

# **THE ANTECEDENTS OF CORPORATE GOVERNANCE DEVIANCE: MODERATING ROLE OF REGULATORY ENVIRONMENT AND FIRM'S CORPORATE GOVERNANCE CAPACITY.**

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## **Abstract**

This thesis studies the concept of corporate governance deviance and how it is determined by entrepreneurial identity centrality and corporate governance discretion. Corporate governance deviance has become a very important concept in practice and academic literature after the widely publicized corporate crises in the United States of America, United Kingdom, Europe and Australia. In recent times it has become a dominant policy agenda in developing economies especially Ghana, where the concept has been cited in the Bank of Ghana Annual Report 2017 as the major reason for the financial sector distress that occasioned the country from 2017-2019. However, most of the conceptual positions in this subject area have been made in context of developed economies. While advanced economies are established by well-developed institutions (including regulatory/legal frameworks), developing economies including Ghana either lack these institutions or have inefficient institutions. This makes a study on the antecedents of corporate governance deviance very important.

The study adopted the mixed method approach where both quantitative and qualitative methods were employed in examining the antecedents of corporate governance deviance, namely entrepreneurial identity centrality and corporate governance discretion. The study further examined the role of regulatory environment and corporate governance capacity in moderating the relationship between these antecedents and corporate governance deviance. For the quantitative part of the study, primary data was collected using survey questionnaires. The study population consisted of employees in managerial and supervisory roles of the 41 companies listed on the Ghana Stock Exchange (GSE) as at December 2019. Thirty-seven companies were sampled and using the stratified random sampling technique, a total of 500 employees were sampled from the 37 companies for the survey.

For the qualitative part, interviews were conducted to solicit responses from management of one firm that was purposively sampled.

With respect to data analysis, the study used version 21.0 of the software package Statistical Package for Social Sciences (SPSS) to examine the relationship between the antecedents and corporate governance deviance and also the moderating role of regulatory environment and corporate governance capacity. This study also used AMOS to carry out the confirmatory factor analysis. The qualitative data was scientifically coded and the categories were generated.

The study established entrepreneurial identity centrality and corporate governance discretion as strong antecedents of corporate governance, which are directly related to corporate governance deviance. The study also found that regulatory environment positively moderates the relationship between corporate governance discretion and corporate governance deviance; and corporate governance capacity positively moderates the relationship between corporate governance discretion and corporate governance deviance.

The study recommends that in order to reduce corporate governance deviance, organizations must avoid the situation where entrepreneurial decision making and the general control and management of a firm are highly centered in one individual. The study also advocates an efficient regulatory environment that will supervise, control and direct firms with regards to their corporate governance activities.