

CORPORATE GOVERNANCE MECHANISM AND FIRM PERFORMANCE: EVIDENCE FROM THE BANKING INDUSTRY OF GHANA. (DBL)

NAME: Hawawu Salifu.

Abstract

Importance of Corporate Governance Mechanism (CGM) in relation to banking operations in Ghana cannot be downplayed. Significant majority of the reviewed studies within the area of CGM are limited since almost all of them investigated only a single aspect of the corporate governance mechanism either pillars, principles or practices or government structure but not all the dimensions. Moreover, most of the studies in Ghana failed to explore cultural issues most especially corporate culture. In addition, competitive advantage has been limitedly examined in literature although few of the studies treated it as dependent variable. In light of this, study examined the impact of corporate governance mechanism on firm performance, evidence from the banking industry of Ghana. The study reviewed significant amount of literature across the concept areas namely corporate governance mechanism corporate culture, and competitive advantage. The study employed mixed method. Through the cross-sectional survey design data was obtained from middle level and top-level managers of seven selected banks in Ghana. Analysis was conducted using quantitative and qualitative research tools. In view of this, 14 top level managers from seven (7) selected banks in Ghana were used for the qualitative aspect of the study. Further, 200 middle level or line managers were surveyed for the quantitative aspect of the study. The study found that corporate governance mechanism is very critical aspect of the banking operations in Ghana. One of the study findings is that corporate governance mechanism indicators (Corporate governance structure, Corporate Governance principles, Corporate Governance pillars, Corporate Governance practices) are within the primary level of banks operations. The study found that corporate governance mechanism indicators such as structure, principles, pillars, practices all exert significant impact on firm or bank performance. In addition, corporate culture was found to moderates significantly the relationship between corporate governance mechanism and competitive advantage. It was recommended that the new model of corporate governance mechanism for banks must cover all aspect of CGM including structures, principles, pillars and practices.

Keywords: corporate governance; corporate governance mechanism; firm performance; banking sector.