Prospects and Challenges of Corporate Governance in Ghana

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Abstract- The relevance of corporate governance principles in the management of corporate organisations cannot be underestimated. The increasing influence of principles of corporate governance across the globe has been greatly linked to the recent corporate frauds and scandals. These frauds and scandals largely resulted from the failure of authorities of countries to effectively implement the legal and regulatory frameworks pertaining to corporate governance. Ghana is archetypal in regards to the failure of authorities to enforce the laws and regulations in relation to corporate governance. During the enforcement of the laws and regulations of corporate governance, some vitally important issues are either overlooked or deliberately deserted. This paper attempts to examine the legal and regulatory framework of Ghana in regards to corporate governance and points out the importance of complying with good corporate governance. It also highlights prevailing issues of corporate governance practice in Ghana. It finally makes some recommendations, which are considered the major contribution of this paper.

Index Terms- Prospects, Challenges, Corporate Governance, Ghana

I. Introduction

Good corporate governance has been highlighted to be vital to corporate organisations especially in transition and emergent economies. The effectiveness of a company's corporate governance structure has a far-reaching effect on how well it functions. A corporation that embarks on good corporate governance practice offers essential information to its equity holders and other stakeholders to minimize information asymmetry. Financial scandals that are currently happening across the globe and the recent collapse of major corporate organisations in the US, Europe and other parts of the world have made corporate governance to take on the centre stage for academic and professional discourse. Thus what does corporate governance really mean?

Corporate governance could be defined as 'the application of a set of powerful micro-policy instruments in an organisation to ensure an efficient and effective use of resources in achieving the main objectives of its capital providers, succeed 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 & Agyemang, 2012). Corporate governance is the connection among various participants-such as Chief executives, shareholders, management and employees- in determining a firm's direction and performance (Monks & Minow, 1996). It has also been defined by Lamm (2010) as the use of formality, thoroughness and transparency to an amalgamated structure of corporate policy in order to ensure that only prudent risks are taken by the corporate organisation to achieve shareholder value as well as to succeed in the market. From the aforementioned definitions, we contend that corporate governance is represented by laid down structures and procedures to mitigate the level of agency costs in a corporate organisation.

The capability of a corporate organisation to entice or attract capital providers is subject to how effective its corporate governance practice is, since this will induce capital providers to invest with the hope that, they are investing in a credible company that will safeguard their investments, and in the end reward them appropriately. By all, not to be rewarded today or tomorrow, but also to be rewarded in five, ten, twenty, or fifty years later. Also, an effective corporate governance practice improves the reputation of a corporate business by making it more attractive to customers and suppliers (Lipman & Lipman, 2006). Kaen (2003) posits that the actual value of a corporate business is what capital providers or investors will make available to the corporate business on the basis of its anticipated returns to its owners.

Currently, countries are encountering different challenges in their attempt to developing/designing effective corporate governance principles that can be actively implemented as well as reliable. These challenges if not appropriately dealt with could thwart the administration of corporate organisations and other vitally important institutions in the concerned economy. In order to overpower these challenges, the constituent elements of good corporate governance are needed to be appropriately highlighted. The common constituent elements of good corporate governance are efficiency, probity, responsibility, transparency and accountability (CACG Guidelines, 1999). However, due to the prevailing economic meltdowns across the globe, there is no doubt that the implementation of the principles of good corporate governance is vitally significant to ensuring good corporate governance in every economy. It is against this backdrop that this paper attempts to highlight some confronting challenges in regards to corporate governance practice in Ghana. It also brings out some recommendations that can help improve corporate governance practice in Ghana.

The remainder of the paper is as follows: section II examines the legal and regulatory framework pertaining to corporate governance in Ghana. The prevailing condition of corporate governance is highlighted in section III. Section IV addresses the importance of corporate governance principles. Finally, section V, deals with the conclusions and recommendations of the paper.

II. Legal and Regulatory framework of corporate governance in Ghana

The regulatory framework for an effective corporate governance practice in Ghana is contained in the Companies code 1963 (Act 179), Securities Industry Law 1993 (PNDCL 333) as revised by the Securities Industry (Amendment) Act, 2000 (Act 590) and the listing regulations, 1990 (L.I. 1509) of the Ghana Stock Exchange. In the context of this paper, the regulatory framework of Ghana for effective corporate governance has been divided into six major sections, namely: 1) the mission, responsibilities and accountability of the board; 2) committees of the board; 3) relationship to shareholders and stakeholders, and the rights of shareholders; 4) financial affairs and auditing; 5) disclosures in annual reports; and 6) code of ethics. It may be useful now to proceed to discuss in detail the various sections of the regulatory framework of Ghana.

Section i: The mission, responsibilities and accountability of the board of directors

This section specifies the principal objective of the board of directors of a corporate entity. The board of directors is to ensure that the corporate entity is properly managed in order to safeguard and enhance stockholders value and to meet the corporate entity's obligation to: 1) stockholders; 2) the industry in which it operates; and 3) the law. However, it also states that the interests of other stakeholders are significant as a derivative of the duty of stockholders.

Furthermore, this section brings out the primary responsibility of the board of directors. That is, they are to ensure that good corporate governance prevail within them. This section also clearly states the principal duties of the board:

1) The strategic guidance of the corporate entity in keeping its goals.
2) Overseeing or supervising the management of the business.
3) Identification of risk as well as the implementation of systems that manage risk.
4) Succession planning and the appointments, training, remuneration and replacement of senior management.
5) Supervision of internal control system.
6) Maintenance of the corporate entity's communications and information dissemination policy.

The principle also reflects the sovereign rights of shareholders, since the boards of directors, who are to ensure that effective corporate governance prevails, are accountable to shareholders.

Again, this section of the principle brings out how the size of the board should be. It states that, the board's size of every corporate entity ought to be arrived at with the belief of promoting the board's effectiveness as well as ensuring appropriate representational needs. However, no specific number is set with regard to membership but goes on to mention between 8-16 members. The method of appointment to the board should be formal and transparent, and that shareholders should be provided with adequate information on all persons to be appointed. These information includes: name, age and country of residence; whether appointment is executive and if so the specific area of responsibility; working experience; shareholding in the corporate entity as well as its subsidiaries; family ties with any director and/or substantial stockholder of the corporate entity; and any conflict of interest.

The leadership structure of the corporate organisation is clearly stated in this section of the principle. It states that there should be a separation of the roles of the chairperson and the CEO. In addition, in the event of this separation, the relationship between the CEO and the Chairperson with their respective responsibilities should be formally defined or stated.

The section, in addition, specifies the composition of the board. It states that the board should include a balance of executive directors and NEDs with a complement of independent NEDs being at least one third of the total membership of the board. The appointments of the NEDs should ordinarily be a matter for the board as a whole and the selection procedure ought to be based on merit. It defines the independence of a director based on the following criteria, he/she: is not a substantial stockholder of the corporate entity; is not an employee of the corporate business, is not a professional advisor or consultant to the corporate entity; is not a supplier or customer; no contractual connections with the corporate business; and free from any other relationships with the corporate entity, which may interfere with his or her ability to carry out his/her responsibilities independently. This section also specifies that all directors (i.e., Executive and NED) should have unrestricted access to all corporate business' information, records and documents.

In order for the board to discharge its duties effectively, this section states that the board should meet regularly and in the case of listed corporate entities, it should be at least six times a year. It further states that board committees are required to meet frequently in order to properly discharge their duties in an efficient and effective manner. However, the attendance of directors, particularly NEDs, at these meetings should be a major factor to let them continue to remain on the board.

Section ii: Committees of the board

The section directs the board to constitute committees as it may deem appropriate to help it in carrying out its duties. It further stipulates that the constitution of such committees may include non-members of the board on a condition that the responsibility for any decisions or recommendations made shall remain only with directors who are members of the committee. In addition, the board's committees and their members should be published in the company's annual report.

The committees mentioned under this section are: the audit committee and remuneration committee. The audit committee should compose of at least three directors, of whom the majority should be NEDs. The membership of the committee should be those with adequate knowledge on finance, accounts and the basic elements of the laws under which the company operates. It further states that the chairperson of the audit committee should be a NED.

Furthermore, this section points out the primary functions of the audit committee. These are to:

1. recommend the appointment of the external auditors of the corporate organisation;
2. liaise with external auditors for the purposes of upholding and ensuring audit quality, effectiveness, risk assessment/evaluation, interaction with internal auditors and dealing with situations governing the resignation of an external auditor;
3. review adequacy of systems of internal control and of the degree of compliance with material policies, laws and the code of ethics as well as business practices of the corporate organisation;
4. provide a direct conduit of communication between the board, and the external auditor, internal auditors, accountants and compliance officers (if any) of the corporate organisation;
5. report to the board of all issues of significant extraordinary financial transactions; and
6. help the board in developing corporate strategies that would improve board control and operating structures of the corporate organisation.

Nevertheless, this section states that the audit committee: should have an authority to investigate any issue under its term of reference; be provided with the necessary apparatus to perform such investigation; and should have full access to regular and timely information. In addition, audit committee should also carry out an annual review of the corporate entity's internal control over financial, operational and compliance issues and report on the same to shareholders in the annual report of the company.

Section iii: relationship to shareholders and stakeholders

This section stipulates that corporate governance structures employed by the board should not be geared towards stakeholders' benefit at the expense of shareholders but should endeavour to increase shareholder value by monitoring and maintaining stakeholder relationships effectively and professionally.

In addition, this section emphasises the rights of shareholders. These include: secure methods of ownership registration; convey or transfer shares; obtain timely and regular information on the firm; partake in voting; elect board members; share in the profits of the corporate business. Furthermore, shareholders have the right to partake in, and to be satisfactorily informed about decisions concerning fundamental changes such as: amendments of the statutes, or articles of incorporation or similar governance documents of the firm; the authorization of additional shares; variation of class rights; and extraordinary transactions that in effect result in the sale of the corporate business.

This section also points out the principle of equitable treatment of all shareholders. This principle: 1) requires equity ownership over and above specified thresholds to be disclosed; 2) ensures that market for corporate control of listed firms functions in an efficient and transparent way; and 3) specifies the rules and procedures governing the acquisition of corporate control with the goal of ensuring impartial treatment of all stockholders. In addition, minority stockholders are given the opportunity to obtain effective redress for violation of their rights. All shares issued unless otherwise specified rank pari passu (of equal step) with other share of the same class and in the case of ordinary shares, one share bears one vote. The section further forbids and punishes insider trading and self-dealing.

Section iv: financial affairs and auditing

This section deals with the financial governance, financial reporting and disclosure of price sensitivity information responsibilities of the board, duties of external auditors, audit report, departures or deviations from standards, rotation of audit personnel and removal or resignation of an auditor.

The financial governance responsibilities of the board of directors under this section describe four main responsibilities, including:

1. maintaining satisfactory records for protecting the assets of the corporate organisation;
2. making sure that the statutory payments payable by the corporate organisation are executed on time;
3. making sure that the structures of internal control are present for monitoring risk, adherence to financial governance structures and compliance with the law; and
4. ensuring that the financial statements of the company are audited at such regular intervals as described by law, regulations or internal policies of the company by experienced and well-qualified auditors.

Also, the financial reporting responsibilities of the board of a company are defined in this section:

1. the accurateness of information contained in financial statements;
2. making sure required accounting policies have been consistently employed in the preparations of the financial statement;
3. making sure the annual financial statements of the company are presented according to the financial standards of Ghana National Accounting Standards (GNAS) and other accounting standards;
4. ensuring annual and interim financial statements of the company are dispersed to stockholders and regulators within the time frames described by law and regulation;
5. making sure annual and interim financial statements are prepared effectively in a sense that it can facilitate comparability;
6. making sure the report of auditors on financial statements are faithfully reproduced to the users of such statements; and
7. ensuring that a balanced and comprehensible evaluation is provided in the financial and operating results of the company in financial statements.

Moreover, the disclosures of price sensitive responsibilities of board of directors of listed companies are also described in this section. These include: 1) disseminating price sensitive information to the market and stockholders in a timely way; 2) requesting a temporary suspension in the securities of the company where a disclosure may cause unpropitious price movements in the market for the company's securities.

The role of the external auditor of a company is also defined in this section. It states that the external auditor should be a primary source of an objective, independent and effective opinion on financial statements of the company. This section urges the auditor to apply diligence, objectiveness and independence in the execution of his or her duties. In addition, the external auditor is to make sure that the audit of the company is conducted in accordance with the one required by the Institute of Chartered Accountants, Ghana (ICAG). This section further asserts that, the external auditor is required to indicate in his or her report if financial statements audited have been prepared in accordance with the GNAS standards.

Furthermore, the external auditor is required to specify any departures from accounting standards and should contain the auditors' opinion as to whether or not the departure is not intentional and also give reasons for such departure. Meanwhile, in order to ensure a continued effectiveness of audit, personnel including the audit partner should be frequently rotated or changed in order to offer fresh procedures in regards to audit work. Finally, the section put forth that the withdrawal, resignation or refusal to stand for re-election by an auditor should be followed by an explanation, which the corporate organisation ought to dispatch to stockholders.

Section v: disclosures and annual report

This section mandates the presentation of annual audited accounts of a corporate entity before its shareholders as specified in the principles. It requires shareholders to be provided with information on: 1) the financial and operating outcomes of the corporate business; 2) the objectives of the corporate business; 3) major share ownership and voting rights; 4) material predictable with factors; 4) material issues regarding employees and other stakeholders; and 5) board members and key executives, and their remuneration.

Also, this part of the code does not rule out the establishment of remuneration committee with NEDs as majority of its members. In addition, executive directors who serve on the remuneration committee must exclude themselves from matters concerning their own compensation packages. It goes on to declare the primary function of the remuneration committee. These are: 1) instituting an official and clear procedure for mounting policy on executive compensation; 2) making sure that a suitable structure is instituted to give performance-oriented incentives to managers; and 3) inspecting executive service contracts with an idea of discovering any unwarranted losses the corporate organisation may encounter in occasions of early service termination. The membership of the remuneration committee and their policies should be disclosed during annual general meetings to shareholders in their annual report. The reports ought to contain at least the aggregate amount of fees, basic salaries, benefits in kind, allowances, pension contribution schemes, paid bonuses, paid compensations for office loss to directors and executive officers.

Section vi: code of ethics

The section on code of ethics points out that every corporate organisation is directed to have its own code of ethics and statement of business practices, which should be implemented as part of the mechanisms that ensure effective corporate governance. Boards of directors are responsible for the formulation of such document. However, its content is applicable to the board and all employees. The board is also required to introduce a mechanism that monitors adherence and discipline deviations or breaches.

Principles of corporate governance in Ghana: A Reflection

From the above discussion, it can be deduced that the principles of corporate governance of Ghana reflect shareholder perspective of the Anglo-American model of corporate governance. This is because the principles reflect the sovereign rights of shareholders, since the board of directors who are considered to be the principal mechanism to ensuring effective corporate governance has to account to shareholders. Also, the principles mirror the principles of corporate governance of CACG. Furthermore, the principles emphasise the traditional view where the board is regarded as representatives of shareholders. Finally, they obviously state the elements or factors that determine the effectiveness of the board as a mechanism for corporate control. These elements are the composition of the board, independence of the board, the leadership structure (CEO-Chairperson separation), board committees such as the audit committee and remuneration committee, and access to timely and regular information by directors

III. Importance of Good Corporate Governance Principles

The increasing consciousness of good corporate governance practice across the length and breadth of the globe is extremely important. With effective corporate governance regime, there is little or no doubt that corporate authorities will be able to take decisions that will meet all stakeholders' interests. It also offers a framework of probity, transparency, responsibility, accountability, checks and balances. Good corporate governance regime can absolve the harm that emanates from corporate deficiencies and address issues such as poor business leadership, unrelenting poor firm performance and a common wearing away of confidence in and around corporate organisations. It provides a framework for evaluating corporate organisations. In lieu of that, it makes possible for comparative analysis among all sectors of an economy. In addition, it forms the cornerstone for corporate governance guidelines for corporate organisations.

In wrapping up on this sector, there is certainty that corporate governance guidelines promote effective and efficient allocation of resources, help corporate organisations in attracting capital at low cost and assist corporate organisations in maximising their performance as well as their capability in meeting community needs.

IV. Issues Pertaining to Corporate Governance in Ghana

Following Agyemang and Castellini (2013), this section will be analysed on the basis of a study conducted by these two authors on corporate governance practices in four large publicly-held corporate organisations in Ghana. The authors employed a qualitative case study methodology in their study. This paper used their analysis in the sense that, the researchers wanted to get an in-depth appreciation of how corporate governance practice prevails in large corporate organisations in Ghana. And since their research provided us with such appreciation, we considered it appropriate to use their analysis for our study. We therefore, present the prevailing condition of corporate governance based on their findings.

The shareholder perspective of corporate governance put forth that, the objective task of an organisation ought to focus only on those who have monetary share of the organisation. It considers organisations as devices for shareholders to maximize their investment returns, on the basis that theoretically, they (ie. shareholders) are residual claimants (Jensen & Meckling, 1976). As a result, effective corporate governance was defined in this study as to how the ownership structure and the board structure serve as good corporate governance mechanisms in reducing agency problem in an organisation, by narrowing the gap between the interests of shareholders and managers

Ownership Structure and Ownership control

In their study in four publicly-listed corporations in Ghana, they found out that 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 organisations, their frequent access to information and their activeness in decision-making processes of the organisations. With these possibilities, controlling shareholders induce management to take decisions that will maximize shareholder value and consequently, help reduce agency problem. In all organisations, 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 maximise shareholder value. The authors argued that the revelation of this ownership concentration in all four organisations studied, is a feature that cuts across all Ghanaian organisations listed on the Ghana Stock Exchange, and a number of organisations that are not listed. This revelation from the cases investigated in regards 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 & Claessens, 2004).

Board Effectiveness

In regards to the board, the authors study concentrated on elements that are regarded vital in agency theory to determine board effectiveness in connection with board control. The elements examined in their study were: board composition, leadership structure of the board, director independence, meetings of board, board audit committee and board remuneration committee.

Board Composition

The findings of their study indicate that in all organisations, the Non-executive directors 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 organisations of their study. In these three cases, boards do not get involved in the crucial elements of control in the organisations since controlling shareholders execute such operations. This observable fact from these three organisations confirms the findings in the extant literature that the existence of large shareholders has the propensity to weaken other corporate governance mechanisms (Berglof & 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 Non-executive directors do carry out all the crucial elements pertaining to board control in the organisation. This enhances the debate in the extant body of knowledge that boards can be effective governance mechanism (Berglof & Claessens, 2004; Denise & McConnell, 2003). However, their study highlights that boards can only become effective corporate governance mechanism only if large shareholders allow them (by means of absenting themselves from performing control-related operations) to carry out their control function in the corporate organisation.

The finding in regards to the number of Non-executive directors relative to the board size in all organisations studied meets the recommendations of the principles of corporate governance of Ghana, which states that at least one-third of board members should be Non-executive directors.

Director Independence

In all organisations studied by the authors, 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, their 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 & Claessens, 2004). In their conclusion, they argued that the aspect of director independence in all four organisations met the recommended guidelines by the principles of corporate governance of Ghana.

Board leadership Structure

Their findings also reveal that the extent to which the division of the roles of the Chief Executive Officer and the board chairperson settles on board control is low for all four organisations studied. In regards to the suggested guidelines, the authors highlighted that the division of the roles in all four organisations meets the requirement of Ghana's principles of corporate governance since one person does not perform the two roles. However, they argued that this separation in all four organisations do not conform to the guidelines of the principles in that, board chairpersons in these organisations are not independent of controlling shareholders.

Board Meetings

The study also revealed that the extent to which board meetings settle on board effectiveness in regards to board control function is low for three organisations and high for one. They argued that, as with other determinants of board effectiveness, board meetings do not pave important way to board effectiveness with respect to board control in three organisations because their boards do not exert board control. In the remaining organisation, their findings highlighted that, board meetings settle on board control in that, they (ie. board meetings) represent platforms that offer the board to exert control over management and corporate decisions.

Their study showed that it is only in one of the four organisations studied that its board has put in place performance evaluation mechanism to assess the performance of directors, the CEO and the board. In their conclusion, they contended that three organisations do not meet the recommendation of the principles of corporate governance of Ghana.

Board Audit Committee

Their study revealed that the role of the board audit committee in driving board control is low for three organisations and high for one. They argued that, 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 organisations in that, controlling shareholders perform extensive control over the organisations. This is in line with the extant literature that the ownership structure has influence on internal mechanisms of corporate governance (Berglof & Claessens, 2004). They also contended that, as a matter of fact, the ineffectiveness of board audit committees of these three organisations due to the presence of controlling shareholders makes the principles' recommendation with respect to board committees irrelevant. They furthered that, since the board is ineffective due to the extensive control over its activities by the controlling shareholders, it could be envisaged that any committee established by the board will be ineffective.

Board Remuneration Committee

Two of the organisations studied by the authors have established board remuneration committee. They however, argued that the role of the remuneration committee in determining board control is low for one of the two organisations and high for the remaining one. They continued that the establishment of board remuneration committees does not foster board control in these organisations (ie. low-scored organisations) in the sense that, their controlling shareholders perform extensive control over their operations. This is in line with the extant state of knowledge that the ownership structure has influence on internal mechanisms of corporate governance (Berglof & Claessens, 2004).

V. Conclusions and Recommendations

Enforcing existing laws and regulations for effective corporate governance

It has been established that 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 regards to corporate governance, it will be very difficult for developing and transition economies to develop a strong and vibrant capital markets, which are currently regarded as important for sustainable economic development for countries (Shleifer & Vishny, 1986; Berglof & Claessens, 2004). On the basis of this issue, the recommended strategy to ensuring effective enforcement of existing laws and regulations is by recognising 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.

Protection of Minority Equity holders

An important aspect that was noted within the work of Agyemang and Castellini (2013) 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 & 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.

Availability of information to small shareholders will enable them to challenge both management and large shareholders in relation to corporate decisions. This challenge will go round to prevent a potential diversion of corporate resources. Mechanisms for easy access to information by minority shareholders include the development of highly regarded bodies such as a well-focused investigative financial body, brokerage firms and financial think-tanks that could assist in enhancing corporate governance practice. Empowering professional accounting and auditing bodies such as the ICAG should in addition, form part of the effort to improving corporate governance practice.

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. Security and Exchange Commission of Ghana (SEC) and Ghana Stock Exchange (GSE) should also encourage organisations to organise educational symposiums, conferences, forums and so on to sensitize their shareholders on their rights. SEC and GSE can also encourage minority shareholders to form vibrant associations to safeguard their interests.

Reforming annual general meetings

An arrangement of a company's internal corporate decision-making processes helps in safeguarding minority shareholders. In their study, it was highlighted that, 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 SEC and GSE ought to include this in the listing requirements of GSE.

Employee representation

The recommendation of the principles of corporate governance of Ghana, which states that directors are supposed to consider the interests of other stakeholders, can only be manifested if other stakeholders such as employees are represented on boards. SEC should partake in achieving the 'consideration of other stakeholders' in practice, and to try to include employee representation law. The trade unions such as the Trade Union Congress (TUC) of Ghana and the Ghana Federation of labour (GFL) should keenly deliberate on this subject and try to seek actual employee representation on boards as recommended by law.

The issue of business accountability

The issue of business accountability of organisations to the Ghanaian community has relevant connotation with the development of corporate governance in Ghana. Corporate governance should be considered as a public policy matter, and attempts should be made to draw a clear distinction between corporate decision-making processes and political decision-making processes. This subject needs to be dealt with as element of the wider initiative of improving effective corporate governance.

Reviewing guidelines of corporate governance

Although the companies code 1963 does address the inequality between large shareholders and small shareholders, companies are not implementing this recommendation. The SEC and GSE should effectively persuade organisations to execute this recommendation. Also, SEC should conduct a seasonal evaluation to get hold of the extent of compliance by corporate organisations as well as occasionally reviewing guidelines. This will induce self-monitoring and help out in achieving good corporate governance.

Divestiture policies and corporate governance

The essence of considering the consequences of privatization on corporate governance, and the eventual position of large shareholders in the decision-making processes of organisations, call for a revision of Ghana's principles of corporate governance to protect minority shareholders. 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. The study recommends that future divestitures should also deal with the position of local shareholders.

Recommendation regarding boards of directors

Enhancing director independence

The issue of director independence has been identified as a major challenge in Ghana. In order to curb this, the positions should be announced in public with all the requirements so that a person who considers him/herself qualified would tender in his/her application. This means that directors will be recruited from the market by applying a free and fair mechanism of inviting applications from well-qualified people.

Director evaluation

The idea of board evaluation is gaining grounds in the corporate community. This is because subjecting board of directors to any sort of evaluation is not something inappropriately silly. Due to this, it is recommended that organisations ought to put in place evaluation mechanisms. Huse (2007) opines that the actual form of evaluation may differ, but he goes on to recommend that the evaluation should be formal and regular, taking place at least once a year. Director evaluation can be executed under the leadership of an independent director, with support from external consultants. Various suggestions have been made in regards to the objectives and forms of board evaluation. Huse (2007) has grouped the objectives into two: Externally related objectives- which are associated with transparency; and Internally related objectives-which are associated with the development of internal effectiveness of the board by evaluating the manner in which the board conducts its business, by checking that all vital issues are appropriately prepared and deliberated, and by measuring the real contribution of each director to the board's work in general, through his/her skills, competence and participation in board deliberations. The board could hold a meeting at least once a year, at which time the assessment of the board chairperson, individual directors as well as the Chief executive officer's respective performances would be conducted. Steger et al (2004) suggest that if evaluations are undertaken meticulously and the procedure is well-designed and executed in a manner that all directors agree, with an assurance of confidentiality, these evaluations can bring gains to the board in general. However, the issue of individual board member evaluation is threatening in the sense that it can destroy the shared power and authority vested among board members as well as their common trust on the board. This study recommends a peer review mechanism-whereby individual directors are asked to evaluate the performance of every other director-or setting up a corporate governance committee, which should be composed of all Non-executive directors of the board to carry out such assessments. The result of these evaluations should be made available to shareholders each year in the annual reports, and the steps taken as a result. This recommendation can be executed by boards of directors.

Introduction of new members

Orientation to a new job is vital for optimal performance (Huse, 2007). However, the study of the authors shows that corporate organisations do not normally orient newly-appointed board members, or formally introduce them to their respective jobs. Newly-appointed directors should receive a formal method of orientation into the affairs of the organisation. This can be done by the board chairperson by making sure that all newly-appointed directors are furnished with full, official and customized orientation on joining the board. Newly-appointed directors should be familiarised with the corporate organisation's dealings and top management, its environment and be inducted in relation to their fiduciary roles and responsibilities as well as in regards to the expectation of the board. If a newly-appointed director has little or no board experience, he/she must receive training.

Board education

Huse (2007, p. 194) argues that "the board itself, but, as the highest authority in the corporate structure, the board is responsible for its own job specification, including the boardroom culture". The empirical observations from the cases show that organisations often do not educate their members on some of the nitty-gritty of accounting and auditing. The Cadbury Code of the UK highlights the role of directors' education in this regard and pronounces their role as follows:

The weight of responsibility borne by all directors and the increasing commitment which their duties require emphasise the importance of the manner in which they prepare themselves for their posts. Given the varying backgrounds, qualifications and experience of directors, it is highly desirable that they should all undertake some form of internal or external training; this is particularly important for directors . . . with no earlier board experience

Since it is better to have competent and dynamic people in a bad structure than incompetent and inactive ones in a good structure, this study recommends that chairpersons of corporate organisations should make sure that board members consistently upgrade their skills and knowledge, as well as their considerable acquaintances with the organisations in order to bring into actuality successful board tasks-both on the board as well as on board committees. This is because; good corporate governance structure does not suffice everything, therefore the accentuation of the training of board members (Charkman, 2005).

Board structure

The empirical observations of the study of Agyemang and Castellini (2013) have shown varied results with respect to the leadership structure in driving corporate governance effectiveness. It is recommended that the implementation of the split leadership structure should be carefully looked at, and its importance established, on a case-by-case basis. Although the companies code 1963 has recommended that the two roles ought to be separated, this is useful in circumstances where director independence is present. This is also the case of the board composition and the setting up of board committees. Boards of corporate organisations can work hand-in-hand with their shareholders in dealing with this issue.

Recommendation for educational institutions

Recruiting from a market goes hand-in-hand with the development of a market for board members. The authors' work has indicated that most organisations currently appoint either government functionaries or retired civil servants. This creates a lot of challenges to the organisations since most of these people do not normally possess skills in relation to private sector issues. As a result, there is the need to create a large pool of directors from which organisations could tap well-qualified and competent persons from. This is because if the competencies of board members are questionable, then the best system will prove frivolous. With true visionary, skillful, well-educated and competent board members, corporate strategies can be reviewed, approved and executed irrespective of the existing governance structure. This calls for the development of corporate governance practice via educational/training programmes. And this can be achieved by tasking universities, polytechnics and other professional institutions to introduce courses/subjects on corporate governance.

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