

Corporate Governance in an Emergent Economy: A Case of Ghana

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The complexities and dynamics in the global environment coupled with recent issues in respect of the economic meltdown have a huge impact on emergent economies. Emergent economies overtly presented fresh markets for worldwide corporate organizations in the 1990s and the early part of the 21st century. However, these economies, in spite of their worldwide contribution, face some challenges pertaining to good corporate governance practices. Therefore, it is extremely important for studies on corporate governance practices to be undertaken in these economies. The purpose of this paper is to examine corporate governance practices in Ghana. A qualitative case study approach is used to get hold of an in-depth understanding of corporate governance practices from four large publicly-listed corporate organizations on the Ghana Stock Exchange. It is found that large shareholders actively exert control over corporate decisions. Also, when large shareholders fully involve themselves in corporate decision-making processes, boards appear to be advisory bodies. However, on a passive side, evidence shows that in the absence of controlling shareholders that closely monitor and control the activities of management, a large number of independent non-executive directors on boards assist in board control function.

Introduction

Corporate governance has enjoyed a long tradition in the management sciences since the 1990s. Following its traditional understanding, corporate governance is defined as the application of a set of powerful micro-policy instruments in an organization to ensure efficient and effective use of resources in achieving the main objectives of its capital providers, succeeding in the competitive market, as well as maximizing its positive influence on other stakeholders and at the same time, minimizing its negative impacts on them (Castellini and Agyemang, 2012). Recent business scandals and financial crises continue to provide an abundant cause for worry and have fuelled the interest of corporate governance around the globe.

In Ghana, more and more corporate organizations are being induced to apply good corporate governance in order to effectively and efficiently compete in the international market. The recommendations of the Companies Code 1963 (Act 179), Security Industry Laws 1993 (PNDCL 333) amended as the Securities Industry Act, 2000 (Act 590) as well as the listing

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regulations 1990 (LI 1509) of Ghana Stock Exchange (GSE), outline the roles of the board, directors and auditors. They also provide shareholders' rights and regulatory framework for the setting up and operations of corporate organizations in corporate governance practice. The Institute of Directors (IoD-Ghana), the Private Enterprise Foundation and the State Enterprises Commission are all involved in the enhancement of effective corporate governance practices in Ghana.

There have been quite a number of programs to address the corporate governance issues in Ghana. In 1999 and 2000, several seminars on issues of corporate governance were hosted by the Ghana Institute of Directors, in partnership with the Commonwealth Association of Governance. A survey on Ghana's top 100 corporate organizations and some state-owned enterprises was presented during those conferences. The aim of the survey was to examine the prevailing situation in regard to corporate governance practice in both privately-owned and state-owned enterprises. The report revealed that good corporate governance practice was gaining roots in the operations of corporate organizations in Ghana. Nonetheless, the IoD recommended some measures, such as the strengthening of existing legal and regulatory frameworks that demand more transparency to back solid and stable corporate governance practice and the clarification of governance roles and responsibilities, for enhancing corporate governance practice in Ghana. In 2001, a conference sponsored by the Centre for International Private Enterprise (CIPE) was held in Accra to discuss issues pertaining to the significance of effective corporate governance for sustainable growth in West African economies.

The report of this conference highlighted the main constraint confronting corporate governance practice in state-owned enterprises in Ghana. Government interference in the affairs of these corporate organizations raises a lot of pressing concerns in terms of corporate governance. This kind of interference leads to a rarity of effective corporate governance practice in these corporate organizations. Etukudo (1999) in a report notes that this rarity of effective corporate governance practice in Sub-Saharan African economies mostly arises from the unclear relationship among the state, as the owner of the corporate organizations, the board and senior management. The rarity of good corporate governance in state-owned corporate organizations in Ghana has led to abysmal performance and failure of these corporate organizations. Lack of institutional and legal reforms that ensure that managers of state-owned corporate organizations are independent in carrying out their day-to-day activities, while also strengthening their accountability, resulted in poor performance of these corporate organizations.

In 1983, the Government of Ghana considered the importance of undertaking comprehensive reforms of state-owned corporate organizations in Ghana by introducing the Economic Recovery Program (ERP). These reforms included: (a) a policy reform to ensure that state-owned corporate organizations operate in a commercial way; (b) institutional and legal reforms; (c) rationalization of state-owned corporate organizations via divestiture and mergers; (d) rehabilitation of selected profitable state-owned corporations; (e) improvement in the

management of state-owned corporate organizations; and (f) restoring financial solvency and discipline. With the establishment of the State Enterprises Commission Law, 1987 (PNDCL 170), these reforms were validated. To complement these reforms, the divestiture implementation program was launched in 1987, aimed at encouraging private sector growth by limiting the role of the state in the economy as well as to relieve the state of the drain on its scarce resources. Following these reforms, a lot of state-owned corporate organizations have been divested. Some of them have been successful in their performance. Although not all have been successful, privatization of state-owned enterprises is vitally important for effective corporate governance practice in that most state-owned corporate organizations do not comply with the existing rules and regulations in relation to corporate governance and this eventually affects their performance.

Socioeconomic development of Africa and the world in general raises alarm for the need to create an atmosphere to appreciate corporate governance practice in Ghana. The New Partnership for African Development (NEPAD) is a vision that was adopted by African leaders to create a new partnership between the Western countries and African countries in achieving socioeconomic development of the African region. This initiative considers good corporate governance as one of the vital issues for poverty reduction through investment-driven economic growth and economic governance. This initiative highlights the fact that in order to reduce poverty in an economy, effective corporate governance practice should be the cornerstone since it helps allocate resources efficiently. This implies that there is an overt correlation between good corporate governance and poverty alleviation.

Transcending the borders of Africa, Ghana as a commonwealth country is required to develop good corporate governance structures. In 1999, the CACG made available some sets of principles to ensure effective corporate governance practices throughout the commonwealth (CACG, 1999). The principle is concerned with: the profitability and efficiency of Commonwealth corporate businesses, and their ability to create wealth and employment; the long-term competitiveness of Commonwealth nations in the global market; the stability and credibility of the Commonwealth financial sectors, both nationally and internationally; and the relationship between corporate businesses within an economy and their sustained capacity to partake in the global economy (CACG, 1999). This beeps up the call for understanding the prevailing situation with regard to corporate governance practices and make such understanding the foundation for additional enhancement strategies in the Ghanaian setting. Therefore, this paper aims to examine the prevailing situation with regard to corporate governance in Ghana.

Our primary contribution to the accumulated body of knowledge is a comprehensive and defensible qualitative analysis of the relation between ownership structure and shareholder control, and board of directors and board control. It also brings out the superiority of shareholder control over board control in most developing and transition economies since these economies almost share the same corporate governance characteristics with Ghana (for instance, ownership concentration). We make three additional contributions to the body of knowledge.

First, a substantial amount of research has been carried out on the subject of corporate governance and the challenges confronting its development and implementation in major western economies (Okpara, 2010). However, McGee (2010, p. 7) put forth that studies on corporate governance in transition economies are important in that “the subject of corporate governance is new for them and even their top government and private sector leaders have little or no experience governing market oriented private firms that have a public constituency.” Therefore, this study contributes to the extant literature by bridging the research gap on this issue and unearthing the challenges inhibiting the development and execution of effective corporate governance in Ghana.

Second, a comparative analysis of the empirical observations from this study and the recommended guidelines of Ghana’s Companies Code 1963 (Act 179) has been carried out, and aspects in which organizations need to reform and improve in order to fully comply with the guidelines are highlighted: director independence, director evaluation, introduction of new directors and board education. This could possibly be the foundation upon which corporate governance structures in these organizations can be reformed and further improved.

Finally, this study identifies the essence of considering the consequences of privatization on corporate governance and the eventual position of large shareholders in the decision-making processes of corporate organizations. It has been deduced that instead of privatization via strategic investors/capital providers to empower local shareholders, it undermines them, and eventually makes them susceptible to the expropriation problem.

The remainder of this paper is structured as follows: it reviews and develops propositions as well as defines the various variables in the propositions and how they are measured, followed by a brief description of the methodology used in the paper. Subsequently, it presents the results, and the comparative analysis between the empirical facts and Ghana’s Companies Code 1963. Then, it provides the prevailing condition with regard to corporate governance effectiveness in Ghana and its driving forces. Issues concerning the advancement of good corporate governance in Ghana are also presented. Finally, the conclusion is offered with recommendations.

Literature Review and Propositions Formulation

Ownership Structure and Shareholder Control

Bebchuk (1999) contends that corporate systems that are characterized or not characterized by a controlling shareholder are distinctively critical in some ways. In corporate entities where ownership is fragmented, shareholder control leads to a struggle for superiority or victory between rivals in that a rival can seek to usurp control forcefully from the incumbent contrary to its (incumbent) will. On the contrary, in corporations where ownership is concentrated, control is not contestable, but instead it is ‘fixed’ in the sense that it is confined

and cannot be obtained contrary to the will of the incumbent but through only negotiation with the incumbent (Bebchuk, 1999). There are arguments that the presence of controlling shareholders will permit minority shareholders to play a lesser role on how the corporate organization is governed (Okpara, 2010). For instance, if a person holds 10% of the total stocks of a corporate organization and the remaining are highly dispersed, it is pretty probable that he/she could exercise a certain level of influence on the corporate organization. However, if the remaining equity holders of the corporate organization include two block holders of 40% each, then with their collusion, the 10% that he/she holds would not possibly give him/her the kind of influence he/she desires. It is also expected that small shareholders' interests will be violated because of their role in the company.

Berglof and Claessens (2004) in their study on corporate governance in developing economies found that large equity holders, with their control rights, are inclined to abuse minority equity holders in that there is a presence of weak legal protection to safeguard the interests of minority equity holders. However, with the role of large shareholders in controlling corporate organizations, all shareholders irrespective of their holdings, benefit. This is because shareholder control over the corporation's management induces corporate managers to gear corporate decision-making processes towards shareholder wealth maximization. Although the presence of large shareholders in corporate organizations exposes minority shareholders to some disadvantages as mentioned above, minority shareholders also reap some advantages when corporate decision-making processes are geared towards shareholder value maximization. Carlsson (2003) argues that when large chunks of stocks fall in the hands of a single individual or a small group of equity holders, there is an incentive on the part of these equity holders to monitor and control management painstakingly and enhance corporate efficiency. If the ownership structure at the initial stages is widely fragmented, the rise of a large equity holder will perhaps overcome the free-rider problem in monitoring and controlling management, and the rights of the largest equity holder can minimize its urge for expropriation and maximize incentives to pay out corporate dividends (Jensen and Meckling, 1976). Okpara (2010) also posits that equity holders who hold large number of stocks thus limit agency problem by having a sufficient number of stake to take a more active and effective interest in the corporate body. The implication is that these large equity holders have sufficient influence and ownership in dealing with their monitoring and controlling activities in a corporate body that will eventually serve shareholder interest. Therefore, we propose that:

Proposition 1: Shareholders with large shareholdings exert shareholder control in a corporate body.

Board of Directors and Board Control

Bebchuk (1999) suggests that it is time that academics and business practitioners breathe life into the notion of the equity holder-controlled public corporate entities. But in a sharp contrast, Stout (2007) argues that since board control has both costs and benefits, the astuteness of Bebchuk's proposal to make it easy for equity holders to oust the board of directors must be

evidence-based. The author furthers that empirical evidence strongly supports the claim that equity holders themselves usually prefer corporate entities with a very pungent and robust board control. And if that is the case, why then do observers still believe that there should be shareholder control at the expense of board control?

Stout (2007) argues that the expressive appeal of equity holder control can be traced to three main sources: (1) a common but deceptive metaphor that considers equity holders as the owners of corporate entities; (2) the opportunistic calls of activist equity holders in quest of leverage over board of directors for selfish gains; and (3) a strong but a slur sense that something ought to be done in the wake of current corporate scandals. There are a lot of reasons why equity holders in public firms do have little to control boards and for those matter corporations.

Firstly, the activities of board of directors benefit equity holders by carrying out a significant economic function. Possibly, the most palpable is the promotion of a more efficient and well-informed business decision making. The reason is that it is difficult and more cumbersome to bring together thousands of dispersed equity holders to put forth their views on how to run the corporate entity. Also, given the illogical apathy most equity holders bring to the forth, should we anticipate that equity holder control will probably produce first-class outcomes? For that reason, most experts agree that board control offers significant advantages with regard to efficient and well-informed decision making.

Furthermore, the power of boards without a doubt serves equity holders' interests by safeguarding them (equity holders) from each other. Stout (2007) contends that the risk that equity holders with large stocks might attempt to manipulate corporate decisions in a selfish way that harms other equity holders is rampant in closely-held corporate entities. Harris and Raviv (2008) in examining equity holder control found out that some equity holders have different agendas other than value maximization. More often than not, it has been claimed that large equity holders sometimes want to use corporate resources to promote a social or political agenda at the expense of value maximization.

Nevertheless, equity holders can be exploited not only by corporate managers and board of directors, but also their fellow equity holders. Stout (2007) argues that equity holders face the risk of being exploited because stock is, counter-intuitively, an illiquid venture. If shareholders control corporate entities, at a lesser extent, some may try to use their influence in an opportunistic manner at the expense of other stakeholders. This is as a result of the capabilities on the part of equity holders to threaten other stakeholders' interests of the company. For instance, equity holders can raise earnings by demanding that, long-term employees should allow their health benefits to be reduced or risk being fired, or by requiring customers to buy additional software to make sure that they get continued customer assistance.

The discussion so far has pointed to the fact that shareholders should not be the controlling force in a corporate entity and that it is incumbent on the board to ensure that it (board) exercises the full control function as proposed by Stout (2007). But one should bear in mind

that not all boards are capable of ensuring effective and efficient control to the benefit of its shareholders and other stakeholders. Castellini and Agyemang (2012) suggest four major ideas that would assist boards to effectively and efficiently exercise their control function: (1) instituting audit committee (with well-qualified independent non-executive directors); (2) the establishment of remuneration committee (with well-qualified independent non-executive directors); (3) the non-duality structure; and (4) effective and efficient board meetings.

Recent corporate scandals and frauds have necessitated the establishment of board audit committees in corporate organizations to help boards in accomplishing their fiduciary duties. With audit committees, boards of corporate organizations would be able to appraise the satisfactoriness of the resources for both internal and external audit functions and insure that their work strategies offer a satisfactory exposure of possible risk areas (Arguden, 2009). The membership of the audit committee must consist of individuals who have both the alacrity and capability to savvy complex concepts in accounting and auditing. Apart from such characteristics, board audit committee member composition has become an important issue in corporate governance debate. There is an argument that the inclusion of insiders on board audit committees does help audit committees with regard to their functionality.

Conger (2009) argues that the inclusion of insiders in audit committees offers an in-depth perspective of the corporate organization. He further argues that insiders also offer a better source of information about corporate organizations, their operations as well as the environment in which they operate. Contrary to this argument, in their work on shareholder and board control systems, Agyemang and Castellini (2013) argue that the involvement of insiders on the audit committee would swing the balance of power between the board and management in support of the latter, resulting in management control over the activities of the board audit committee and degrading the aptitude of the audit committee to effectively and efficiently perform its functions. This implies that the membership composition of audit committees must only be made up of non-executive directors who are independent of management. It is therefore expected that, instituting board audit committee with well-qualified independent non-executive directors as its members would ensure board effectiveness in Ghana, and consequently result in board control. We therefore, propose that:

Proposition 2a: Instituting an audit committee with well-qualified independent non-executive directors leads to an extensive board control in a corporate entity.

The board remuneration committee is argued to be one of the cornerstone committees of the board. This committee is required to examine the overall remuneration structure of the corporate organization to establish suitable incentive packages for corporate managers and employees alike. Many codes and principles of corporate governance around the globe argue that there should be board remuneration committees in corporate organizations to insure that independent Chief Executive Officer (CEO) evaluation and remuneration take place (CACC, 1999; OECD, 1999 and 2004; and Ghana Securities and Exchange Commission, 2010). Nevertheless, like the audit committee, the membership composition of this committee has also received

attention in the current corporate governance debate. In Ghana, the Companies Code 1963 suggests that the remuneration committee should entirely consist of independent non-executive directors. The rationale behind this recommendation is that if executive directors become members of the committee, they may be biased towards the CEO, resulting in incentive packages that would one-sidedly enrich management to the detriment of equity holders (Agyemang and Castellini, 2013). Therefore, it is expected that, establishing board remuneration committee with well-informed independent non-executive directors as its members would insure board effectiveness in Ghana, which will finally lead to board control. We thus propose that:

Proposition 2b: *Establishing a remuneration committee with well-qualified independent non-executive directors leads to an extensive board control in a company.*

The idea of a dual leadership structure was among the initial application of the principal-agent theory. The emergence of leadership structure on boards has influenced how well boards are able to demonstrate their monitoring and controlling functions over corporate managers and corporate organizations (Lorsch, 2009). There is an argument that the non-duality structure produces a new stratum of agency cost and raises information transfer cost from the CEO to the Chairperson (Brickley *et al.*, 1994). As long as the CEO controls the quality, quantity and timing of available information to the directors, it is quite difficult for directors to be sure of getting what they really need for true independent supervision. Baliga *et al.* (1996) and Daily and Dalton (1997) argue that there is no dissimilarities in the financial performance between corporations with and without combined positions, describing them as either ‘fussing about’ or ‘much ado about nothing’. Dalton and Dalton (2009) contend that the separation of these two roles does not necessarily indicate independence of the leadership structure. Their argument stems from the fact that in most cases the person who is the ‘separate’ board chairperson is the former CEO of the firm. In some cases too this separate board chairperson is either the founder of the firm or former CEO of acquired or merged companies. The authors further argue that a single voice directing the company at the board level is the most efficient and effective form of leadership. In this situation, “there will be no parties and constituencies—internal and external—who will question who is in charge and who is accountable” (p. 83). The fundamental idea is that any subordinate or minor must be supervised by a single and clear-cut authority. For instance Mathew 6:24 state “no one can be a subordinate to two masters.....” (Good News Bible, 2007).

However, there are also arguments that the principal-agent problem is intensified when an individual performs these two roles—CEO and board chairperson. The Companies Code 1963 and other corporate governance observers (Jensen, 1993; Millstein and McAvoy, 2003; Pease and McMillan, 1993; Castellini and Agyemang, 2012; and Agyemang and Castellini, 2013) have argued that the CEO and board chairperson roles—the two most important roles in a corporate organizations—should be performed by different persons. The chairperson of a corporate organization cannot serve as the CEO since the CEO is the leader of the company’s management and the chairperson is the principal overseer of the board, which includes the CEO. Iskander and Chamlou (2000) argue that the combination of the two roles will definitely lead to moral hazard. Also, if the chairperson is the CEO, there can be the presence of real conflict “when the tie-breaking vote is cast” (p. 103). In Ghana, the Companies Code 1963 considers the non-

duality structure as a conduit of enhancing board effectiveness with regard to board control, which eventually leads to good corporate governance. Thus, it is expected that the non-duality structure leads to board effectiveness in Ghana. Therefore, we propose that:

Proposition 2c: *The non-duality structure leads to board control in a company.*

Board meetings vary across corporate organizations. The number of board meetings in corporate organizations becomes higher in times of crises than in normal settings. Huse (2007) contends that the time-span of board meetings is considered as one of the principal constraints of board effectiveness. He argues further that longer meetings may allow board of directors to deliberate and rummage strategic issues of corporate organizations. Also, frequent meetings will possibly aid board members to get abreast with emerging issues in corporate organizations. Nevertheless, these meetings have to be effective and efficient in a manner that will inform directors about the emerging issues of the corporate organization and how they are to be addressed (Agyemang and Castellini, 2013). Meeting times have to be properly and efficiently utilized to offer the required and suitable information, to permit in-depth discussions. Agyemang and Castellini (2013) argue that for board members to effectively perform their fiduciary duties and responsibilities to the benefit of the corporate organization, they should be fully informed about all the major developments in the organization. The authors continue that when board members are furnished with the right information at the right time, they would be able to play their roles effectively, which will eventually result in board effectiveness. The principles of corporate governance of the OECD (1999) and (2004) and the Companies Code 1963 of Ghana stress on the significance of providing information to directors when the need arises. This implies that timeliness and adequacy of information to board of directors can help them to effectively and efficiently deliberate on strategic issues of the corporate organization. It is therefore reasonable that effective and efficient board meetings would enhance board effectiveness and thus lead to board control. Thus, we propose that:

Proposition 2d: *Effective and efficient board meetings lead to an extensive board control in a firm.*

The explanation of the variables of the propositions and their measurements (after Castellini and Agyemang, 2012) are presented in Table 1.

| Table 1: Variables of the Propositions – Explanations and Measurements | | | |
|--|--|---|---|
| Variable | Explanation | Indicator | Literature |
| Shareholder Control | How shareholders directly or indirectly exert control over the operations of the firm. | <ol style="list-style-type: none"> 1. Exerting power over decisions. 2. Influence the appointment of 'important personalities' such as the CEO and chairperson. 3. Influence corporate decisions taken by the board or management, | Denise and McConnell (2003), and Babatunde and Olaniran (2009). |

Table 1 (Cont.)

| Variable | Explanation | Indicator | Literature |
|-----------------------------|---|---|--|
| | | 4. Direct partaking in the running of the corporate entity. | |
| Board Control | Undertaking actions to exert control and monitor management. | <ol style="list-style-type: none"> 1. Selection of and ability to dismiss the CEO. 2. Assessing the performance of the CEO, activities of the board and other top executives. 3. Approval of corporate strategy. 4. Setting the CEO's remuneration package. | Company Code (1963), Jensen and Meckling (1976), Mintzberg (1983), CACG (1999), OECD (1999), Monks and Minow (2004), and Brink (2011) |
| Ownership Structure | Are identities of shareholders and the size of equity held by shareholders. | <ol style="list-style-type: none"> 1. Identities of shareholders. 2. The size of equity held by shareholders. | Shleifer and Vishny (1986), Carlsson (2003), and Denise and McConnell (2003), Roe (2003), |
| Board Composition | The percentages of outside and inside directors. | <ol style="list-style-type: none"> 1. Executive directors. 2. Non-executive directors. | Companies Code (1963), Mace (1986), CACG (1999), OECD (1999), Solomon (2007), and Babatunde and Olaniran (2009) |
| Board/Director Independence | Not employed by the company or have a significant social or economic independence to management. | <ol style="list-style-type: none"> 1. Non-existence of social ties with the CEO. 2. Non-existence of business association with the firm or management. 3. Not representing or elected by a major equity holder. | Baysinger and Butler (1985), Lorsch and MacIver (1989), Denise and McConnell (2003), and Ghana Security and Exchange Commission (2010) |
| Non-Duality Structure | Separation of the positions of the CEO and the chairperson. | CEO-chairperson separation. | Companies Code (1963), Jensen (1993), CACG (1999), Millstein and McAvoy (2003), and OECD (2004) |
| Board Meetings | Meetings by the board to discuss and exchange ideas on how they would be in a position to serve as monitors as well as to undertake key strategic | <ol style="list-style-type: none"> 1. Timeliness of meetings. 2. Adequacy of information available to outside directors. | Companies Code (1963), Demb and Neubauer (1992), CACG (1999), and OECD (1999) |

Table 1 (Cont.)

| Variable | Explanation | Indicator | Literature |
|---|---|---|--|
| | issues concerning the firm. | | |
| The Board Audit Committee | Committee to effectively and efficiently manage financial affairs of the firm | 1. How functioning is the committee. 2. Kind of directors on the audit committee. | Companies Code (1963), Canyon and Mallin (1997), CAGG (1999), Massen (1999), and OECD (1999) |
| Board Remuneration Committee | The committee that sets the CEO's and other top executives' remuneration packages | 1. How functioning the committee is. 2. Sort of directors that constitute the committee. | Companies Code (1963), CAGG (1999), OECD (1999), and Felo (2011) |
| <i>Source: Castellini and Agyemang (2012)</i> | | | |

Methodology

The application of a qualitative approach in carrying out research on corporate governance has increased recently. In their study, McNulty *et al.* (2013) revealed that qualitative studies on corporate governance have increased in absolute figure since the 1990s, but still remain a small proportion of works on corporate governance. Since corporate governance is considered as an “evolving, complex, global, multi-level phenomenon” (p. 184), it requires for an enquiry that can be explored and examined using a qualitative research approach. In line with this, this study aspires to use qualitative approach to explore and examine corporate governance practices in Ghana in a real empirical context. A descriptive qualitative case study approach is employed. The rationale behind this is that we wanted to get more insight into the issue at hand and since case study approach unlike other approaches adds two important sources of evidence: direct observation of the events studied as well as interviews of the individuals engaged in the events (Yin, 2003), it (case study) is considered more appropriate. This research approach provides the researchers an opportunity to access and generate a comprehensive or detailed and sufficient data essential for the study.

Case Selection

Stake (1994, p. 237) suggests three main types of case study: intrinsic, collective and instrumental. The author describes an intrinsic case study as:

...not undertaken primarily because the case represents other cases or because it illustrates a particular trait or problem, but because in all its particularity and ordinariness, [the] case itself is of interest... The purpose is not to come to understand some abstract concept or generic phenomena... The researcher temporarily subordinates other curiosities so that the case may reveal its story.

Collective case study is where a variety of cases are studied together in order to investigate the phenomena, population, or general setting. Instrumental case study is used to achieve

something other than a specific situation (Baxter and Jack, 2008). It provides an insight into an issue or theory refinement. Stake (1994, p. 237) contends that instrumental "... case is of secondary interest; it plays a supportive role, facilitating our understanding of something else." It often looks at in-depth, its context scrutinized, its ordinary actions detailed, since it assists the researcher to pursue his/her external interest.

Since this study is interested in gaining an insight and understanding of corporate governance practices in Ghana, the instrumental case is applied. Stiles and Taylor (2002) argue that corporate governance is an issue in listed corporate entities where the issue of ownership and control, which rest at the centre of the corporate governance discourse, will surface. Listed corporate entities are likely to have widely fragmented ownership since they have the propensity to create capital from a very large number of capital providers. They also have the tendency to be large. In the context of this study, four large corporate entities that are listed on Ghana Stock Exchange (GSE) based on Ghanaian standard are selected.

Data Collection Techniques

This study employs three sources of data collection techniques to gather data: archival records, semi-structured interviews and observation. All the three techniques complement each other. Each technique gathers different forms of data and helps the study in one way or the other. The main aim for data collection is to create a storehouse of information upon which the study could achieve its aim. This multi-approach system is used to maximize the series of available information to the researchers, enhance data credibility as well as offer a source for triangulation among these methods. Each of these methods has its strengths and weaknesses, and by employing a combination of methods, weaknesses of one method are substituted by the strengths of another. This combination also offers the researchers differing views about the subject matter.

Even though archival records were first examined by the researchers, data collection was in actual sense an iterative and interactive method employing all three sources of data collection techniques. For instance, the archival records offered the researchers historical backgrounds of the companies, but this information gained weight through the introduction of other sources of data. During the interview session, relevant and interesting developments cropped up that really helped the researchers. These developments were not available in the archival records. Also, interesting developments were highlighted during the observation session in that, some information that were gathered from the interviewees were in contradiction to what actually prevailed during annual general meetings.

Archival Records

Patton (1990, p. 245) posits that archival records "analysis provides behind-the-scenes look at the program that may not be directly observable and about which the interviewer might not ask appropriate questions." Lincoln and Guba (1985, p. 27) also view archival records as "a stable source of information.... [in] that they may accurately reflect situations that occurred at sometime in the past and that they can be analyzed and reanalyzed without undergoing changes in the interim." Prior to this research, archival research in secondary resources such

as the corporate organizations' annual reports, prospectuses, extracts from internal memos, and circular to shareholders helped the researchers to draw a firm profile and describe each firm's recent history and performance. Additional information of each company was gathered from publications and company's press releases. As the knowledge and know-how of board of directors could contribute to explaining board effectiveness, additional quest helps the researchers in highlighting the professional backgrounds of most of the directors. Following other works (such as Baysinger and Zardkoohi, 1986; Hillman *et al.*, 2000; and Ravasi and Zattoni, 2006), board of directors are grouped on their presumed strategic roles as controllers of decisions (i.e., representative of shareholders), executive directors, business experts and supporting specialists such as lawyers, bankers and other professionals. Data from the GSE on the companies are also referred to. These archival records help corroborate and support the various evidence collected during the interviews.

Interviews

Interviews were conducted face-to-face with company directors, senior management, company secretaries and shareholders. Also, in order to gain historical data, past executive and non-executive directors of the company were interviewed to offer extra insight into the operations of the corporate organizations in regards to corporate governance practice. The selection of this study's informants is aimed at: (1) collecting data from respondents who were in a better position to offer rich information with regard to corporate governance; (2) capturing different views on board-related issues as well as company operations; and (3) minimizing the risk of selecting biased representation. Goulding (2002) posits that in a more realistic manner, a qualitative case study research has to employ a face-to-face semi-structured, open-ended, ethnographic, in-depth conversational interview. The justification is that it has the possibility to produce rich and comprehensive accounts of a person's experience. It also allows interviewees to articulate themselves in a more candid manner to define the world from their own viewpoint, and not only from the viewpoint of the investigator.

In the context of this study, interviewees were asked about how they carry out their various activities in relation to the topic in hand (corporate governance). The interviews were semi-structured interviews. Interviews with officials of the regulatory bodies such as the GSE and Ghana Securities and Exchange Commission (GSEC) were also conducted in order to gain more insight into the subject matter. The various interviews that were conducted were tape recorded and transcribed immediately after each interview. Following suggestions from Miles and Huberman (1994) as well as Ravasi and Zattoni (2006), transcriptions were reinforced by contact summary sheets and interview notes (such as report of important data, vital issues cropping up from the interviews as well as detailed quotations). Even though interviews were mostly carried out in English, some were also carried out in Twi (one of the local languages in Ghana). However, during the reporting stage, the quotations from the interviews that were carried out in the local language were translated into English.

Observation

Observation, as a data collection technique, means an active engagement with a phenomenon in its natural setting. Adler and Adler (1994) point out that the trademark of observation is its

non-meddling feature that lessens any intrusion in the behavior of those observed, neither wangling nor provoking them. For this study, the researchers had direct experience with how corporate organizations conduct their annual general meetings. This observation involves two main components: (1) observation of how corporate governance structures are put into use during the companies' annual general meetings as well as recording the observation in a set of field notes; and (2) subsequent interviews were conducted with selected shareholders to aid in cross-examining and member checking for data quality of the field notes. The role of the researchers is to observe how these corporate organizations carry out their annual general meetings. During these meetings, the researchers recorded the events that occurred in a set of field notes. These events were also tape-recorded. Following Merriam (1998, pp. 98-99), vital issues—descriptions of the event, the individuals involved, 'activities and interactions', quoting directly or a gist of what participants said, and 'observer comments'—were recorded in the field note.

The researchers paid critical attention to voting on key decisions, how decisions were taken during such meetings, how minority shareholders were allowed to ask questions, election of board members, how board members react to minority shareholders' questions vis-à-vis majority shareholders questions and other series of actions. Subsequent interviews with shareholders who were present during such meetings offer an additional strategy to minimize researcher bias in the data gathered from the observation. This offers the purpose of member checking and cross-examination in that, it helps in evaluating the accurateness and quality of field notes and the researchers' understandings of the activities and behaviors that prevailed during such meetings.

Method of Analysis

Case study analysis typically involves detailed case write-ups for each case (Eisenhardt, 1989). Those write-ups are often simply pure descriptions but they are central to the generation of insight (Gersick, 1988; and Pettigrew, 1988; both cited in Eisenhardt, 1989). McNulty *et al.* (2013, p. 188) state that "corporate governance is a complex multi-level phenomenon and research can be developed along different levels of analyses." This study relies on theoretical propositions and the development of a case description for its analysis. With this, there is a descriptive framework for organizing the case study while following the propositions. Descriptions include a tabular presentation of the ownership structure of the companies. Finally, the data are summarized qualitatively in that, data acquired from each case are compared with other cases, and that results in the creation of four studies in one and one study from four.

Results and Discussion

Ownership Structure

There is a presence of ownership concentration by a single equity holder in each of the four organizations examined. Each of these controlling shareholders holds more than 50% of the equity capital. Table 2 depicts the controlling equity holders' identities and the degree of their holdings in the organizations. With the exception of BLA¹, the controlling shareholders are local bodies. This means that key decisions that have upshots on the performance of these companies, and consequently the Ghanaian economy, are being taken locally.

¹ QCB, TG, BLA and SIS are pseudonymous to four major corporate organizations in Ghana.

| Table 2: Ownership Structure of the Four Corporate Entities | | | | |
|--|-------------------------------|-------------------------------|------------------|-------------|
| | QCB | SIS | TG | BLA |
| Controlling shareholders | Government of Ghana and SSNIT | Government of Ghana and SSNIT | UT Holdings Ltd. | SABMiller |
| Degree of holdings by controlling shareholders (%) | 51.17 | 51.291 | 61.11 | 69.20 |
| Holdings of other shareholders combined (%) | 48.83 | 48.709 | 38.89 | 30.8 |
| Ownership by foreign shareholders (%) | 5.76 | 14.614 | 19.66 | 69.20 |
| Ownership by local shareholders (%) | 94.24 | 85.386 | 80.34 | 30.8 |
| Number of individual shareholders | 96,805 | – | 9,858 | 3,700 |
| Number of shares | 265,000,000 | – | 302,036,848 | 249,446,664 |

The ownership structures of these corporations mirror historical developments in Ghana that keep on shaping corporate governance in Ghana. The ownership concentration of BLA reflects the country's privatization policy that was adopted in divesting control of State-Owned Enterprises (SOEs) via the selling of large number of stocks to strategic investors. Even though the state holds a large number of shares of QCB and SIS, ownership structures of these two corporations reflect the privatization program (i.e., the Divestiture Implementation Policy) of the government in the 1990s.

TG bank was set up after the economic reforms. Its ownership structure mirrors the sources of the funds used for its establishment, which mainly came from UT Holdings Ltd. This feature of ownership concentration is not only limited to these companies. Most companies in Ghana have been, and continue to be divested, through strategic investors resulting in ownership concentration of corporations. For instance, SSNIT, which holds 55% of the total shares of Merchant Bank Limited, Ghana, decided to sell its stake to First-Rand of South Africa in 2012, as part of its plans to increase returns on its investments (Myjoyonline.com, August 23, 2012).

Ownership Control

All the four organizations are characterized by controlling shareholders. These controlling shareholders exert control over the activities of the companies through their participation in the decision-making activities of these companies. And this participation is always made possible through the incessant flow of information to these controlling shareholders. For instance, while minority shareholders always depend on information that are always available in annual audited

and quarterly unaudited reports, majority shareholders always have access to information upon request.

Also, management of these four organizations always consult controlling shareholders before any major decisions are made. The set goals that management is striving to realize are also in consonance with that of controlling shareholders. In order to ensure free flow of information from management to them (i.e., controlling shareholders), they have put in place some internal structures and mechanisms in these companies.

The controlling shareholders of these organizations have access to key personalities in the companies. For instance, they have access to the board chairperson and Chief Executive Officer (CEO). These key personalities are either appointed/selected by these controlling shareholders or have a certain level of influence in their selection. Apart from the TG bank, controlling shareholders of the remaining three companies appoint or select the board chairperson, CEO and the majority of the directors who constitute their boards.

The level of influence of these controlling shareholders always comes to the forth during annual general meetings of the companies. For example, when major decisions that need shareholders' approval are to be voted on, controlling shareholders, more often than not, determine the outcome of the vote. The panoptic control exerted by controlling shareholders has been considered and positively regarded by the regulatory authorities (i.e., the GSEC and GSE) in Ghana. This may stem from the fact that the rules and regulations in regard to corporate governance are poorly enforced thus leading large shareholders to protect their investments. In this case, large shareholders serve as a substitute for legal protection by ensuring investor protection in Ghana. This is in line with the assertion by La Porta *et al.* (1998) that the emergence of ownership concentration is a substitute for legal protection for economies with poor investor protection. In an interview with one of the officers of the GSEC, he said:

Since companies in developed countries are well-supervised, they have the tendency to perform well. This situation is different from Ghana's experience. This is because, our companies are poorly supervised. And for that matter, it is incumbent on these controlling shareholders to supervise their companies in order to put them on track so that they can perform well. Until we start enforcing our laws, we should not attempt to oppose this kind of occurrence.

The findings of this study apply to a large number of listed and non-listed companies in Ghana. This shareholder control phenomenon, which is as a result of ownership concentration, applies to a large number of organizations in Ghana. This implies that the separation of ownership and control is absent in Ghana. Whist this conclusion challenges Berle and Means assertion that ownership and control have been separated, it backs the existing body of knowledge that, apart from the US and the UK, in most countries, ownership and control work hand-in-hand (i.e., have not been separated) (Clark and Clegg, 1998; and Berglof and Claessens, 2004). Table 3 presents responses with respect to ownership control in the four companies via interviews and documents.

| Table 3: Ownership Control in Ghanaian Organizations | | | | | | | | | | | | |
|--|-----|---|---|-----|---|---|----|---|---|-----|---|---|
| | QCB | | | SIS | | | TG | | | BLA | | |
| | A | O | N | A | O | N | A | O | N | A | O | N |
| Duties of the board are being fulfilled when they report to shareholders during AGMs | √ | | | √ | | | √ | | | √ | | |
| Annual audited reports are made available to shareholders before AGMs | √ | | | √ | | | √ | | | | | |
| Quarterly reports are made in public | √ | | | √ | | | √ | | | √ | | |
| All shareholders receive invitations to AGMs | √ | | | √ | | | √ | | | | √ | |
| During AGMs, shareholders have the right to vote on board's proposals/suggestions | √ | | | √ | | | √ | | | √ | | |
| Large shareholders exert extensive influence during AGMs | √ | | | √ | | | √ | | | √ | | |
| Decisions taken at AGMs are subject to voting | √ | | | √ | | | √ | | | √ | | |
| The kind of influence that majority shareholders have in the selection or appointment of directors makes it possible for them to exert control over the firm | √ | | | √ | | | | √ | | √ | | |
| It is easy for large shareholders to have access to very important personalities in the firm | √ | | | √ | | | √ | | | √ | | |
| Decisions of management or directors can be questioned or altered by large shareholders | √ | | | √ | | | √ | | | √ | | |
| Shareholders have the right to call for Extraordinary General Meetings for clarifications | | √ | | | √ | | | √ | | | √ | |
| Note: AGMs – Annual General Meetings; A = At all times; O = Occasionally; and N = Never/Absolutely Not. | | | | | | | | | | | | |

Effectiveness of the Board

Board Composition

All the organizations studied have board of directors that are characterized by more Non-Executive Directors (NEDs) than executive directors. The rules and regulations governing these four companies have categorically made it clear that NEDs should always form the majority of the board. Two of the organizations studied (i.e., QCB and SIS) include on their board persons who hold senior government positions or who in one way or the other have links to the government. It is clear that those individuals are on the board to make sure that the government's influence on the decision-making processes of these companies is properly effected. Even though TG and BLA do not have such persons on their boards, the state still has a certain level of influence in their decision-making processes. This is consistent with the observation that corporate governance in developing economies is directly or indirectly characterized by politics (Berglof and Claessens, 2004; and Agyemang and Castellini, 2013).

Director Independence

In all four companies studied, director appointments are closely linked to shareholdings. At QCB, SIS and BLA, majority shareholders appoint the majority of directors who serve on their boards. For instance, at QCB and SIS, since the state is the majority shareholder, it (i.e., the state) appoints almost all their board members. At BLA, the majority shareholder also appoints the majority of directors who serve on the company's board. In the case of TG, even though director selection is connected to shareholding, it has been unambiguously stated in the company's rules and regulations governing it that, equity holders with at least 5% of the total equity capital of the company are entitled to appoint/select a director to represent them on the company's board.

Also, in all four cases, the nomination of directors has to be approved by all shareholders, irrespective of their shareholdings at their (i.e., the companies) annual general meetings. Most of the minority shareholders interviewed expressed their displeasure in terms of the approval process. They considered it as a 'rubber stamp' in that, before those nominated are presented to them at annual general meetings, the majority shareholders had already given their approval and in lieu of this, their votes cannot influence the approval process. One interviewee observed that:

My brother, I was not surprised when those who were nominated to be board members were given an approval to serve on the company's board. It is nothing new. It has been there since the day I started attending these meetings. Even if we [minority shareholders] disapprove, they will still go ahead to appoint them as directors.....

Furthermore, in all four organizations, the CEO or managing director does not have any influence over the selection of directors. There is an absence of business connection between the organizations and their board members. This implies that board members are always independent of CEOs of these organizations. Board members normally know the shareholders who selected them and to whom they are accountable in all four corporate organizations. The implication is that, board members or directors are not independent of the shareholders who selected them to represent them (i.e., large shareholders).

There are no overt criteria for the selection of directors in all organizations. Shareholders apply their own value judgment in selecting individuals they perceive as suitable for the directorship job. However, in all organizations, it was noticed that for a person to be appointed, he/she needs to possess special kind of skills and knowledge that are considered as being useful for board discussions. For instance, he/she is supposed to have knowledge about the organization as well as the financial aspects of the corporate organization.

Board Leadership Structure

In all organizations studied, the posts of the board chairperson and that of the CEO have been separated. This split is considered by the organizations as a way of bringing in checks and balances to avoid circumstances where a person will be created (for instance, a 'Frankenstein Monster'), who may be difficult to be monitored and controlled. In that case, this decision (i.e., the decision to separate the two posts) is taken to exert control and therefore, helps in solving

agency problem. In the case of TG bank, this split is more or less considered as power sharing between the two founding fathers of the organization instead of checks and balances mechanism. This situation does not foster board control in this corporate organization.

Board Meetings

The boards of the four organizations have a formal procedure for conducting their meetings. These procedures are explicitly stated in the rules and regulations governing these organizations. The procedures include meeting preparations, conveying board papers as well as meeting agenda to board members in order to give them ample time to prepare. Meeting procedures of these organizations are in consonance with the internationally standardized way of conducting board meetings.

In principle, board meetings of these organizations follow an agenda that includes minutes' approval, the quarterly reports, and issues arising as well as other businesses. In all four cases, management always prepares meeting agendas but more often than not, they seek advice from the board chairperson. Notwithstanding that, directors are also allowed to incorporate new ideas into the set agendas for deliberation. The manner in which meeting agendas are set as well as board meetings are executed paves the way for directors to effectively heed to all the important issues, which are considered as vital for carrying out board control functions effectively.

Board Audit Committee

In all four organizations, they have formal board audit committees with NEDs as the majority of their members. With the exception of BLA, membership compositions of the audit committees are made up of NEDs only. In the case of BLA, even though the committee members are not entirely made up of NEDs, they constitute the majority. At QCB, SIS and TG, the board audit committee meets at least four times in a year but can be increased when situations demand. In the case of BLA, the committee is supposed to meet at least three times a year but can be increased when circumstances require.

Also, in all four cases, the principal duties and responsibilities of the committee are: monitoring the maintenance of proper accounting records and the reliability of financial reports used in the affairs of the company; putting forward reasonable assurance of the protection of assets against unauthorized use or disposition; authorizing, directing and reviewing the program of the internal auditor; receiving reports from the internal auditor and considering the major findings of those reports; monitoring follow-up activities of management; keeping accounting policies of the company under review and making recommendations to the board to amend or repeal such policies; monitoring compliance with the vital legal and regulatory framework; presenting audit reports to board members during board meetings; discussing any challenges or reservations that arise from the interim or final audit and any issues the external auditor may wish to deliberate on; reviewing the way in which management ensures and monitors the manner, magnitude and efficacy of the company's accounting, risk management and financial control systems; and holding discussions with the external auditor ahead of the period their audit commences.

Board Remuneration Committee

QCB and TG Bank have established a formal board remuneration committee with NEDs as members of the committee. At QCB, the main responsibility of the committee is reviewing the recruitment and termination policies of the bank including employment contracts remuneration, pension and other rewards, making appropriate recommendations, and any other responsibilities that may be assigned by the board. Furthermore, TG Bank's remuneration committee is responsible for reviewing all human resource policies to ensure that workers are treated honestly and work in very favorable environment. It is also responsible for putting up performance indicators for the company and determining the structure of remuneration of the bank's chairperson and executive directors. Also, the committee reviews and approves the remuneration packages, incentive plans and staff bonuses for the company. These responsibilities make the board to get to know all HR, compliance and financial aspect of the firm.

SIS and BLA have not established a formal board remuneration committee. However, at SIS, the audit and finance committee of the company has been delegated by the board to look into issues concerning compensation packages. The audit and finance committee has been tasked by the board to deal with the following issues: recommending the levels of remuneration of NEDs for approval by the board and ultimately by the shareholders; undertaking of annual reviews of executives' emoluments; and reviewing and recommending to the board, executives and staffs' bonuses and long-term incentive packages. In the case of BLA, discussions are on-going about the formation of a remuneration committee. Table 4 shows the responses with regard to the determinants of board effectiveness of Ghanaian companies.

| Table 4: Board Effectiveness in Ghanaian Companies | | | | | | | | | | | | |
|---|------------|----------|----------|------------|----------|----------|-----------|----------|----------|------------|----------|----------|
| | QCB | | | SIS | | | TG | | | BLA | | |
| | A | O | N | A | O | N | A | O | N | A | O | N |
| For the past 10 years, a majority of board members have been NEDs. | √ | | | √ | | | √ | | | √ | | |
| There is an existence of social or economic tie between directors and the firm. | | | √ | | | √ | | √ | | | | √ |
| There is an existence of social or economic tie between directors and top managers. | | | √ | | | √ | | √ | | | | √ |
| There is a presence of social or economic tie between directors and majority shareholders. | √ | | | √ | | | √ | | | √ | | |
| Positions of the CEO and the chairperson have been divided and occupied by different persons for the past 10 years. | √ | | | √ | | | √ | | | √ | | |

Table 4 (Cont.)

| | QCB | | | SIS | | | TG | | | BLA | | |
|--|-----|---|---|---------------------------|---|---|----|---|---|---------------------------|---|---|
| | A | O | N | A | O | N | A | O | N | A | O | N |
| There is an existence of board audit committee instituted by the board. | √ | | | √ | | | √ | | | √ | | |
| There is a presence of a board remuneration committee. | √ | | | No Remuneration Committee | | | √ | | | No Remuneration Committee | | |
| A majority of the members on the audit committee are NEDs. | √ | | | √ | | | √ | | | √ | | |
| NEDs form majority on the board remuneration committee. | √ | | | No Committee | | | √ | | | No Remuneration Committee | | |
| Membership appointments to the audit committee are made known to shareholders. | √ | | | √ | | | √ | | | √ | | |
| Membership appointments to the remuneration committee are made known to shareholders. | √ | | | No Remuneration Committee | | | √ | | | No Remuneration Committee | | |
| There is a criteria for the selection and replacement of directors. | | | √ | | | √ | | | √ | | | √ |
| There is a laid down procedure upon which board meetings are held. | √ | | | √ | | | √ | | | √ | | |
| Before board meetings, information about the firm are made available to members on time. | √ | | | √ | | | √ | | | √ | | |
| Note: A = At all times; O = Occasionally; and N = Never/Absolutely Not. | | | | | | | | | | | | |

Board Control

In the case of TG bank, board members/directors carry out all activities in relation to the control function of the board: taking decisions in terms of hiring and disciplining the CEO; replacing the CEO in case of mismanagement; discussing and approving the company's strategies, determining the type of information they need from management; and setting up the CEO's compensation package. In the other three cases of QCB, SIS and BLA, board members have limited control over the activities of the organizations. The only control activity members carry out is to discuss and approve corporate strategies in these three organizations. But these discussions of corporate strategies are not for the purpose of exerting board control over the activities of management. They rather aid the purpose of providing board members with a chance to offer advice to management on how the set goals can be realized.

With respect to a formal assessment of the activities of the CEO, the board and individual board members, it is observed that, directors of QCB, SIS and BLA perform implicit assessments

of their CEOs/managing directors. The levels of assessment of board of directors of QCB, SIS and BLA differ from that of TG Bank in that, directors of QCB, SIS and BLA do conduct such assessments only when they are discussing and approving corporate strategies of these organizations. In the case of TG bank, the board performs its control function without any interference from the controlling shareholders.

At QCB, SIS and BLA, the control function of directors has been replaced by the controlling prowess of their controlling shareholders. This is in line with the assertion of Roe (2003) that when controlling shareholders exert an extensive control over the activities of management, it leaves a little room for the board to exercise its control function. Although the controlling shareholders of QCB, SIS and BLA exercise control over the activities of the company, they (i.e., the controlling shareholders) leave room for directors to exert a certain level of control as witnessed via their involvement in control activities. Table 5 indicates responses with respect to board control in Ghanaian companies.

| Table 5: Board Control in Ghanaian Companies | | | | | | | | | | | | |
|---|-----|---|---|-----|---|---|----|---|---|-----|---|---|
| | QCB | | | SIS | | | TG | | | BLA | | |
| | A | O | N | A | O | N | A | O | N | A | O | N |
| Decisions in terms of hiring a CEO is made by the board | | | √ | | | √ | √ | | | | | √ |
| The CEO can be replaced by the board in case of mismanagement | | √ | | | √ | | √ | | | | | √ |
| Strategies are discussed and approved by the board | √ | | | √ | | | √ | | √ | | | |
| Decisions on the CEO's remuneration package are made by the board via the remuneration committee | | | √ | | | √ | √ | | | | | √ |
| The activities of the CEO are assessed by the board | √ | | | √ | | | √ | | | | | √ |
| The board makes sure the firm complies with existing laws regarding the day-to-day running of the firm, e.g., Generally Accepted Accounting and Auditing Principles laid down by ICAG | √ | | | √ | | | √ | | √ | | | |
| The board determines the type of information it needs from management at anytime | √ | | | √ | | | √ | | √ | | | |

Note: A = At all times; O = Occasionally; and N = Never/Absolutely Not.

Confirmation of Propositions

Discussions reveal that all four organizations investigated have large controlling shareholders. These controlling shareholders are important mechanisms in driving good governance in these

organizations. This means that *Proposition 1*, which states that: *Shareholders with larger shares exert shareholder control in a company*, is verified in all four corporate organizations.

In terms of a prim and proper audit committee, the findings indicate that all four organizations have established a formal board audit committee with NEDs as its members. However, the observable facts also reveal that, there is a relationship between a board audit committee and board control in only one organization. This means that *Proposition 2a*, which states that: *Instituting a board audit committee with independent directors leads to board control in an organization*, is verified in only one organization and not in the other three.

The findings of a board remuneration committee show that two of the four organizations investigated have established a remuneration committee. In spite of this, a relationship between a board remuneration committee and board control does exist in only one of these two organizations. This implies that *Proposition 2b*, which states that: *Setting up a board remuneration committee with independent directors leads to board control*, is confirmed in only one organization and not in the other three.

With regard to the leadership structure, the observable facts depict that the positions of the CEO and that of the chairperson have been separated in all four organizations. However, the relationship between this separation and board control is not realized. This means that *Proposition 2c*, which states that: *The non-duality structure with independent chairperson results in board control*, is not confirmed in all four corporate organizations.

With respect to board meetings, the observable facts depict that, elements of effective and efficient board meetings are in existence in all four organizations. However, the connection between effective and efficient board meetings, and board control is only realized in one organization. This implies that *Proposition 2d*, which states that: *Effective and efficient board meetings result in an extensive board control*, is verified in only one organization and not in the other three.

Comparison of Recommended Guidelines with the Empirical Observation

The regulatory framework for effective corporate governance in Ghana is contained in the Companies Code 1963 (Act 179). This framework deals with issues that intensify the focus of this study. For instance, it deals with issues such as shareholders' rights and control, activities of board in exerting its control function and determinants of board effectiveness in regard to board control. Table 6 reveals the aspects of shareholder control contained in this framework which have been compared with the observable facts of the four cases investigated.

The recommendations of the Companies Code 1963 with regard to board effectiveness and control, and their associated determinants are indicated in Table 7. They are compared with the observable facts from the four cases.

Ghana's Companies Code 1963 mirrors the Anglo-American conceptuality of the challenges of corporate governance, i.e., the need to effectively make board of directors to control management and answerable to shareholders.

| Table 6: Shareholder Control | |
|---|---|
| Companies Code 1963 | Observable Facts |
| Shareholders have to actively get involved in protecting, preserving and actively exercising the supreme authority of the organization through annual general meetings. | Controlling shareholders actively partake in the affairs of the companies by influencing decision-making processes in the four organizations. |
| Shareholders have the right to be satisfactorily informed about decisions concerning fundamental changes such as amendment of statutes, authorization of additional shares and so on. | Information of this kind is normally provided. However, in order for these changes to be effected, approval by controlling shareholders is needed. |
| Shareholders have the right to partake in the decision-making processes of the organization. For instance, partaking in the company's voting process, obtaining timely and regular information and so on. | Large shareholders have greater access to information since they have access to key persons such as the board chairperson and the CEO. Minority shareholders, on the other hand, only rely on the statutory disclosures of the companies. |
| The rights of shareholders are to be safeguarded and the manner in which these rights are to be effected ought to be secured. | This requirement is clearly stated in the various rules and regulations governing all the four companies. |
| There should be an equitable treatment of all shareholders irrespective of their holdings. | Large shareholders always receive more attention than their minority counterparts. For instance, they have access to key persons in the organizations, have greater access to information and so on. |

| Table 7: Board Control | | |
|--|--|---|
| Board Control | | Observable Facts |
| Effective board should properly manage the company in order to safeguard and enhance shareholder value, and to meet the company's obligation to shareholders. It also has to provide strategic guidance and effectively control the management of the company. | | In the cases of QCB, SIS and BLA, boards do not exert control. In the case of TG Bank, the board does exert extensive control over the management of the company. During annual general meetings, formal reporting takes place as well as the provision of annual report. |
| Board Effectiveness | Description | Observable Facts |
| Composition | The board should include a balance of executive directors and independent NEDs, with the complement of NEDs being at least one-third of the total membership. Independent NEDs should be independent of management and should be free from other connections with the company, which may interfere with his/her ability to carry out his/her | NEDs form the larger constituent of the board of directors of all the companies studied. In all four companies, NEDs are independent of management, but not independent of appointing shareholders. |

Table 7 (Cont.)

| | Description | Observable Facts |
|----------------------------------|---|--|
| | responsibilities in an independent manner. | |
| Leadership Structure | The positions of the CEO and that of the board chairperson should be separated. The chairperson should be a person who is independent and does not interfere in the day-to-day management of the company. | The roles of the CEOs and that of the chairpersons have been separated in all companies investigated. The board chairpersons of these companies are independent of management, but not independent of controlling shareholders. |
| Selection and Board Independence | The selection procedure of new directors ought to be based on merit and should be formal and transparent. | In the cases of QCB, SIS and BLA, directors are selected by the controlling shareholders. In the case of TG bank, selection/appointment can be done by a shareholder, if he/she/ satisfies a specified criterion. There are no lucid criteria for the selection of directors in all four organizations investigated. |
| Board Meetings | In order for the board to discharge its duties effectively, it should meet at least six times a year. | In all four organizations, board of directors meet four times a year and can be increased as situation demands. |
| Board Committee | In order for the board to work effectively and avoid conflict of interest, it should establish independent committees as it may deem appropriate to help it perform its duties: independent audit and remunerations committees. | All four companies investigated have established a formal board audit committee with independent NEDs. When it comes to a formal board remuneration committee, only QCB and TG bank boards have established one. |
| Board Succession Plan | In order for companies to adjust to the dynamics of corporate governance, the board is responsible for the drawing of succession plans and appointments. | In all four companies, there is no succession plan in that, directors are all shareholder appointees |

A comparison of the Companies Code 1963 with the observable facts reveals that in all four companies, a number of corporate governance practices suggested by the Companies Code do shape their current corporate governance practices. Also, this comparison shows that there are some germane aspects that are thoroughly needed to be applied by companies in order for them to be in conformity with the Companies Code's recommendation.

With regard to the type of directors who constitute the board, the findings show that in all four companies, NEDs form the majority of their boards. The Companies Code 1963 recommends that NEDs should at least be one-third of the total membership of the board.

Although the Code recommends that all shareholders, irrespective of their holdings are supposed to be represented on the board, this was not the case in all four organizations studied. In all organizations, director appointment right is closely connected with the degree or magnitude of shareholdings.

With respect to board meetings, the four organizations portray uniform ways of carrying out board meetings: information is sent by management to directors on time; directors have opportunity to integrate items they deem germane for deliberations; and board deliberations are efficiently and effectively carried out. This is consistent with the recommendation of the Companies Code 1963. Even though this is consistent with the recommended guidelines of GSEC, in three of the companies, board meetings do not enhance board control since their controlling shareholders exert substantial influence on board activities.

In terms of leadership structure of the board, the two positions of the board chairperson and CEO have been separated in all four organizations. However, this proves inadequate to meeting the principles' recommendation. This is because, in three of the companies, the CEOs and board chairpersons are appointed by their controlling shareholders. And if these two topmost individuals of the organizations are always appointed by these controlling shareholders, then it leaves no room for board chairpersons of these companies to function effectively as expected of them. Also, the leadership structure of the remaining company proves inadequate in the sense that, these two positions are occupied by the founding fathers of the company. The implication is that, this sort of separation is more of 'power sharing' mechanism rather than a 'check and balance' measure. This is in line with Dalton and Dalton's (2009) assertion that the non-duality structure does not automatically indicate independence of the leadership structure.

A board audit committee has been set up in all four organizations studied, which is to some extent in line with the recommendation of the Companies Code. However, they prove inadequate in three of the companies in that, the committee members are not independent of whims and caprices of their controlling shareholders. Even though the remaining company's committee members are not independent of its controlling shareholder, the manner in which the committee members carry out their activities makes the committee effective and efficient.

Furthermore, a board remuneration committee has been established in two organizations, which is to some level consistent with the Companies Code's recommendation. However, they prove inadequate in one of the companies in that, the committee members are not independent of the controlling shareholders. Even though the other company's committee members are not independent of its controlling shareholders, the manner in which the committee members carry out their activities makes the committee effective and efficient. The other two organizations have not instituted a formal board remuneration committee and therefore, do not meet the code's recommendation.

The Companies Code recommends that the method of director appointment should be formal and transparent to all shareholders and that information about potential persons are to be made public. These include the working experience, accomplishments, stature and credibility of the potential persons. However, none of the four organizations studied has a clear

explanation in relation with the criteria for director appointments as recommended by the Companies Code 1963.

Prevailing Condition with Regard to Corporate Governance Effectiveness in Ghana and Its Driving Forces

The shareholders' perspective of corporate governance put forth that, the objective task of an organization ought to focus only on those who have monetary share of the organization. It considers organizations as devices for shareholders to maximize their investment returns, on the basis that theoretically, they (i.e., shareholders) are residual claimants (Jensen and Meckling, 1976). As a result, effective corporate governance defined in this study shows as to how the ownership structure and the board structure serve as good corporate governance mechanisms in reducing agency problem in an organization, by narrowing the gap between the interests of shareholders and managers. In the context of this study, effective corporate governance is realized if the mechanisms examined (i.e., the ownership structure and the board structure) help in solving agency problems in the current Ghanaian setting.

Ownership Structure

In all organizations studied, controlling shareholders function as monitors and controllers of managers. Controlling shareholders exert control over decisions of management via their incessant access to and selection (and the authority to dismiss) of key persons in the organizations, their frequent access to information, and their activeness in decision-making processes of the organizations. With these possibilities, controlling shareholders induce management to take decisions that would maximize shareholder value and consequently, help reduce agency problem. In all organizations, controlling shareholders have the ultimate say on decisions during annual general meetings, in view of the fact that, they have the control rights. This allows them to pervasively influence decisions of management and as a result, management has to take actions to maximize shareholder value. The revelation of this ownership concentration in all four organizations studied, is a feature that cuts across all Ghanaian organizations listed on the GSE, and a number of organizations that are not listed. In simple terms, all Ghanaian organizations have controlling shareholders. The four cases offer a dependable proof that the ownership structure is a vital driving force of effective corporate governance in Ghana. This revelation from the cases investigated with regard to the role of large shareholders is in line with the extant literature on corporate governance. Denise and McConnell (2003) opine that large shareholders have the incentive to use up resources to monitor and control management in order to make sure that their interests are met. Large shareholders are observed as vital corporate governance mechanism in the developing world in that they strongly influence the course of effective corporate governance (Berglof and Claessens, 2004).

Board Effectiveness

With regard to the board, the study concentrates on elements that are regarded vital in agency theory to determine board effectiveness in connection with board control. The elements

examined in this study are: board composition, leadership structure of board, director independence, meetings of board, board audit committee, and board remuneration committee.

Board Composition

The findings of the study depict that in all organizations, the NEDs form the majority of their boards. The degree to which board composition determines board effectiveness in connection with board control function is assessed to be low in three organizations. In these three cases, boards do not get involved in the crucial elements of control in the organizations since controlling shareholders execute such operations. This observable fact from these three organizations confirms the findings in the extant literature that the existence of large shareholders has the propensity to weaken other corporate governance mechanisms (Berglof and Claessens, 2004). It is only in one case that board composition was evaluated to settle on board control to a large extent. The board's NEDs do carry out all the crucial elements pertaining to board control in the organization. This enhances the debate in the extant body of knowledge that, boards can be effective governance mechanism (Denise and McConnell, 2003; and Berglof and Claessens, 2004). However, this study highlights that boards can only become effective corporate governance mechanism if large shareholders allow them (by means of absenting themselves from performing control-related operations) to carry out their control function in the organization.

The finding with regard to the number of NEDs relative to the board size in all organizations studied meets the recommendations of the Companies Code 1963, which states that at least one-third of board members should be NEDs.

Director Independence

In all organizations studied, the extent to which director independence drives board effectiveness relative to board control is high. Such director independence has the propensity to transform into effective and efficient control of management. However, the observable facts also show that although directors are independent of management, the subject of director independence in relation to controlling shareholders continue to be challenging. The prevailing condition where controlling shareholders are given rights to select directors, present a conundrum to director independence. This observable fact is in line with the extant body of knowledge in that, large shareholders in general, jeopardize director independence since large shareholders tend to have an authoritative command in relation to director appointment (Berglof and Claessens, 2004). The aspect of director independence in all four organizations meets the recommended guidelines of the principles of corporate governance of Ghana.

Board Leadership Structure

The extent to which the division of the roles of the CEO and the board chairperson settles on board control in the four organizations studied is low. With regard to the suggested guidelines, the division of the roles in all four organizations meets the requirement of Ghana's principles of corporate governance since one person does not perform the two roles. However, the division of the roles in three organizations that scored low do not conform with the guidelines of the Companies Code in that, board chairpersons in these organizations are not independent of controlling shareholders. The remaining organization also scored low in that the two

topmost positions are held by the two founders of the organization. Thus, making the separation of these two positions, a power-sharing strategy, rather than a strategy to enhance board effectiveness.

Board Meetings

The extent to which board meetings settle on board effectiveness in regard to board control function is low for three organizations and high for one. As with other driving forces of board effectiveness, board meetings do not pave important way to board effectiveness with respect to board control in three organizations because their boards do not exert board control. In the remaining organization, board meetings settle on board control in that, they (i.e., board meetings) represent platforms that offer the board to exert control over management and corporate decisions.

Also, it is only in one of the four organizations studied that its board has put in place performance evaluation mechanism to assess the performance of directors, CEO and the board. In regard to this finding, three organizations do not meet the recommendation of the principles of corporate governance of Ghana.

Board Audit Committee

The role of the board audit committee in driving board control is low for three organizations and high for one. As with other determining forces of board effectiveness, the establishment of board audit committees does not necessarily lead to board effectiveness in relation to board control function in three organizations in that, the controlling shareholders perform extensive control over the organizations. This is in line with the fact that the ownership structure has influence on internal mechanisms of corporate governance (Berglof and Claessens, 2004). As a matter of fact, the ineffectiveness of the board audit committees of these three organizations due to the presence of controlling shareholders makes the Companies Code's recommendation with respect to board committees irrelevant. Since the board is ineffective due to the extensive control over its activities by the controlling shareholders, it can be envisaged that any committee established by the board will be ineffective.

Board Remuneration Committee

Two of the organizations studied have established board remuneration committee. However, the role of the remuneration committee in determining board control is low for one of the two organizations and high for the other one. The establishment of a board remuneration committee does not foster board control in the organization that scored low in the sense that, the controlling shareholders perform extensive control over the organization. This is in line with the observation that the ownership structure has influence on internal mechanisms of corporate governance (Berglof and Claessens, 2004).

Issues Concerning the Advancement of Effective Corporate Governance in Ghana

The observable facts reveal three key issues that are needed to be given the necessary attention to enhance corporate governance practice in Ghana. These are: improving the corporate

governance foundation; safeguarding the right of minority shareholders; and issues that affect board effectiveness.

Improving the Corporate Governance Foundation

Market-oriented economy is still gaining roots in Ghana. This is because a lot of factors that create efficient market-oriented economy are still developing. For instance, Ghana's capital market is still in its early stage. Hitherto, the capital market is not efficient to induce management to proceed along the course of maximizing shareholder value. In simple terms, it does not serve as an effective, efficient and dependable threat to management, which does not take decisions to maximize shareholder value. Also, law enforcement, which is a key element for efficient and effective market-oriented economy is weak in Ghana. The World Bank (2003) reports that corporate governance in most developing and transition economies is not properly practiced because these economies have not succeeded to always and equably enforce rules and regulations concerning corporate governance. Practices like insider trading and self-dealing are common. Such offenses by and large go undisciplined, even if tough penalties apply in theory (World Bank, 2003). Ghana's position to support the implementation of corporate governance is weakened by weak monitoring and enforcement. Due to the aforementioned challenges, there is a need to improve on the foundation for effective corporate governance in Ghana, which is no different to the needs of other emergent economies. For example, most commonwealth countries are faced with such challenges (Berglof and Claessens, 2004).

Safeguarding the Right of Minority Shareholders

Currently, large shareholders play significant role in determining effective corporate governance in Ghana, but they also cause a significant challenge. This is because shareholders with larger shares are more likely to represent a controlling interest (Okpara, 2010). Such control furnishes them (i.e., shareholders with large shares) with the likelihood of private benefit (i.e., benefits that are unavailable to other shareholders), and with this practice, firm value is likely to be reduced (Denise and McConnell, 2003; and Berglof and Claessens, 2004).

The observable facts from the four cases reveal that there are significant information and power asymmetries between controlling equity holders and small/minority equity holders. Currently, small equity holders cannot effectively influence decision-making processes of organizations. Generally, minority shareholders do not have representations on the boards of organizations. Even in annual general meetings where they depend on, for information about the growth of the organization, they are always denied of adequate voice. This generally, makes them vulnerable and as a result, they play a lesser role on how organizations are governed.

The vulnerability of small equity holders means that the conventional agency problem confronting the Anglo-American organizations, which sets equity holders against powerful management, is not so important in the Ghanaian setting. This is because the central problem is the struggle between controlling equity holders and minority equity holders. This is archetypal of most developing and transition economies (Berglof and Claessens, 2004; and Okpara, 2010). This leads to the expropriation problem where majority shareholders with their controlling prowess over organizations tend to divert resources from organizations in a

manner, which dispossesses minority shareholders of their fair share of income from those resources (Oman *et al.*, 2003). These controlling rights of large shareholders not only offer them with unrestricted power to punish poorly performed management, but to channel company resources for their private gains (Zhonghua, 2008). Such revelations have been reported to have taken place in some independent commonwealth economies and South-Eastern Economies of Europe (OECD, 2003). Even though this study has not found concrete evidence that such a deprivation of possession of minority shareholders is prevalent in Ghana, it brings out that the prevailing condition is a fertile ground for this to happen.

The implication for further improvement of corporate governance practice in Ghana is that it points out the need to safeguard minority shareholders. La Porta *et al.* (2000) suggested six legal protection forms termed as anti-director rights measured by the 'anti-director rights index'. These are: (1) Permitting equity holders to mail their proxy votes to the company; (2) Not requiring equity holders to deposit their shares before the annual general meeting; (3) Cumulative voting; (4) Ensuring proportional representation of small/minority equity holders on boards; (5) Presence of a mechanism for oppressed small equity holders; and (6) Allowing small equity holders to organize an extraordinary shareholders' meeting.

The Companies Code of Ghana points out the principle of equitable treatment of all shareholders (e.g., minority shareholders should be given the opportunity to attain effective redress for violation of their rights). Even though this section of the code is aimed to safeguard minorities, the main problem confronting Ghana with regard to laws is their enforcement. There may be an existence of laws to safeguard minorities, but their application is generally, poor. A law-oriented method of solving this problem, which is clearly spelt out by Black *et al.* (1999) in the context of Russia also applies to Ghana:

[T]he principal problem is not that laws aren't strong enough; but that they aren't enforced... unhappy shareholders can rarely develop enough facts to prove the rampant self-dealing that occurs every day. The courts respect only documentary evidence, which is rarely available, given limited discovery and manager's skills in covering their tracks... pursuing a case... will take years, and when you are done, enforcing a judgment is problematic, because enforcement is by the same biased or corrupt lower court that the shareholder began at (Black *et al.*, 1999, cited by Dyck, 2001).

The problem of enforcing laws, and rules and regulations is a challenging issue confronting most developing and transition economies with respect to corporate governance (Berglof and Claessens, 2004; and Okpara, 2010). This then points to the fact that mechanisms should be put in place for such enforcement. For instance, meeting this problem needs acknowledgment that the structure and capacity of regulatory and judicial frameworks are essential parts of the corporate governance structure.

Issues That Affect Board Effectiveness

A number of issues that drive board effectiveness with regard to board control function still need to be dealt with. These include: director independence, assessment of directors and the leadership structure of the board.

Director Independence

The observable facts of the four cases reveal that the size of equity capital that is needed for the shareholders to select representatives to the board is well-established in the various rules and regulations governing the companies. This regulation normally backs controlling shareholders because it permits them to select the majority of board members, the chairperson and the CEO, while excluding a lot of equity holders from partaking in all vital decision-making processes. This is in line with the findings of Berglof and Claessens (2004) and Melyoki (2005) that director independence is weakened with the presence of controlling shareholders. This area needs more effort to enhance the situation.

Assessment of Director

With the exception of one organization, the various boards of the companies studied do not deal with issues pertaining to formal assessments of directors and board activities. Since there are no laid down measures in assessing the CEO and other individual members of the companies, once these individuals are appointed or selected, they tend not to fully involve themselves with regard to how they apply their skills, knowledge, competences and expertise as required of them for the betterment of the companies. It is argued that director assessments—be it at board level, committee level or individual level—are relevant in that they facilitate the board's understanding on whether it is meeting its own performance expectations (Larcker and Tayan, 2011). In circumstances where a director is inactively involved in board activities, this assessment mechanism can be an effective and efficient way for introducing a discussion about his/her performance

Leadership Structure of the Board

All four organizations have separated the roles of the board chairperson and the CEO, but none of these separations enhances board control. The general evidence is that the split of the two positions is only vital for the purposes of control when the board is, practically, involved in decision control. But in a situation—as witnessed in our four cases—where controlling shareholders always wield control over the activities of their companies, such schism can never be considered as a value added approach.

Conclusion

The study presents a comprehensive and defensible qualitative analysis of the complex issue between shareholder control and board control. It uses four large publicly listed organizations on the GSE. The empirical observation shows that shareholders with substantial shares in corporate organizations actively exercise control over corporate decisions. In addition, it is found that when large shareholders fully involve themselves in corporate decision-making processes, boards appear to be advisory bodies. This is in line with the findings of Agrawal and Knoeber (2001), Adams and Mehran (2003), Adams and Ferreira (2007), and Coles *et al.* (2008). Furthermore, the findings regarding director independence bring about some challenges to the various principles of corporate governance (Companies Code 1963; CACG, 1999; and OECD, 1999 and 2004), which recommend that NEDs must be independent. In circumstances where the controlling shareholder appoints the majority of directors, independence remains a problem

or huge challenge. This will then necessitate a substantial amount of effort/attempt to get rid of that gargantuan challenge, mostly because it can be opposed by large shareholders (Berglof and Claessens, 2004). The study identifies the essence of considering the consequences of privatization of corporate organizations and the eventual position of large shareholders in the decision-making processes of organizations. It has been deduced that instead of privatization via strategic investors/capital providers to empower local shareholders, it undermines them, and eventually makes them vulnerable to the expropriation problem.

Recommendations

Based on these, the following is recommended: Although Ghana has sufficient laws and regulations with respect to corporate governance, the major challenge is the absence of active devices for their effective enforcement. Without an effective enforcement of the rules and regulations in regard to corporate governance, it would be very difficult for developing and transition economies to develop strong and vibrant capital markets which are currently regarded as important for sustainable economic development of countries (Shleifer and Vishny, 1986; and Berglof and Claessens, 2004). On the basis of this issue, the recommended strategy to ensure effective enforcement of existing laws and regulations is by recognizing that the structure and capacity of the laws, and legal and regulatory framework are essential components of the corporate governance system. In achieving this, the following mechanisms have been suggested by this study: improving the regulatory framework by making the laws accessible to all equity holders and the populace; fashioning effective mechanisms for law enforcement as well as strengthening enforcement mechanisms (by providing training, logistics, equipments and so on); taking on alternative dispute resolution strategies; creating a conducive environment by keeping up the possible will to execute policies; creating an independent and intrepid judiciary; and encouraging the media to report issues of corporate governance and become more critical/judicious on issues of corporate governance.

An important issue that cropped up from the empirical findings was the need to safeguard small equity holders against the abuses of large equity holders. Safeguarding of small equity holders is currently a very important issue in developing economies (Berglof and Claessens, 2004) of which Ghana is no exception. The protection of small equity holders basically demands that the implementation of existing rules and regulations be improved. It also requires a concurrent implementation of other strategies including the gaining of greater access to information, reviewing the current rules and regulations, educating small equity holders, and the enforceability of existing recommendations and guidelines/principles. In order to protect the right of minority shareholders, they should be educated. This will make them aware of their rights to further reduce abuses from large shareholders. Educational campaigns can be carried out to bring about an understanding of their rights. GSEC and GSE should also encourage corporate organizations to organize educational symposiums, conferences, forums and so on to sensitize their shareholders on their rights. GSEC and GSE can also encourage minority shareholders to form vibrant associations to safeguard their interests.

An arrangement of a company's internal corporate decision-making processes helps in safeguarding minority shareholders. In all organizations studied, minority shareholders were not given ample time to express their grievances during annual general meetings. When board chairpersons chair those meetings, they may have an interest in safeguarding the board from shareholder criticisms. It is recommended that annual general meetings should be reformed so that they could be chaired by individuals who are independent of both management and boards. Those individuals should be elected by shareholders for each annual shareholder meeting. This will enable the board to be accountable to all shareholders. To give credence to this recommendation, regulatory bodies such as GSEC and GSE ought to include this in the listing requirements of GSE.

This study just sheds light on the corporate governance practices in four large publicly-listed corporate organizations on the GSE, and so the observable facts do not apply to other emergent economies. Also, the sample does not represent all corporate organizations in Ghana, so the empirical observations cannot be generalized to other organizations that have not been included in this study. However, the empirical results can be applied to other similar corporations in Ghana in an analytical sense. With the application of inductive reasoning, the results can be applied to provide important appreciation in an effort to understand the structure of corporate governance practices in the organizations. □

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