0.0587$, $r = -0.1332$, and $r = -0.1486$) and performance (ROA, ROE, and EPS) of listed banks respectively. This suggests that a potential enhancement in accounting standards might result in a decrease in the performance of publicly listed banks, and conversely. This could be due to several factors: First, higher accounting quality may entail stricter adherence to accounting standards and regulations, which could lead to a more conservative recognition of profits and assets. Second, it might indicate a focus on transparency and risk management, which could result in more prudent financial practices that might limit profitability. Lastly, it's possible that banks facing challenges or deteriorating performance may prioritize improving their accounting practices to meet regulatory requirements, and this could be reflected in the negative correlation observed. Contrary to the study's conclusions, Queku (2021) found that accounting quality and bank performance are positively correlated.

Effect of the moderating factor on the performance of listed banks

Table 9: Accounting Quality and ROA, ROE, and EPS

	Coefficient	Standard Error	t-Stat	P-value
Intercept	0.02889	0.00289	9.99531	0.00000
ROA	-0.01606	0.03094	-0.51888	0.60531
Intercept	0.1850	0.0170	10.9115	0.0000
ROE	-0.2155	0.1816	-1.1869	0.2389
Intercept	7.0817	3.0823	2.2975	0.0243
EPS	-43.8124	33.0026	-1.3275	0.1882

Independent Variable: Accounting Quality

Confidence Interval 95%

Source: Fieldwork (2022)

Moreover, the influence of the moderating factor (contemporary financial reporting) which was measured by accounting quality was examined for the performance (ROA, ROE, and EPS) of listed banks. Table 9 of the research shows that there is no meaningful association between the performance of listed banks in Ghana and current financial reporting methods. This implies that the moderating factor cannot influence the performance of listed banks in Ghana. This could indicate that other factors, such as market conditions, management strategies, or economic factors, have a more dominant role in shaping the performance outcomes of listed banks in Ghana. Essentially, accounting quality, while important for transparency and regulatory compliance, may not be a decisive factor in explaining variations in the financial performance of these banks in the Ghanaian context. These results ran counter to those of Park and Scaria (2017) and Adeuja (2015), who found that banks' performance is impacted by their adoption of modern financial reporting procedures.

Moderating Role of Contemporary Financial Reporting Practices on Corporate Governance and Performance of Listed Banks

Table 10: Moderating Analysis (Sobel Test)

Input		Test Statistics	Std. Error	p-value
a (-0.00001647)	Sobel test	-0.936	14.898	0.349
b (-1.099)				
Sa (0.13)				
Sb (0.872)				

Source: Fieldwork (2022)

Finally, the moderating analysis was done to determine the influence of the moderating factor (contemporary financial reporting practices) on performance of listed banks and corporate governance in Ghana. The result from the Sobel Test ($p>0.05$) showed that there is an insignificant influence from the moderating factor on corporate governance and performance of listed banks in Ghana according to Table 10. This suggests that the influence of corporate governance measures on the performance of listed banks is not significantly influenced by the quality of financial reporting in the Ghanaian context. Other factors, such as regulatory frameworks, market dynamics, or management decisions, may have a more prominent influence on this relationship.

Chapter Summary

Descriptive statistics and correlation analyses of the parameters used in the study were presented in this chapter. A description of the outcomes derived from the data estimate process came next. The findings indicated that the number of directors on the board and ROA, ROE, and EPS had no discernible link. Once more, there was no discernible correlation found between the makeup of the board (executive vs. non-executive directors) and ROA, ROE, or EPS. Moreover, board independence had a significant negative relationship with ROA and ROE, but no significant relationship with EPS. Furthermore, a negative correlation was observed between the quality of contemporary financial reporting (accounting) and bank performance measures such as ROA, ROE, and EPS. Conversely, the relationship between corporate governance and bank performance was not significantly impacted by the moderating effect of contemporary financial reporting.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter entails a discussion on the summary, conclusions, and recommendations derived from the research. It is segmented into three principal sections. The initial part gives an outline of the complete study, encompassing an overview of the objectives and the methodologies utilized. The conclusions reached in light of the study's findings are highlighted in the second part. The third section of this chapter presents some recommendations based on the findings of the study. This section also points out some possible areas for further research.

Summary of the Study

This study looked at the link between listed banks' performance in Ghana and corporate governance, as well as the moderating influence of modern financial reporting practices. The study focused on looking at how listed banks performed in relation to board size. The effect of board independence and composition on the performance of listed banks was also investigated in this study. Moreover, the effect of the moderating role of contemporary financial reporting practices and the performance of listed banks was also investigated. Lastly, the study again went ahead to assess the influence of the moderating role of contemporary financial reporting practices on corporate governance and the performance of listed banks.

The research utilized annual reports spanning from 2011 to 2020 from 8 listed companies on the Ghana Stock Exchange. It adopted an explanatory research design to address the research inquiries. The data underwent coding and editing processes utilizing Excel 2019 and SPSS. Analysis was conducted employing descriptive statistics such as frequencies, percentages, mean, and standard deviation, alongside inferential statistics like correlation and regression analysis.

Summary of Key Findings

The study's results indicated a positive correlation between board size and board composition and the return on assets of listed banks. Conversely, board independence exhibited a negative correlation with the return on assets.

Furthermore, the dimensions of board size, board composition, and board independence exhibited an adverse correlation with return on equity. In addition, board size and board composition demonstrated a negative association with earnings per share, while board independence displayed a positive correlation.

Furthermore, board size and board composition showed no significant influence on the financial performance (ROA, ROE, and EPS) of listed banks in Ghana. However, board independence showed a negative influence on ROA and ROE but could not show a significant influence on the EPS of listed banks in Ghana.

Moreover, the investigation revealed an adverse association between modern financial reporting practices and the financial performance metrics of return on assets (ROA), return on equity (ROE), and earnings per share (EPS). However, these connections did not exhibit a significant influence on the financial performance of listed banks in Ghana.

Lastly, the moderating factor (contemporary financial reporting practices) had no significant influence on the independent variable (corporate governance) and dependent variable (financial performance).

Conclusions

The study concluded based on the first and second objectives that the size of the board (measured by the number of directors) nor the composition of the board (including the mix of executive and non-executive directors) has a significant impact on the performance of listed banks. This suggests that factors beyond board structure play a more crucial role in determining bank performance in the Ghanaian context.

Thirdly, board independence was found to have a significant negative relationship with both return on assets (ROA) and return on equity (ROE), implying that as boards become more independent, profitability and shareholder returns tend to decrease. This result highlights the complex interplay between governance structures and financial outcomes.

The study also concluded based on the fourth objective that there exists a negative link between contemporary financial reporting practices (accounting quality) and bank performance, suggesting that improvements in accounting quality may be associated with reduced financial performance. This underscores the importance of balancing transparency with profit-seeking strategies.

Finally, the moderating analysis revealed that contemporary financial reporting practices do not significantly influence the link between corporate governance and bank performance. In other words, accounting quality does not appear to enhance or alter how corporate governance practices impact the financial performance of listed banks in Ghana. This implies that other factors may play a more dominant role in this relationship.

In concluding this section, the study revealed that the performance of listed banks in Ghana is influenced by a complex interplay of factors beyond board structure, including market conditions, management strategies, and regulatory frameworks. While corporate governance and financial reporting are essential aspects of bank management, they do not act in isolation and must be considered alongside other variables. The results provide valuable insights for policymakers, regulators, and bank management in Ghana as they seek to optimize governance practices and financial reporting while striving for improved financial performance.

Recommendation

The following recommendations are made in light of the current study's key findings and conclusions.

First of all, banks in Ghana should focus on other aspects of corporate governance and management to enhance performance. Instead of simply increasing board size, banks should prioritize selecting directors with relevant skills, expertise, and industry knowledge to contribute effectively to decision-making.

Secondly, banks should carefully consider the balance between independence and industry experience when forming their boards. It's important to strike a balance that ensures robust governance practices while not overly compromising financial performance.

Also, banks should continue to prioritize transparent financial reporting to meet regulatory requirements and build investor trust. However, they should also explore strategies to mitigate the potential negative impact on profitability, such as optimizing cost structures or diversifying revenue streams. Finally, banks should continue to focus on improving corporate governance practices as they play a crucial role in long-term sustainability.

Suggestions for Further Research

The study examined the effect of corporate governance and the performance of listed banks in Ghana as well as the moderating role of contemporary financial reporting practices. Studies in the future could consider conducting a longitudinal study on the corporate governance of listed banks to determine the new trends in this phenomenon. Also, studies in the future should be broadened to include unlisted banks to verify how corporate governance influences their financial performance.

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APPENDIX

Discretionary Accrual Method

$\frac{TA}{At-1}$	$\frac{1}{At-1}$	$\frac{\Delta REV - \Delta REC}{At-1}$	$\frac{PPE_t}{At-1}$
-0.02	0.00	-0.04	0.01
-0.23	0.00	-0.07	0.02
0.25	0.00	-0.05	0.02
-0.23	0.00	-0.01	0.05
0.19	0.00	0.03	0.03
0.02	0.00	0	0.03
-0.07	0.00	0.01	0.03
0	0.00	-0.08	0.02
-0.01	0.00	-0.06	0.02
0.02	0.00	-0.24	0.03
0.14	0.00	-0.09	0.03
0.09	0.00	-0.09	0.03
0.14	0.00	-0.12	0.04
-0.14	0.00	-0.05	0.07
0.07	0.00	0.05	0.07
0.06	0.00	-0.09	0.08
0.1	0.00	-0.06	0.07
0	0.00	0.08	0.05
-0.27	0.00	-0.12	0.03
0.05	0.00	-0.14	0.03
0.04	0.00	-0.19	0.03
-0.01	0.00	-0.14	0.04
0.06	0.00	-0.03	0.04
0.05	0.00	0.13	0.04
0	0.00	0.04	0.04
0.02	0.00	-0.09	0.05
-0.01	0.00	0.06	0.05
0	0.00	-0.06	0.04
0.03	0.00	-0.04	0.04
0.02	0.00	-0.05	0.04
0.05	0.00	0.04	0.04
-0.14	0.00	0.11	0.04
0	0.00	-0.02	0.04
0.02	0.00	0.01	0.04
0.02	0.00	-0.02	0.04
-0.01	0.00	0	0.03

	0.00	-0.02	0.02
	0.00	-0.03	0.02
	0.00	-0.01	0.03
0.02	0.00	0	0.03
0.06	0.00	-0.02	0.03
0.09	0.00	-0.04	0.02
-0.12	0.00	-0.05	0.02
0	0.00	-0.04	0.02
0.02	0.00	0.02	0.02
	0.00	-0.19	0.02
	0.00	285.74	0.02
	0.00	-0.06	0.04
-0.03	0.00	-0.13	0.04
0.04	0.00	0	0.03
-0.03	0.00	0.07	0.03
0.03	0.00	-0.11	0.02
	0.00	-0.02	0.03
	0.00	-0.03	0.03
	0.00	0.01	0.01
	0.00	0.03	0.01
	0.00	-0.12	0.01
-0.26	0.00	0.14	0.01
0	0.00	0.01	0.01
0.03	0.00	-0.01	0.01
0.02	0.00	0	0.01
-0.04	0.00	-0.04	0.04
-0.01	0.00	0.04	0.03
0.01	0.00	0.03	0.08
	0.00	0.01	0.08
	0.00	0.02	0.09
	0.00	0	0.14
	0.00	0.02	0.13
	0.00	-0.01	0.11
	0.00	-0.09	0.1
	0.00	-0.01	0.08
	0.00	0	0.07