Codes of corporate governance: a comparative analysis between Ghana and the UK

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Abstract: We highlight considerable important aspects of the proposed 2010 Security and Exchange Commission (SEC) Code of Ghana and compare them with UK Corporate Governance Codes. Comparisons are undertaken on their respective definitions of corporate governance, compliance and enforcement, board structure and composition and key board committees. Initial findings suggest that both the 2010 SEC of Ghana and UK Codes are voluntary in nature and principally business induced. However, we recommend a more highly regulated business environment in Ghana to enhance corporate governance practices through effective compliance and enforcement. As several Ghanaian firms are characterised by large shareholders who painstakingly influence both the appointments of chief executive officer and board members, enhancements in corporate governance practices in Ghana are vitally important to safeguard the rights of minority shareholders, infuse confidence in investors and compliance with socio-economic goals of Ghana.

Keywords: 2010 SEC Code of Ghana; UK corporate governance codes; comparative analysis; compliance and enforcement; board structure and composition; key board committees; corporate governance.

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1 Introduction

Corporate governance has recently received much attention as a result of the incidence of corporate frauds, accounting scandals, excessive compensation packages, insider trading, self-dealing, misleading disclosures, and possible civil and criminal liabilities of corporate organisations. This great deal of attention largely originated from developed countries since it was in these economies that these managerial mishaps largely emanated (For example, in Enron, Polly Peck, Coloroll among others). Currently, most developing and transition economies are also making greater efforts to ensure that sound corporate governance practices prevail in their economies to avert 'falling perniciously' into similar managerial pitfall (Agyemang and Aboagye, 2013). Ghana is one of such transition economies that are striving to achieve business prosperity, probity, accountability, responsibility and transparency in the management of corporate organisations. Prior to the 1990s, the majority of corporate organisations in Ghana were state-owned. Owing to this, most of these corporate organisations did not see the need to tap into the capital markets, in that most of their resources were coming directly from the central government. In the 1990s, through the privatisation programme of the then government and the establishment of Ghana's capital market, certain Ghanaian companies listed on the Ghana Stock Exchange (GSE). Although these companies are listed on the GSE, the government still wields substantial control over the activities of the companies whose significant shares are held by the government (Agyemang and Aboagye, 2013; Mensah et al., 2003).

Through certain initiatives by specific stakeholders such as the Ghana Institute of Directors (IoD-Ghana) and African Capital Markets Forum (ACMF), the issue of how to address corporate governance issues in Ghana came to light. The actions by the IoD-Ghana and ACMF were in collaboration with the Commonwealth Association of

Corporate Governance (CACG), and Centre of International Private Enterprise (CIPE) and International Development Research Centre (IDRC) respectively. Other initiatives have also been crafted to deal with issues pertaining to corporate governance in the country. For example, a survey by IoD-Ghana in 2001 makes it clear that sound corporate governance issues are gaining popularity and gradually being accepted by firms in Ghana. Also, failures of corporate organisations such as the Ghana Airways, Ghana International Airline, Bank for Housing and Construction, Cooperative Bank, Meridian BIAO and many others have precipitated the rise of sound corporate governance in the country. These corporate failures reflect the goad towards sound corporate governance in the UK following the collapse of Coloroll and Polly Peck. The collapse and liquidation of some Ghanaian corporate organisations illuminated the effects of poor corporate governance, and prompted the Securities and Exchange Commission (SEC) to review and reform corporate governance in Ghana.

In 2010, the SEC put forth some measures to help put to work sound corporate governance in corporate organisations that operate under the Securities Industry Law and issuers of publicly-quoted securities especially, those traded on the GSE. This guideline is referred to as the 2010 SEC code of best practices of Ghana. The Code is primarily based on the various principles of corporate governance spelt out by the CACG, the OECD and Codes of corporate governance issued by regulatory agencies in developing and transition economies. It is made up of seven sections to strengthen laws, promote effective and efficient enforcement, improve disclosure and transparency and indicate the relevance of training and education of company secretaries and directors.

In this study, we examine several facets of the proposed 2010 SEC code of best practices of Ghana and juxtapose them with those in the UK corporate governance codes (Cadbury, Greenbury, Hampel report, 1998 Combined code, Turnbull, Higgs, Smith report, UK director’s remuneration report, 2003 Combined code, 2005 Turnbull guidance, 2006 Combined code, 2008 combined code, Smith report on audit committee, Companies Act, 2010 UK corporate governance code, 2012 UK corporate governance code). We will then highlight germane issues that are deficient in Ghana’s code and subsequently, make some recommendations on the basis of the provisions in the UK code.

Developments in corporate governance and disclosures in most countries are often shaped by external factors such as old colonial ties. Ghana is no exception as its history of corporate governance practices and company laws can be traced to its colonial days. Ghana’s regulatory systems and governance practices mirrors UK pattern. This provides the justification for a comparative analysis of the codes of corporate governance of Ghana and that of the UK. It is needful to examine the extent of congruence or otherwise between these codes with a deliberate focus on making recommendations that would strengthen Ghana’s code.

The remainder of the paper will be structured as follows. Section 2 of the paper presents the methodology. The definition of corporate governance in respective codes is given in Section 3. Section 4 juxtaposes the compliance and enforcement of the individual codes. Section 5 then assesses issues pertaining to board structure and key board committees and examines a study conducted by Mensah et al. (2003) on corporate governance practices in Ghana. We ultimately conclude the paper by summarising our comparative analysis between the 2010 SEC Code of Ghana and UK Corporate Governance Codes.

2 Methodology

The amount of research works concerning corporate governance is significant and on the rise globally. Despite these studies, several laws, listing requirements and regulations are continually being enacted to the ever-evolving issues in this area. The recent development of corporate governance Codes worldwide, is tended to concentrate on corporate governance practices to ensure that corporate organisations are run effectively and held accountable in the use of corporate resources. In order to thoroughly carry out a comparative analysis between the 2010 SEC Code of Ghana and UK Codes, we adopted the following steps to retrieve the Codes:

- Preliminary identification of the code: A search for the codes took us to the website of European Corporate Governance Institute (ECGI) where an index of all codes across the world is available. Fortunately, we were able to get all the Codes from the website.
- We then consulted the SEC Ghana and Financial Reporting Council (FRC) of the UK to ascertain the reliability and wholeness of the Codes. This was undertaken to ensure reliability of our paper.
- Codes analysis: The respective Codes were then analysed to ascertain what corporate governance means. We then analyse the compliance and enforcement of the Codes. Ensuing was the examination of issues pertaining to board structure and key board committees of the Codes. We finally, examined the related parts of the survey conducted by Mensah et al. (2003).

3 Definition of corporate governance

In 1992, the Committee on Financial Aspects of Corporate Governance published its report, and it became commonly known as the Cadbury Report, named after its Chair, Sir Adrian Cadbury. This report is generally considered as the one that set the foundation for a 'best practice' structure of corporate governance in the UK and many countries across the globe (Mallin, 2011; Solomon and Solomon, 2004). The Cadbury Code made many germane suggestions on the structure and way in which boards of listed corporate organisations should operate in regards to their controlling and monitoring roles. The Code also made a recommendation in relation to the split of the roles of the board chair and chief executive of a corporate organisation. Further, the code recommends that at least a third of members of corporate boards should be made up of non-executive directors to ensure independence of corporate boards from corporate managers. More so, the Code touched on the responsibility of boards to ensure the quality of financial reporting and internal control systems.

Other reports purposely to elaborate on the Cadbury report followed: Greenbury report in 1995 focused on director's remuneration package; Hampel report on the important role that institutional investors can play in 1998; Combined code in 1998 focused on how directors could carry out a review of the effectiveness of the internal control systems; Turnbull on the implementation of the internal control requirements in 1999; Higgs in January 2003 focused on the role of non-executive directors; Smith on audit committee in January 2003; UK Director's Remuneration report regulations on

director's remuneration in 2002; Combined code in 2003 built on the earlier reports; Turnbull guidance revised the earlier guidance in 2005; Combined code in 2006 tackled three main changes – allowing the company chair to sit on the remuneration committee, providing a 'vote withheld' option on proxy appointment forms and recommending companies to publish on their websites proxy details; Combined code in 2008 also made two main changes – removing restrictions on an individual chairing and allowing companies chairs to sit on the audit committee; Smith in 2008 on audit committee; Companies Act on the codification of the duties of directors; the UK Corporate governance code in 2010 that reviewed the combined code; and the 2012 corporate governance code, which is aimed at reinforcing the 2010 code.

The Cadbury code defines corporate governance as 'the system by which companies are directed and controlled'. This definition has been extended in the 2012 UK corporate governance code to include the relevance of corporate governance in facilitating 'effective, entrepreneurial and prudent management that can deliver long-term success of the company'. The 2012 UK code takes into consideration a number of significant constituents of effective corporate governance; 'accountability, probity and focus on the sustainable success of an equity over the longer term'. As indicated earlier, the 2010 SEC code of best practices of Ghana was modelled around the CACG principles and other principles of corporate governance; it recognises urgent demand for probity, accountability and transparency in the running of corporate organisations. The code defines corporate governance as follows:

> "Corporate governance in the context of a modern corporation has become synonymous with the practices and processes used to direct and manage the affairs of a corporate body with the object of balancing the attainment of corporate objectives with the alignment of corporate behaviour to the expectations of society and accountability to shareholders and other stakeholders."

This definition has two main aspects: Firstly, the practice of corporate governance is not only considered to enhance business accountability but also to attain corporate objectives. Secondly, by aligning corporate behaviour with societal expectations addresses the longer term objective of a corporate organisation. Therefore, the SEC has within its definition of corporate governance, the corporate governance principles contained in the 2012 UK corporate governance Code.

4 Compliance and enforcement of the codes

The Cadbury code is 'directed to the boards of directors of all listed companies registered in the UK'. In tandem with other reports such as the Greenbury, Hampel, Turnbull, *inter alia*, boards of directors are regarded as a key component to ensuring the continuity of obligations by corporate organisations. Therefore, it is required of all corporate organisations that are listed on the London Stock Exchange (LSE) to candidly unveil the extent of their compliance with the aforesaid codes in their annual reports. A reason should be made clear by a quoted company if it fails to comply. In that case the company has to have an alternative that can be rationalised in specific condition if sound corporate governance can be achieved by that means.

In February, 2012, the UK FRC in its report on what constitutes explanation revealed three main elements for a down-to-earth explanation; that the firm in question has to "set

the context and historical background, …give a convincing rationale for the action it was taking, and describe mitigating action to address any additional risk and to maintain conformity with the relevant principle". The 2012 UK code of corporate governance aims at setting out flexible standards of good business practice-business accountability, remuneration, board leadership and effectiveness, and relations with stockholders-to ensure business prosperity. The flexibility of the code simply points out the voluntariness of its application by corporate organisations in the UK, implying that it has no legal enforcement. However, there are potential punishments to companies by the London Stock Exchange (LSE) if they fail to adhere to disclosure guidelines.

The 2010 SEC Code of best practices of Ghana proposed approach is basically geared toward the 'comply or explain' system. This approach is reflected in the GSE listing rulings, which authorise disclosure of the extent of compliance of publicly-listed corporate organisations with the code. In order to avoid the 'box-ticking' approach, the annual reports of corporate organisations have to include a statement 'as to the degree of compliance of the corporate body with any regulatory and other legal requirements governing its operations and the extent to which statutory payments have been met in respect of the period under review'[1]. Explanations must also be given as to why they failed to comply with the code. The code is crafted on the assertion that "[t]he primary responsibility for ensuring that good corporate governance prevails lies with the board of directors of [a] corporate body"[2]. From the above discussion on judicial enforcement of the codes of corporate governance of the UK and Ghana, it could be deduced that both codes gear towards the voluntary approach of compliance. Although compliance with these codes are voluntary, corporate organisations in the UK and Ghana must include in their annual reports the extent of their compliance and give meaningful explanations as to why they failed to comply. The common explanation that can be given to this similarity between the two Codes is that Ghana's corporate legal framework is founded on the English Common Law.

5 Board of directors

Both the Cadbury Code and 2012 UK Corporate Governance Code suggest the separation of the roles of Chairperson and Chief Executive Officer. Even though the Hampel Committee failed to champion the split of these two roles, it suggests that failure to separate them should be followed by an explanation in public. The Hampel Committee further recommends that the board ought to include a balance of inside directors and outside directors (which include outside directors that are independent) such that no one person or a small group of persons can have extensive influence over the board and its decision-making processes[3]. A 'lead director' who usually ought to be 'senior independent non-executive director' for instance, the deputy chairperson, could serve as a substitute for channelling communication. Directors who want to dodge the chief executive officer or chairperson in communicating on specific issues of the board could then get a different access to the board. The 2012 UK Code even goes further to task the senior independent director to be available to "shareholders if they have concerns which contact through the normal channels of chairman, chief executive or other executive directors has failed to resolve or for which such contact is inappropriate"[4]

In Ghana, the 2010 SEC code recommends that there should ideally be a split of the roles of the chairperson and managing director/chief executive officer specifically, in

publicly-quoted firms. It further recommends that a decision to combine these two roles in one individual should be explained to shareholders, and the board should put some measures in place to ensure its independence. In regards to the composition of the board, the Code recommends that "the board should include a balance of executive and non-executive [directors] with a complement of independent non-executive directors"[5]. The Code also suggests that at least a third of the constituents of the board should be independent. The issue of director independence as explicitly enumerated by the code focuses on six key elements. These are; an independent director should not be a major shareholder in the firm, an employee of the firm in an executive capacity for the past three years, a consultant to the firm, a substantial supplier or customer, in a contractual relationship with the firm, free from any other association with the firm which may influence in his capacity to act independently[6]. Even though the view that a non-executive director is independent is vitally important for the shareholders and other stakeholders, practically, the board always takes a decision on whether a non-executive director is independent or otherwise. The SEC of Ghana believes that an independent board chairperson paves way for a balance of power and authority in the highest levels of the firm.

5.1 Key board committees

The SEC and GSE have always raised their concern about existing principles and efficacy of the functions of the board. It is contended that while the board is already subject to comprehensive rules and regulations to regulate its work, its consciousness in regards to its scope of responsibilities seems negligible (Felo, 2011; Cadman et al., 2008; Lipman and Lipman, 2006; Knell, 2006; Charkman, 2005; Ward, 2003; Canyon and Mallin, 1997). In consequence, the Code recommends the establishment of committees, which are drawn from the existing UK Codes. Among these are the establishments of audit committee and remuneration committee.

Although, the 2010 SEC Code does not call for an establishment of a nominating committee in firms, it has clearly itemised the procedures for appointments onto the board. In alliance with best practices abroad, the Code recommends that before a director is appointed to the board, shareholders should be provided with the following; name, age and country of residence of the candidate, whether the selection is executive and if so, the exact area of responsibility, work experience and occupation of the candidate for the past decade, shareholding of the candidate in the firm or its subsidiaries, family relationship of the candidate with any director or/a significant shareholder of the firm or its subsidiaries and any conflict of interest[7].

In regards to an audit committee, the SEC Code recommends the setting up of remuneration committees, comprising mainly NEDs, to propose the remuneration of executive directors on the board. These executive directors who are members of the committee should exclude themselves when their remuneration packages are deliberated and voted on. The remuneration packages of NEDs should be the concern of the entire board, and individual NEDs concerned should absent themselves in the deliberation on their own compensation packages. Similar to the provisions in the 2012 UK Corporate Governance Code, the SEC Code recommends that remuneration of NEDs should be fixed at a level that will foster their commitment to their duties and responsibilities required of them. Like the Greenbury Code, the SEC Code does not go further to recommend that remuneration packages of each director should be enumerated in a listed

firm's annual report. However, the GSE listing rules dictate that aggregate remuneration packages to directors for services in any capacity to the firm and any of its subsidiaries during the past financial year should be itemised in a listed firm's annual report[8]. In addition, the SEC Code clearly recommends that remuneration should be linked to both individual and corporate performance.

Both the Cadbury Code and 2012 UK Code recommend the establishment of a board audit committee with at least three independent NEDs. The GSE listing rules recommend that all listed firms should have audit committees comprising at least three members of whom independent directors shall constitute the majority. The 2010 SEC Code of Ghana proposes that a listed firm's board should institute a board audit committee consisting of at least three directors, a rule similar to the Cadbury Code and 2012 UK Code. But it is extremely critical of the effectiveness of the extant audit committees. In a related study on four publicly-listed firms in Ghana, Agyemang and Castellini (2015) report that the effectiveness of their board audit committees is questionable as a result of the extensive influence the majority shareholders exert over the firms. Also, virtually all the members of the boards of the four corporate organisations are appointees of the majority shareholders, making it possible for majority shareholders to have a panoptic influence over the activities of the boards. They conclude that as a result of this extensive influence, members of the audit committees are hindered in discharging their responsibilities in an effective manner.

Although, the 2010 SEC Code recommends that the majority of NEDs should be independent and that the audit committee must be led by an independent NED to compensate for any NEDs representing the interests of a major shareholder, since almost every board member is an appointee of a major shareholder, it makes it difficult for audit committees to exercise their duties independently of major shareholders thus adversely affecting the discharge of their duties and responsibilities (Agyemang and Aboagye, 2013). Until the listing rules of GSE and SEC address this issue or have a second look at it, the purpose of audit committees in firms will be a mirage. Notwithstanding, the GSE and SEC consider the crucial role that a properly constituted board audit committee plays in improving corporate governance standards in the country.

5.2 Survey on corporate governance in Ghana

In 2003, Mensah et al. under the auspices of CIPE, IDRC and ACMF, a survey on corporate governance practices in Ghana was conducted. The survey's sought to "demonstrate the link between corporate governance practices and the incidence of supply-side corruption" (p.3). In the context of this section, we will only focus on the aspect of their work that addresses corporate governance practices in Ghana. In their study, primary data collection focused on a sample of 150 firms, 20 external audit firms and the Audit Service of Ghana. The sample included all the 23 firms listed on the GSE then, the Ghana club 100 list, the State Enterprises Commission, members of Ghana National Chamber of Commerce and Industry, Association of Ghana Industries, Institute of Chartered Accountants and the Ghana Insurers Association. Altogether, response rate was about 43% of which private firms constituted 64.6%, state-owned enterprises made up of 20%, publicly-traded companies on the GSE formed 12.3% and non-traded firms, 31%. Additionally, there were responses from the audit service and a total of eight external auditors.

5.3 Board structure and composition

The survey divulges that the average board size of Ghanaian firms is relatively small, ranging between 2 and 15. One or two are executive directors of the boards of the investigated firms. This implies that most companies do have non-executive directors as the majority on their boards, but the issue of whether they are independent may not be clear. The presence of NEDs, however, is probably a direct consequence of a GSE listing ruling, which requires the balance between executive and non-executive directors on boards, and a majority of NEDs on board audit committees. Concerning recruitments of individuals onto boards, many groups of stakeholders play a role, including shareholders, board chairpersons and the CEO. The appointment requirements include expertise and experience, at least 10% of ownership of equity capital, social standing and academic qualification. In regards to re-appointments onto the board, issues pertaining to commitment, good performance, government decision, election and consultations, and shareholder discretion are set as criteria.

The survey reveals that in 65% of the investigated firms, the CEO or Managing director is not the board chair, but in 22% he/she is. Board representation of other significant shareholders or the representatives of significant shareholders as depicted in the survey indicates the strong association between ownership control and governance by significant or controlling shareholders – a practice that is commonly found in developing economies (Agyemang and Aboagye, 2013; Okpara, 2010; McGee, 2009; Berglof and Claessens, 2004). Although controlling shareholders play a significant role in determining effective corporate governance in Ghana, their presence could possibly cause a significant challenge to the enhancement of corporate governance practices. This is because shareholders with larger shares are more likely to represent a controlling interest (Okpara, 2010). Such control furnishes them (i.e., controlling shareholders) with the possibility of private benefit (i.e., benefits that are unavailable to other shareholders) (LaPorta et al., 2000), and with this practice, firm value is more likely to be reduced (Berglof and Claessens, 2004; Denis and McConnell, 2003).

5.3.1 Board committees and internal controls

Audit committees are found in each of the firms because of the GSE listing requirement and the desire for sound corporate governance practices in these firms. Since unaudited financial results of Ghanaian firms have to be reported quarterly, the audit committee would rationally convene at least four times a year prior to the review of the final audited financial statement, which will be laid before the board. In regards to board meetings, the boards of the firms meet four times a year. But looking at the myriad of required duties and responsibilities of the audit committee, firms should strive to increase the number of board meetings to aid them in performing their duties well.

Although the survey did not make any mention of the professional backgrounds of the members of audit committees, most of the internal auditors of the firms were professional accountants. Since competences of audit committee members are germane for the enhancement of corporate governance in firms, it would have been appropriate if the survey had tackled it. However, a related study by Agyemang and Castellini (2013) on four large firms in Ghana highlights that members of the audit committees of the firms have professional accounting backgrounds. This implies that firms that have similar characteristics with the four firms in Ghana could possibly have professional accountants

on their audit committees. This revelation should infuse investor confidence in the professional competences of the members of audit committees. But the mere presence of competent members cannot surmount the challenges that obviate members from performing their professional duties and responsibilities. For instance, the study by Agyemang and Castellini (2013) further reveals that controlling shareholders exert extensive influence over the activities of audit committees, leaving them with no or little room to operate.

Remuneration committees at board level are found in a handful of firms. The low figure of remuneration committees reflects the evidence that the listing rulings of the GSE require the audit committee to take up the professional responsibilities of the remuneration committee. However, in the 2010 SEC Code, there is a provision for the establishment of a board remuneration committee. The remuneration committee is equally pertinent since its absence may mirror the board's insight about the possible effect of such committees, particularly when the board is predominantly made up of appointees of controlling shareholders.

The survey divulges a striking revelation. About 61% of the firms indicated that internal auditors were in place, 32.3% revealed they did not. When the firms were asked about who had the responsibility for insuring a sound system of internal controls, 75% of the respondents held the chief executive officer/managing director responsible. Only 11% made it clear that they report to the board in general. Therefore, the evidence emerged that many respondents of investigated firms believe that it is key persons instead of the board in general who are considered answerable and responsible for the dealings of the firm. The chief executive officer/managing director are held responsible for systems regarding internal controls. The risk of unsound governance comes to the fore if the firm's chief executive officer/managing director is, or a representative of the controlling or significant shareholder. Therefore, the survey illuminates that regulations play a significant role on Ghanaian corporate governance practices. In situations where well-structured regulations for sound corporate governance is absent, firms hesitate to adhere to widely accepted best practices to ensuring good governance.

6 Conclusions

Given the important role of corporate governance in the administration of companies and general economic well-being of countries, it is essential that the established Codes meant to ensure the adherence to corporate governance tenets are not themselves inherently flawed with limitations, hence, our comparative analysis between the 2010 SEC Code of Ghana and 2012 UK Codes. The findings reveal a number of vitally important findings. First, both the 2010 SEC Code of Ghana and 2012 UK Code recognise in their respective definition of corporate governance that effective, entrepreneurial and potential management that can deliver long-term success of the firm and accountability rest on effective corporate governance principles. The respective Codes also advocate the institutionalisation of both board audit committee and board remuneration committee in firms. In regards to nominating committee, whilst the UK Code advocates its establishment, there is no provision in the 2010 SEC code of Ghana for the setting up of such committee. Therefore, the GSE and SEC should strive to include the provision for the setting up of a nominating committee in both the listing requirements and the Code in

future; should they need any revision to match up with the trends in corporate governance.

Second, the ownership structure of firms extensively influences the role that is required of sound corporate governance. Publicly-traded firms in the UK in general are non-family owned. Therefore, the fundamental issue pertaining to corporate governance in the UK is the agency problem in listed firms. On the contrary, several Ghanaian quoted firms are owned by major shareholders. In certain cases, influence over a quoted firm will probably be wielded via pyramid structure or cross-holding. Under such situations, there is a major deviation between cash flow rights and control. The major or controlling shareholder will possibly get involved in activities for private gains or expropriate minority shareholders' rights. Sound corporate governance practices are thus germane to safeguard the rights of minority shareholders and to boost investor confidence.

Third, notwithstanding the listing rulings of GSE, audit committees were found not to be effective. In many cases, they were established to conform to the form and not the requirement of the regulation. The survey by Mensah et al. (2003) illuminates the evidence that managing directors or chief executive officers perform significant roles and are overly influential in the affairs of Ghanaian corporate organisations. They undertake several duties, responsibilities, and functions that are often undertaken by the board in other economies. Corollary to this, the duties, functions and responsibilities of boards accordingly become weak in Ghana.

Fourth, both the 2012 UK Code and its predecessors, and 2010 SEC Code of Ghana require just disclosure of compliance or otherwise. We argue that as an emergent economy, the Ghanaian Code should be reinforced with proposed reform of associated laws. These recommended catholic regulatory reforms should be seen as relevant by authorities of Ghana not only to ensure sound corporate governance with the Ghanaian 2010 SEC Code but also to revise the legal structure in consistent with trends in commerce.

Finally, to a large extent, significant legislative regulation in Ghana mirrors a discrepancy in enforcing the 2010 SEC Code. The 2012 UK Code already plays a significant part of the London Stock Exchange listing rulings. Whilst the 2010 SEC Code of Ghana proposals greatly reflect the UK Codes, in particular that of Hampel's, a devolutionary method as evident in Ghana, is heavily reliant on the endowment of the required powers and sound implementation. Since the proposed 2010 SEC Code was made public in about four years ago, no report has yet come out at the time of writing to recommend when the associated legal reforms will be presented on the floor of parliament. The risk remains that the proposed recommendations in the SEC Code will probably not be adopted in the near future. However, we contend that although Ghana has the Companies Code 1963 (Act 179), the significance of its recommendations are nowhere near that of the recommendations of the SEC code. We will therefore, urge both the GSE and SEC to involve all stakeholders to make an appeal to parliament to have a second look at the Companies Code 1963 (Act 179) since it falls short of some vitally important aspects that could enhance sound corporate governance practices in Ghana. The major limitation of this paper is that we deliberately focused our analyses on the provisions of the SEC code, although other legislation in Ghana, such as the Companies Code 1963 (Act 179), do have provisions that have significant implications for upholding sound corporate governance. We recommend that future studies can also examine these other legislations.

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Notes

1. Section V.98.
2. (Section i. 2).
3. Hampel Report, Section 2.
4. 2012 UK Corporate Governance Code.
5. 2010 SEC Code of Ghana, Section I.
6. 2010 SEC Code of Ghana, Section I. 23.
7. 2010 SEC Code of Ghana, Section I. 8.
8. The Ghana Stock Exchange Listing Rules, 22(f).