Int. J. Adv. Multidiscip. Res. (2016). 3(11): 82-92

International Journal of Advanced Multidisciplinary Research
ISSN: 2393-8870
www.ijarm.com
DOI: 10.22192/ijamr
Volume 3, Issue 11 -2016

Research Article
DOI: http://dx.doi.org/10.22192/ijamr.2016.03.11.008

OECD Principles of Corporate Governance: Compliance among Ghanaian Listed Companies.

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Keywords

Corporate Governance,
OECD,
governance principles,
board responsibility.

Abstract

This study has explored the corporate governance practices in Ghanaian listed firms using the OECD five principles of corporate governance. These principles are: Rights of Shareholders, Equitable Treatment of Shareholders, Roles of Stakeholders in Corporate Governance, Disclosure and Transparency, and Responsibility of the Board. A set of questionnaire containing carefully selected questions on each principle was administered in 20 selected firms on the Ghana stock market. The participants included three stakeholders of each company. Namely: Board of Directors, Management and Audit Committee. Percentages, mean, and standard deviation were used to describe the responses from the respondents. Again, the Kruskal-Wallis test was conducted to determine if there were significant difference between the responses of each group. The study revealed that OECD corporate governance practices are implemented in Ghanaian listed firms with Rights of Shareholders being the most practice (mean=3.94, SD=0.8747).

1.0. Introduction

Due to recent global financial crises caused partly by non-optimal corporate governance practices by firms, the concept of corporate governance has become a worldwide subject of interest to both business acumen and academicians. The massive losses recorded by most financial firms which almost caused a break down in the financial system and led to a recession brought into light the importance of corporate governance practices (Lang and Jagtiani, 2010).

Corporate governance has been the topnotch of policy agenda in most developed market economies for over decades and it is step by step warming its way to the highest point of the policy plan on the African continent. According to Berglof and von Thadden (1999), corporate governance has become prominent subject for debate across the world due to the Asian crises and the poor performance of the corporate sector in Sub-Saharan Africa. Developing nations, of which Ghana is no special case, are currently progressively grasping the idea of good corporate governance, as a result of its capacity to affect sustainable growth positively. Most firms have embraced and are practicing good corporate governance knowing that it increases their business performance and valuation at the bottom line.

According to the Organization for Economic Cooperation and Development (OECD, 2004), corporate governance are the rules and practices that are used to govern the relationship of managers and shareholders, and other stakeholders of a corporation. According to them, it enhances the growth and financial stability of

firm by reinforcing market confidence, financial market integrity and economic efficiency. Feleaga, Feleaga, Dragomir and Bigio, (2011) opined that with a sound corporate governance, rights and responsibilities are carefully distributed among management, board of directors, shareholders and other stakeholders of the firm, and at the same time clarifying all rules and procedures in the decision making process concerning the affairs of the company. In monitoring management, enhancing performance and curtailing the agency problem, it is important for firms to adopt good corporate governance mechanism (Ghabayen, 2012).
In the past decades, there have been quite an increasing number of studies investigating the practice of corporate governance by firms in developing countries and emerging market around the globe. Corporate governance of firms have been investigated in Kenya (Mulili and Wong, 2011), Nigeria (Olayiwola, 2010), five Arabian countries (Baydoun et al., 2013) and Egypt (Bremer and Elias, 2007). Most of these studies have concentrated on other parts of Africa and developing countries without considering Ghana.

Several mechanisms have been adopted to enhance corporate governance among firms in all sectors in Ghana since the establishment of the Ghana Stock Exchange. The Securities and Exchange Commission (SEC) of Ghana in 2010 released the Code of Corporate Governance Guidelines on Best Practices to propel market operators to conform to best corporate governance practices. Again, Ghana's corporate governance code is aligned with the principles of good corporate governance by the Organization of Economic Cooperation and Development (OECD, 2004), the Commonwealth Association of Corporate Governance (CACG, 1999) and codes and best practices put forth by regulatory bodies in other emerging markets. This code was put in place to ensure that firms on the Ghana Stock Exchange (GSE) conform to good business practices that will ensure that the shareholders, stakeholders and the firm's interest are met. Therefore, the big question that comes into play is 'does these firms actually conform to the principles of corporate governance established in these codes of best practices?'

A scan of academic literature has revealed that there has been scanty study on the level of practice of corporate governance in developing countries and emerging markets. Also, to the best of our knowledge, to date, there hasn't been any study investigating the level of corporate governance compliance among Ghanaian listed firms. Therefore, the study addresses this current gap in Ghana by assessing the level of corporate governance compliance among Ghanaian listed companies by using the five OECD principles of good corporate governance as a yardstick.

2.0. Literature Review

2.1 Concept and Definition of Corporate Governance

The concept of corporate governance has no universal definition. It has been defined differently by various authoritative bodies and authors from various perspective.The concept of corporate governance traditionally was to alleviate agency problems in organizations. However, with the emergence of financial fraud of Enron, WorldCom and other big corporations in the early 1990s and late 2000s, corporate governance placed much emphasis on disclosure, transparency and accountability. The concept of corporate governance now embraces large issues in organizations ranging from ownership structure to the process and procedures of the firm. Corporate governance is thus seen to go beyond financial disclosure and agency problem to involve the relationship among the frim, its staff, its creditors and environment. Issues involving employee compensation, grievance resolution, proper record keeping, conformance to standards and compliance to regulatory requirements are all now incorporated in corporate governance codes.

According to Oman (2011), corporate governance broadly includes the laws, regulations and acceptable business practices of both private and public institutions that governs the relationship between business managers or entrepreneurs (corporate insiders) and the investors or shareholders. Mayer (1997) sees corporate governance as a mechanism of bringing into line the interest of investors and managers in order to ensure that firms are operated to benefit investors. Again, the Organization for Economic Co-operation and Development (OECD) (2004), defines corporate governance as "a set of relationships between company's board, its shareholders and other stakeholders" (p.11). To the OECD, corporate governance does not only define relationship between corporate players. it also provides the structure through which the objectives of the firm are set, the means of attaining those objectives and monitoring performance. It has been defined by the Cadbury Committee (Cadbury, 1995, p. 15) as "the system by which companies are directed and controlled".

Al-Najjar (2010), portrays corporate governance as a set of relationships between a company's management, its board, its shareholders, and different partners. Al-Najjar recognizes two sets of governance variables that influence management undertakings. First is internal corporate governance, which identify itself with the connection among the management, board, shareholders and different partners. The second has to do with the backing and support of good corporate governance. These elements incorporate laws, regulations, and suitable oversight by government or other regulatory bodies, such as, central banks or security exchanges. Abor (2007) contended that corporate governance can be considered as compliance with regulations and the mechanisms for building up the nature of ownership and control of organization within an economy.

Other prominent writers like Cochran and Warwick (1988) have also defined corporate governance to embrace a wide range of issues arising from interactions among senior management, board of directors, shareholders and other stakeholders. Similarly, Shleifer and Vishny (1997) defined corporate governance in another dimension as the ways in which investors (suppliers of finance to corporations) assure themselves of getting returns on their investment.

From these definitions, it could be realized that corporate governance is mainly concerned with the rules, laws and regulations that aid in the governance of institutions. It includes the manner in which these rules are applied to regulate the relationship of the various stakeholders in an institution to ensure a legitimate accountability to various corporate constituencies. Again, corporate governance can also be seen as a system or mechanism for establishing the nature of ownership and control of organizations within an economy. In this context Shleifer and Vishny (1997) explained that corporate governance mechanisms are economic and legal institutions that can be altered by the political process-sometimes for the better.

2.2 OECD Principles of Corporate Governance

The OECD came into full force on September 30, 1961. The key function of the OECD was to provide management consulting to member governments. The OECD seeks to promote governance reforms in a close cooperation with other international organization. This is normally done in joint collaboration with the World Bank and International Monetary Fund (IMF). Roundtables, summoning senior policymakers, regulators and market participants are organized to enhance the comprehension of governance and to support regional reform efforts (Chowdary, 2002). The OECD principles of corporate governance become part of the core 12 standards of global financial stability. Currently, it has become a benchmark used by international financial institutions. The OECD principles were designed to flexible and can be adopted in different cultures, circumstances and traditions in different countries. Most countries' corporate governance codes are based on the principles of the OECD, and Ghana's corporate governance code has this element. The OECD has five main corporate governance principles and these are discussed below:

2.2.1 Rights of Shareholders and Key Ownership Functions

The OECD (2004) principles posit that corporate governance framework should protect and facilitate the exercise of shareholders' rights. It states that the basic shareholders right include: secure method of ownership registration, convey or transfer shares, obtain relevant and material information on the firm on a regular and timely basis, participate and vote in annual general meetings, elect and remove members of the board, and share in the profit of the firm. John, Litov and Yeung (2008) have suggested, firm with better shareholders' protection are more likely to engage in riskier investments that can create firm value. Similarly, Mallin and Melis (2012) have stressed that the core aspect of corporate governance is matters concerning shareholders' rights. This is because shareholders are the providers of risk capital and their investments need to be protected.

2.2.2 Equitable Treatment of Shareholders

"The corporate governance framework should ensure equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights' (OECD, 2004, p.20). Thus, all shareholders within the same class should be given equal treatment. This principle also requires board and management to disclose all material interest in matters and transaction that affects the company. The study of Santiango-Castro and Brown (2011) on the expropriation of minority shareholders' rights and firm performance in Latin American markets concluded that a lack of investor protection in emerging markets might cause the expropriation of minority shareholders' rights leading to poor performance. According to Salvioni and Bosetti (2006), good corporate governance is based on equitable treatment for shareholders which ensures that members of the company or other shareholder groups do not benefit directly or indirectly from commercial, financial and asset-involving operations.

2.2.3 Role of Stakeholders in Corporate Governance

The corporate governance framework should recognize the rights of stakeholders established by law and through mutual agreements and encourage co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises (OECD, 2004). Thus, there should be a co-operation between the company and stakeholders (employees, creditors, suppliers, shareholders and environment) in creating value. Firms need to be stakeholder-oriented since a firm cannot maximize its value when it ignores the interest of its stakeholders (Jensen, 2010). Though the primary responsibility of the board is to increase shareholders' wealth, it has a responsibility towards all stakeholders and should manage all potential conflict of interest between the firm and its stakeholders (Prugsamatz, 2010).

2.2.4 Disclosure and Transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company. The disclosure must include but not limited to the following: financial and operating results, company objectives, major share ownership and voting rights, and related party transactions (OECD, 2004). According to Gill, Vijay and Jha, (2009) for a company to achieve optimum transparent to all its stakeholders, then it must disclose information relating to corporate performance and financial accounting. The study of Patel, Balic and Bwakira (2002) found that companies with lower disclosure and transparency are less valued than companies with higher transparency and disclosure. They concluded that higher transparency and disclosure reduces the information asymmetry between firm's management and stakeholders. Similarly, Chi (2009) found that better transparency and disclosure practices establish a stronger corporate governance practice which leads to firm's performance.

2.2.5 Responsibility of the Board

The OECD (2004) states that, the corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders. This suggests that board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders. The board is the highest decision making body in the firm that aligns the interest of shareholders, board members, the firm, management and other stakeholders. It provides advice to and support to managers to improve and run the affairs of the firm (Minichilli, Zattoni and Zona, 2009). Ferrer and Banderlipe (2012) have posited that a board with greater accountability, honesty, expertise, integrity and ethical responsibility will ensure sustainability in business partnership between the company and its stakeholders. Again, the studies of Bhagat and Black (1999) has established a significant statistical relationship between firms' performance and board effectiveness.

2.3 Framework of Ghana's Corporate Governance

In 2010, the Securities and Exchange Commission (SEC) of Ghana released the code of best practices on corporate governance in Ghana to augment the already existing guidelines on good corporate governance practices. These existing guidelines were the Companies Act 1963 (Act 179), the Security Industry Law, 1993 (PNDCL 333) as amended by the Security Industry (Amendment) Act 2000, (Act 590), The Ghana Stock Exchange Regulations 1990, (L.I. 1509), the Securities and Exchange Regulations (2003), L.I. 1728, the Stock Exchange Commission guidelines on best practices in corporate governance (issued and published in 2003) and the "Guidance Notes" of 2004 which requires market operators to comply with corporate governance practices relating to the establishment of audit sub committees in pursuant to regulation 61 of LI 1728 (2003).

This code was issued to corporate entities licensed under the Securities and Industry Laws and the issuers of public listed securities trading on the Ghana Stock Exchange. This code is an all-inclusive guideline of corporate governance in Ghana at the moment. The provisions of the code were developed in a manner that were in accordance with the principles outlined in the OECD principles of corporate governance (Otuo and Monia, 2013). The code expounds on the following key arears of corporate governance: Board-Related Issues, Shareholders-Related Issues, Involvement of other Stakeholders and Audit-Related Matters. All these matters have been explained in the SEC 2010 code in accordance with OECD principles. Therefore a study investigating whether firms on the Ghana Stock Exchange conform to the five OECD principles of corporate governance is in the right direction.

2.4 Empirical Review

There have been few studies on the practice of corporate governance by listed firms in developing and emerging markets. Akinkoye and Olasanmi (2014) investigated corporate governance practice and level in Nigeria firms. they discovered that firms have embraced corporate governance practices and have a 72.15 percent compliance rate and a growth rate of 5.83 percent. According to their results, there was a structural shift in corporate structure with an observed slow-down in the change of corporate governance practices among firms.However, the study of Naser and Khadija (2010) provided evidence that firms listed on the Palestine Securities Exchanges do not comply satisfactorily with corporate governance best practices. They further identified that the board composition and independence is one that lacks compliance. Even though non-compliance level in the area of transparency and disclosures were moderate.

The study of Hussain and Mallin (2002) discovered that companies in Bahraini implement some aspect of corporate governance best practices and some key corporate governance structural aspects. A similar study conducted by the International Financial Center (IFC) and Hawkamah (2008) on corporate governance in the MENA countries in 2006 and 2007 uncovered that most countries have broad understanding of the importance of corporate governance.

Again, the study of Al-Shammari and Al-Sultan (2010) suggested that the transparency need of the Kuwaiti market is enhanced by focusing on corporate governance characteristics. In 2012, Hassan investigated the level of corporate governance practices in UAE listed firms. He reported that practices relating to management structure and transparency have the highest disclosures while the lowest disclosures related to principles on external auditing and non-audit services. Similarly, the study of Mubarak (2012) uncovered that all UAE companies have a separate report related to their corporate governance practices. She emphasized that the code is based on OECD principles of corporate governance namely: ensuring the basis for effective corporate governance framework, the rights of shareholders and key ownership functions, the equitable treatment of shareholders, the roles of stakeholders in corporate governance, disclosure and transparency, and the responsibilities of the board.

3.0. Materials and Methods

This study aimed to explore the level of compliance of corporate governance principles in Ghanaian listed firms. This study adopted the descriptive survey approach in the sense that data was collected across large number of stakeholders on the Ghana Stock Exchange to describe the present situation of compliance level of governance practices among firms. The population of the study consisted all listed companies on the Ghana Stock Exchange. Currently, there are 40 firms listed on the Ghana Stock Exchange. Twenty (20) firms were selected out of the forty (40) using simple random sampling technique. Again, a total of 140 respondents were selected from the companies. The respondents were grouped into three. These were Board of Directors, Management and Audit Committee. Questionnaires were sent to each group in the 20 selected companies after a pilot study, and a total of 140 questionnaires were received and used for this study. The main instrument for the study was a carefully designed questionnaire with variables measuring all the five principles of good corporate governance recommended by the OECD. The questionnaire was designed using the five-point Likert scale to aid the analysis of the perception of the respondents on the corporate governance variables. This study used the 34 Corporate Governance Indicators (CGI) based on the OECD corporate governance principles to measure corporate governance compliance in the listed firms.

The main method for data analysis of this study was descriptive statistics. Further, a non-parametric test was also conducted to investigate the differences between the perception of each group. The descriptive statistics consisted of percentages, means, standard deviations and ranking of variables in relation to the level of agreement by respondents. Again, Kruskal-Wallis test (a test of one-way between-groups analysis) was used to test the differences between respondents' perception in each group (Board of Directors, Management and Audit Committee) at a 95% confidence level. The choice of this method was inspired by the study of Khaled in 2014.

4.0. Results

This study focused on assessing the corporate governance practices of Ghanaian listed firms using the OECD principles of corporate governance. The results of the study are discussed below:

4.1 Rights and Obligations of Shareholders

With respect to the rights of shareholders, the result revealedthat the statement with the highest level of agreement (percentage=93.6%, mean= 4.06 and SD=0.7279) was 'Information relating to the company can be obtained by shareholders regularly'. A look at the Kruskal-Wallis test showed that all means concerning this statement were 4 and above with the audit committee group recording the highest (mean=4.213) whilst the board of directors (4.099) and management (4.035) group placed second and third respectively.

The statement with the second highest rate of response was 'Shareholders participate in the profit of the company'. It recorded a percentage = 84.2%, mean = 3.99 and SD = 0.8619. The Kruskal-Wallis test indicated there was more support to this statement by the Board of Directors than other groups with a mean of 4.148. About 80% of the respondents agreed to the statement 'Shareholders have the right to vote in annual general meeting' with mean of 3.96 and SD of 0.9279, which was the third in rank. Though, according to the Kruskal-Wallis test all the group recorded a high mean (4 and above) in support of this statement, the audit committee group was the highest (4.213). The forth ranked statement was 'Shareholders have the right to vote in the removal and appointment of board of directors' with mean =3.9, and SD=0.9358. More support was given to this statement by the audit committee group (4.332) than the other groups according to the Kruskal-Wallis test. The two other statements 'Shareholders have the right to the Audited report and are allowed to discuss it during annual general meeting' and 'Shareholders are informed about decision that are very fundamental in corporate changes' has the fifth and sixth rank respectively with means of 3.88 and 3.86 and SD of 0.9308 and 0.8629 respectively.

Statistical test with the Kruskal-Wallis test showed a significant difference among the groups perception in terms of the following statement: Shareholders have the right to vote in annual general meeting (p=0.0310); shareholders have the right to vote in the removal and appointment of board of directors (p=0.0330); shareholders have the right to the Audited report and are allowed to discuss it during annual general meeting (p=0.0250); and shareholders are informed about decision that are very fundamental in corporate changes (p=0.0150). This is an indication that one group is at least different from another in terms of their agreement level on the statement. However, there was no statistically significant difference among the groups perception with respect to the following statement: Shareholders participate in the profit of the company (p=0.9793); and information relating to the company can be obtained by shareholders regularly (p=01878).

To conclude it can be said that the respondents were in agreement with all the variable with a mean range of 3.86 and 4.06 and an overall mean of 3.94 and SD of 0.8745. Therefore despite the difference in the group perception it can be said that the principle of rights and obligations of shareholders is practiced in Ghanaian listed firms.

4.2 Equitable Treatment of Shareholders

On the principle of equitable treatment of shareholders, the statement 'All shareholders can obtain information about their voting rights before buying a share' was ranked first by the respondents with a 75.7% agreement rate and mean=3.76, SD=0.887. Again the Kruskal-Wallis test indicated support for this statement by the three groups though it was very week, with the highest from the shareholders group (3.930). Again, about 69% of the respondents were in agreement with the statement that 'Shareholders belonging to the same category are given equal treatment' with mean=3.71 and SD=1.034. This statement ranked number two. The Kruskal-Wallis test show that there was a strong support (4.237) for this statement from the management group than the board of directors (3.485) and the audit committee (3.703).

About 6 out of 10 respondents agreed to the statement that 'There is equitable treatment for all shareholders regarding the procedures and processes for general annual meetings'. This was ranked third with mean=3.69 and SD=0.881. The Kruskal-Wallis test showed a minimal support for this statement by all the groups with the audit committee group having the highest (3.871), followed by the management group (3.643) and the board of directors (3.584). The statement, 'There is protection for minority shareholders against insider trading' was ranked forth with a 63.6% of the respondents in agreement to this statement. It recorded a mean of 3.59 and SD of 1.122. The Kruskal-Wallis test indicates that the management group had the highest support for this statement with a mean of 3.841.

The fifth ranked statement was 'Material interest in any transaction are disclosed by board members and executives with an agreed percentage of 52.1, mean=3.36 and SD=0.946. The Kruskal-Wallis test show a mild support for this statement since all the mean were with the range of 3.1 and 3.4 with the audit committee group recording the highest mean of 3.456.

The Kruskal-Wallis test revealed that there was a statistically significant difference (p=0.0426) between the groups perception on the statement 'Shareholders belonging to the same category are given equal treatment'. This is an indication that at least one group is different form another. There was however, a consensus agreement (no significant difference) to the following statements:All shareholders can obtain information about their voting rights before buying a share; Shareholders belonging to the same category are given equal treatment; There is equitable treatment for all shareholders regarding the procedures and processes for general annual meetings; Material interest in any transaction are disclosed by board members and executive; and There is protection for minority shareholders against insider trading.

In sum, majority of the respondents agreed to most of the item though there were few variations. The mean ranged from 3.4 to 3.7 with overall mean of 3.62 and SD of 0.947. This is not as strong as in the principle of right and obligation of shareholder. Therefore, the principle of equitable treatment of shareholders is practiced mildly in Ghanaian listed firms.

4.3 Role of Stakeholders in Corporate Governance

With respect to the statement ‘The company respects all stakeholders’ right established by law’, 8 out of 10 respondents agreed to this assertion with a mean of 3.8 and SD of 0.805. This statement was ranked first. The Kruskal-Wallis test also indicated agreement from all the three groups with the board of directors group recording the highest mean of 3.861 followed by the management (3.841) and audit committee (3.733). There was no statistically significant difference (p=0.8603) among the groups perception for this statement. This indicates that none of the groups were different from the other with respect to this statement. A total of 68.6% of the respondents were in agreement with the statement ‘All stakeholders can obtain timely and regular information from the company’. This statement was ranked second with mean=3.65 and SD=0.860. Though the Kruskal-Wallis test indicates that there was support for this statement by all the groups ranging from a mean of 3.5 to 3.8, there was statistically no significant difference between the perception of each group since p=0.2069.

The third ranked statement was ‘Stakeholders have the right to communicate their views to the board concerning illegal and unethical behaviour of the company towards them’. It had support from 65.7% of the respondents with mean=3.64 and SD=0.926. The Kruskal-Wallis test showed a strong support for this statement from the board of directors with a mean of 3.911 followed by the audit committee (3.722), and a weak support from the management group (3.406). Again, the test revealed no statistically significant difference (p=0.2723) between the perception of the groups. The statement, ‘Performance-enhancing mechanisms for employee participation are permitted to develop’ was ranked forth with a mean of 3.63 and SD of 0.934. The management and board of directors group showed a high support to this statement with means of 3.841 and 3.821 respectively. There was statistically no significant difference between the perception of the groups. The statements ‘Stakeholders have the right to seek effective redress when their rights are violated’; and ‘There is an effective governance framework in place that enforces creditors’ rights’ were ranked fifth and sixth respectivelywith mean= 3.45 and 3.44; SD=1.099 and 0.852 respectively. There was no statistically significant difference between the perception of the groups in both statement.

The overall mean was 3.6 and SD was 0.913 indicating that most of the respondents agreed to the statements. Though, there are variations in the group responses, the principle of the role of stakeholders in corporate governance is being implemented in Ghanaian listed firms.

4.4 Disclosure and Transparency

On the principle of disclosure and transparency, the statement ‘The annual audit of the company is done by accredited independent external auditors’ recorded the highest level of agreement (percentage =92.8%, mean=4.17 and SD=0.81). This statement had a very strong support from all the groups with means ranging from 4.0 to 4.5. The board of directors showed the highest support for this statement. The Kruskal-Wallis test revealed a statistically significant difference (p=0.0010) among the perception of each group indicating that at least one group is different form the other. Nearly 9 out of 10 respondents agreed to the second ranked statement ‘Financial information are prepared and disclosed according to the International Financial Reporting Standards’(mean=4.12, SD=0.81). Again, the Kruskal-Wallis test indicates a strong support for this statement among the groups with means ranging from 4.0 to 4.4. There was a statistically significance difference (p=0.0059) between the perception of each group on this statement.

Also, majority (92.1%) of the respondents agreed to the statement that ‘The company discloses the financial and operating results of the company’ (mean=3.98, SD=0.96). Similarly, there was a strong support for this statement from all the groups with the board of directors and management group recording a mean of 4.0 and above. However, the Kruskal-Wallis test revealed no significant difference (p=0.1386) between the perception of each group for this statement. About 8 out of 10 respondents agreed to the forth ranked statement ‘The aims and objectives of the company are clearly stated and disclosed’ (mean=3.97, SD=0.83). There was strong support for this statement from all the group with the board of directors recording the highest (4.099). The Kruskal-Wallis test showed a statistically significant difference (0.0149) among the perception of each group. The two statements 'Key matters concerning employees and other stakeholders are disclosed (percentage=729%, mean=3.69, SD0.88); and 'the remuneration of the board of directors and key executives are disclosed (percentage=70.7%, mean=3.65, SD=1.02)' were ranked fifth and sixth respectively. The Kruskal-Wallis test showed no statistical significance difference between the perception of each group on the two statement since their p=0.9326 and p=0.0574 respectively.

To sum up, the result showed that majority of the respondents agreed with the implementation of the principle of disclosure and transparency in Ghanaian listed firms with overall mean of 3.93 and SD of 0.89.

4.5 Responsibility of the Board

The statement with the highest level of agreement (90.7%) with respect to responsibility of the board was 'The actions of the board are in the best interest of the company and the shareholders' with mean=4.00 and SD=0.9. This statement was supported strongly by the board of directors (4.148) and management group (4.079) with the audit committee group recording 3.703 according to the means in the Kruskal-Wallis test. Again, according to the Kruskal-Wallis test, there was no evidence of statistical significance difference (p=0.8910) between the groups. The second highest ranked statement was 'The board has designed and approved a working strategic plan for the company' with 77%, mean=4.00 and SD=0.97. This statement received the highest agreement from the board of directors (4.386), and according to the Kruskal-Wallis test there was a statistical significance difference (p=0.0347) between the perception of the three groups on this statement.

Nearly, 8 out of 10 of the respondents agree to the thirdly ranked statement that, 'The board elects, monitors and replaces executives when necessary'. This statement as well recorded a mean=3.79 and SD=0.78. There was however a weak support for this statement with the audit committee group recording the lowest (3.614). The Kruskal-Wallis test revealed no statistical significance difference (p=0.3574) between the perception of the three groups on this statement. The respondents were also asked if the company's governance practices are effectively supervised by the board. This statement ranked fourth in terms level of agreement. According to the Kruskal-Wallis test the board of directors showed a strong support (3.96) than the management (3.683) and audit committee (3.614). Again, the test indicated that there was no statistical significance difference (p=0.3574) between the perception of the three groups on this statement. With the statement, 'The board effectively monitors and manages potential conflict of interest among managers, board and shareholders', a total of 71.4% of the respondents were in agreement with mean=3.74 and SD=0.79. This statement was ranked fifth in terms of level of agreement. According to the Kruskal-Wallis test there was no statistical significance difference (0.8771) between the perception of the three groups on this statement.

The sixth ranked statement in terms of level of agreement was 'Board members are able to devote enough time to execute their responsibilities'. It scored a percentage of 65.7%, mean=3.65 and SD=1.01. There was a weak support for this statement by all the group and the Kruskal-Wallis test indicated no statistical significance difference (p=0.6257) between the perception of the three groups on this statement.

The result has indicated that majority of the respondents have agreed to the variables on the responsibilities of board of directors with mean ranging from 3.6 and 4.0, and an overall mean of 3.8 and SD of 0.880. Therefore, the principle of responsibilities of the board are implemented on Ghanaian listed firms.

5.0. Discussion and Conclusion

This study has explored the corporate governance practices in Ghanaian listed firms using the OECD five principles of corporate governance. The study revealed that corporate governance practices implemented in Ghanaian listed firms with Rights of Shareholders being the most practice (mean=3.94, SD=0.8747). Most of the variables for this principle recorded a significant difference among the various group with a range of $0.014<p<0.034$. This is an indication that most companies on the Ghana Stock Exchange respects the rights of shareholders. Similarly, the principle of Disclosure and Transparency was the next best practiced principle with mean=3.93 and SD=0.89. Again, these principles recorded a significant difference among each group responses to majority of the variable used ($0.001\leq p<0.05$.

Responsibility of the Board is the third most practiced principle on the Ghanaian Stock Exchange. It recorded an overall mean=3.8, SD=0.84. However, the Kruskal-Wallis test showed no significant variations in the responses of the various groups for all the variables except one with p=0.0347.

Moreover, the study revealed that, the fourth most practiced principle is the Equitable Treatment of Shareholders with mean=3.62, SD=0.974. Similarly, there was no significant differences in the perception of the groups for all the variables used except one with p=0.0426.

Last but not the least, the fifth most practiced principle according to the study is the Role of Stakeholders in Corporate governance with mean=3.6 and SD=0.913. The Kruskal-Wallis test showed no significant differences among the groups for all the variable used with $0.1<p<0.9$.

The findings of this study has revealed that the five OECD principles of corporate governance have been implemented in Ghanaian listed firm. This may be due to the corporate governance reforms implemented in Ghana in the past decade. Again, this is an indication that most companies on the Ghana Stock Exchange pay more attention to the implementation of corporate governance principles. This implementation of corporate governance principles suggests that, most companies can guarantee protection for investors, reduction of investment risk, establishment of a conducive relation between the firm and stakeholders, and improve performances.

Notwithstanding, the present study is consistent with the study of Shanikat and Abbadi (2011) in Jordanian companies. They, uncovered that "companies respect the basic rights of shareholders in decision making, shareholders were given equal treatment, the role of stakeholders in corporate governance were also respected, companies disclose all transactions and were transparent as well, and the board were up to their toes in fulfilling their duties". However, the result of this study mildly contrast the findings of Hussain and Mallin (2002). They discovered that companies in Bahraini implement some aspect of the corporate governance best practices and key corporate governance structural aspect.

Though, the result of the study has revealed that Ghanaian listed firms have improved level of corporate governance and the OECD principles of corporate governance are practiced, there are still some aspect of corporate governance principles that needs to be improved by the listed companies. Disclosure and transparency increases shareholders' confidence and should pay attention to. Therefore, companies should extend their level of voluntary disclosure on matters concerning board, employees and other stakeholders.

Again, companies should inform shareholders about decisions on fundamental changes in the company to enhance trust. Disclosing material interest in any transaction by a board member or management is very crucial, and companies must take note of that. Most companies didn't have any effective governance framework to protect the rights of creditors. Therefore, it is highly recommended that companies put in place a proper framework that can enhance the relationship between creditors and the companies.

To policy makers such as the Securities and Exchange Commission, Security Regulation Commission and the government, it is necessary to review the Ghana Corporate Governance code to address the weak areas identified in this study. This will enhance the confidence of investors in the Ghana stock Exchange.

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Quick Response Code	**Subject:** Economics
DOI:10.22192/ijamr.2016.03.11.008	

How to cite this article:
Samuel Gyamerah; Albert Agyei. (2016). OECD Principles of Corporate Governance: Compliance among Ghanaian Listed Companies. Int. J. Adv. Multidiscip. Res. 3(11): 82-92.
DOI: http://dx.doi.org/10.22192/ijamr.2016.03.11.008