

CORPORATE GOVERNANCE COMPLIANCE PRACTICES OF LISTED COMPANIES

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Abstract

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This study explores corporate governance (CG) compliance levels among listed firms in the Ghana Stock Exchange (GSE). It analyses compliance levels with the Ghana Securities and Exchange Commission's (SEC) six best practices guidelines principles (SEC, 2010). The purpose is to present an overview of the compliance level of each principle by the listed firms for future research. The data were obtained from the firm's annual reports, GSE, and SEC websites, and analysed using descriptive statistics. A self-constructed Corporate Governance Compliance Index (CGCI) was developed to represent Ghana's CG practices, and listed firms were ranked using the CGCI. A sample of 33 audited firms listed on the GSE from 2009 to 2020 was used for the empirical analysis. The findings revealed that the listed firms had embraced overall CG initiatives, with the compliance level increasing after an introduction from 60.95 percent (2010) to 68.69 percent (2020), echoing the findings of Owusu and Weir (2016). Moreover, a structural shift caused the SEC's (2010) principles of financial affairs and audits to record the highest compliance level, while the board committee recorded the lowest. This study offers a useful contribution to the extant literature by providing new evidence on compliance practice in the context of Ghanaian-listed firms on the GSE.

Keywords: Corporate Governance, Corporate Governance Index, Compliance, Ghana

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1. INTRODUCTION

Over the last decades, the importance of corporate governance (CG) has grown significantly, drawing the attention not only of governments and

shareholders but also of a broader range of stakeholders, including the private sector, customers, suppliers, and regulatory institutions (Almeajel, 2024; Ustahaliloğlu, 2025). This expanding interest reflects the recognition that robust CG

frameworks are vital for fostering transparency, accountability, and sustainable business practices (Mahmood et al., 2024). As a result, significant changes have been observed in CG regimes worldwide, reflecting efforts to adapt to the evolving economic, social, and regulatory expectations (Amanamah, 2024; Galavotti, 2024). Many of these changes were due to corporate failures that began in the 1980s and 1990s in the United States of America (USA), the United Kingdom (UK), and some Asian countries (Ahialey & Kang 2019). Prusty (2009) posited that almost every country has established CG institutions, outlined best practices, and attempted to impose appropriate governance structures. Considerable research has been conducted on CG codes country-by-country to determine their strengths and weaknesses and suggest ways to address their shortfalls to improve CG practices globally (Haskovec, 2012; Mallin, 2011).

Institutions like the Organisation for Economic Co-operation and Development (OECD) have established CG principles (1999, 2004, 2015). The Commonwealth Association for Corporate Governance (CACG) (1998) has established frameworks by which businesses should operate best practices in CG. Other countries like the USA introduced the Sarbanes-Oxley Act (2002), the UK unveiled the Cadbury report (1992), Pakistan introduced the Securities and Exchange Commission (SEC) Code in 2002, Nigeria established the Code of CG in 2011, and South Africa came out with the Kings Codes I in 1994, II in 2002, III in 2009, and IV in 2016. These codes are guiding principles that promote capital assessment through openness and accountability, and protect equity shareholders in corporate organisations (Cankar et al., 2010).

An effort to ensure good CG practices has also been extended to developing countries, particularly Ghana. Before the introduction of CG practices in Ghana, the country recorded corporate scandals, including Ghana Airways, Juapong Textiles Ltd in 2005, Bonte Gold Mines Ltd. in 2004, and Divine Sea Foods Ltd. in 2003. These occurrences were purely mismanagement, lack of accountability, internal controls, neglect of the core business, non-executive directors who did not participate, and many more (PricewaterhouseCoopers [PwC], n.d.). These issues became important, and there was a public outcry for effective CG practices for publicly listed companies in the Ghana Stock Exchange (GSE) to align with international best practices. This led to the issuance and approval of best practices for firms in the GSE by the Ghana SEC in 2010.

Research was conducted for listed firms in Ghana by the World Bank. Ghana is an emerging and developing country, where CG systems are relatively new for both the government and the private sector, and there is little governing experience (McGee, 2009), and further, weak legal controls, the stock market is illiquid, with economic uncertainties (Rabelo & Vasconcelos, 2002).

Many of the CG studies have been done in the developed economy (Bhabra & Rooney, 2020; Black et al., 2006; Brown & Caylor, 2006; Bubbico et al., 2012; Garay & González, 2008; Gompers et al., 2003) and a developing economy (Balasubramanian et al., 2010; Hassan, 2012; Klapper & Love, 2004; Li & Tang, 2007; Outa & Waweru, 2016; Tshipa & Mokoaleli-Mokoteli, 2015). Research in Ghana has focused on the relationships between the CG mechanism and firm performance measured in terms of profitability (Coleman & Wu, 2021; Owusu & Weir, 2016; Puni &

Anlesinya, 2020). The literature has completely neglected or omitted the study of firms' CG compliance levels.

Based on the research motivations above, this study aims to provide empirical evidence on CG practices in Ghana and levels of compliance with SEC (2010) CG best practices using data from 2009 to 2020 for Ghana's listed firms. The study contributes to regulators' empirical evidence of the levels of compliance with recommended best CG practices. Additionally, it contributes to the national and international community, specifically the stakeholders, understanding the strengths and weaknesses of Ghanaian companies' compliance practices.

The study is structured as follows. Section 2 reviews the literature on CG. Section 3 outlines the methodologies used. Sections 4 and 5 analyze and discuss the results, respectively, and Section 6 draws some conclusions and makes recommendations.

2. LITERATURE REVIEW

2.1. Corporate Governance Code in Ghana

The constitutional law governing companies in Ghana is exemplified in the Companies Act 1963 (Act 179), now the Companies Act 2019 (Act 992), which follows UK legislation (Robinett & Eskinazi, 2010).

Apart from the statutory Act, other supervisory bodies have also issued governing regulations, such as the National Insurance Commission, Insurance Act 2006 (Act 724) for the insurance industry and the Bank of Ghana Act 2002 (Act 612) for the banking sector. Additionally, other Acts, like the Security Industry Act 929 (revised 2016), specifically for trading companies listed on the GSE.

Before privatisation, most companies in Ghana were owned and operated by the state. As a result, these corporate organisations did not enter capital markets, because their funding came from the central government. After privatisation, the government established Ghana's capital market, which permits the public to buy shares, bonds, and other securities from Ghanaian-listed companies on the GSE under the Stock Exchange Act 1971 (Act 384). GSE Regulations 1990 (LI.1509) supervise and regulate the Ghana public companies trading on the stock market. As a result, most of the listed companies' activities and the majority of shareholders were under the control of the government (Agyemang et al., 2013). Under the Securities Industry Law 1993 (PNDCL 333), established in 1989, the Ghana SEC created an atmosphere for the growth and development of the capital market and protected the market's integrity. It then introduced the code of best practices of CG guidelines, which recommended internal CG mechanisms for listed companies in 1999 (Puni & Anlesinya, 2020).

The Code of Best Practice of CG was introduced by the SEC (2010) under the guiding principles of the OECD (for 2004) in Ghana. The principles apply to all corporate bodies authorised or licensed as stock exchanges, dealers, and investment consultants. The guideline establishes Ghana's best practice CG system and protects investors and companies' stakeholders (SEC, 2010).

In 2020, there was an amendment to the CG Code taking effect in 2021. These changes require boards of directors to consist of a minimum of five and a maximum of 13 members, including at least two non-executive directors (SEC, 2020)

2.2. Ghana's Securities and Exchange Commission corporate governance principles

The Securities and Exchange Commission (2010) guidelines lay out six principles and respective recommendations.

Principle I (board structure) deals with board-related issues and the board of directors' responsibilities to ensure that CG prevails within the corporation. Further, the CG guidelines specify that the board should have a balance of executive and non-executive directors, with a majority of non-executive directors, with one-third of the board members being independent, non-executive directors. The issue of director independence is explicitly enumerated by the guidelines, which focus on the following key elements: 1) an independent director should not be a major shareholder in the firm, 2) an executive employee of the firm, 3) a consultant to the firm, 4) a substantial supplier, or in a contractual relationship with the firm, and 5) should also be free from any other association with the firm that may influence the capacity to act independently. This principle informs board size. It states that the board of directors of each company should be comprised of 8–16 members to promote effectiveness and ensure sufficient representation. It also states that the role of the chairperson and the chief executive officer (CEO) should be separate. Additionally, if this separation occurs, the relationship between the CEO and the chairperson and their separate responsibilities should be established and defined. The code further made provisions relating to training, orientation, appointment procedures, board meetings, and the company secretary as a significant component of the principles (SEC, 2010).

The guidelines further recommend that the board of directors establish the committees in Principle II (board committees) to carry out their duties. It states that the composition of such committees may include non-board members, based on the premise that responsibility for any decisions or recommendations made remains solely with directors who are committee members. The recommended committees are the audit and remuneration committees. The audit committee should consist of three directors, most of whom are non-executive. Members of the committee should have a thorough understanding of finance, accounting, and the essential elements of the laws under which the firm operates. It further states that the audit committee's chairperson should be a non-executive director, and the audit committee's function is stipulated in the corporate annual report.

Regarding the remuneration committee, the members should comprise the majority of non-executive directors, and the members should exclude themselves from deliberations surrounding their remuneration. The committee members are tasked with developing a remuneration policy for executive directors, designing short- and long-term remuneration packages, and scrutinising executive service contracts to ascertain any loss the corporate body may incur in the event of early termination of services. Additionally, it states that the remuneration policy should be disclosed to shareholders in the annual report (SEC, 2010).

In Principle III (relationship to shareholders and stakeholders), the guidelines stipulate that CG encompasses the corporate body's relationship to shareholders' and stakeholders' rights. This ensures

that shareholders have the right to equitable treatment of ownership, partake in and be satisfactorily informed of significant decisional changes, and vote at annual general meetings (AGM). Additionally, the communication reports to shareholders and other stakeholders should be in plain language, fair, open, and relevant, and substance should take precedence over form. In addition, corporate bodies are encouraged to include non-financial affairs in their communication reports, such as employment, environmental matters, social responsibilities, and matters of customers and suppliers (SEC, 2010).

Principle IV (financial affairs and audits) deals with financial and audit affairs about financial governance, financial reporting, responsibilities of the board, duties of external auditors, audit reports, departures or deviations from standards, rotation of audit personnel, and exclusion or resignation of an auditor. The board of directors' financial governance responsibilities include maintaining adequate records to protect corporate assets and ensuring that the corporation makes statutory payments. Principle IV also states that companies must have appropriate internal control systems to monitor risk, adhere to financial governance measures, comply with the law, and ensure that the corporation's financial statements are audited. The board is also responsible for financial reporting, the accuracy of the information in financial statements, and ensuring that accounting policies have been consistently applied in preparing financial statements. Additionally, it ensures that annual financial statements are presented following the accounting standards and principles issued by the Institute of Chartered Accountants Ghana (ICAG). Moreover, the board is also responsible for ensuring that annual and provisional financial statements are distributed to shareholders and regulators within the time frames stated by law and regulation.

Furthermore, the board must ensure the auditor's reports are faithful, balanced, and understandable assessments of the corporation's financial and operating earnings. It further identifies the role of an external auditor as the source of an objective, independent, and effective opinion on the company's financial statements. The external auditor must employ diligence, objectivity, and independence in discharging duties and functions. In addition, the external auditor ensures that the company's audit follows the generally accepted auditing standards required by the ICAG. The external auditor should also indicate in the report if audited financial statements have been prepared according to the ICAG requirement (SEC, 2010).

Principle V (disclosure in the annual report) recommends that every corporate body disclose information in the annual report to its shareholders as specified by the guideline. It requires the chairman to provide shareholders with balanced and readable summary statements in the annual report of the corporation's performance for the period under review and expected future performance. The board is responsible for the information contained in the financial statements, the adequacy of the internal control mechanisms and procedures, and the statement about the level of compliance of the corporate body with any regulatory and other legal requirements. It further requires a report from the board regarding the corporate body's degree of compliance with the CG practices specified in

the code and information indicating that the board is satisfied that the corporation is a going concern. The board should also indicate the percentage of holdings of substantial shareholders, management fees paid by the corporate body, and any other material issues concerning employees and other stakeholders (SEC, 2010).

Finally, Principle VI (code of ethics) directs that every corporate body should develop a code of ethics and statement of business practices, which must then be implemented as part of the mechanisms that ensure effective CG. Boards of directors are responsible for formulating such documents, which will apply to the board of directors and all employees. The statement should contain mechanisms that monitor adherence to those documents and discipline any violations (SEC, 2010).

2.3. Corporate governance compliance: Empirical evidence

Research on CG compliance is based on self-constructed scores under the codes for their respective countries. The existing empirical evidence comes mainly from developed countries: 1) in Austria (Braendle, 2019), 2) in New Zealand (Chang, 2018), 3) in the UK (Elgharbawy & Abdel-Kader, 2016), 4) in Germany (Kaspereit et al., 2015), and 4) in Australia (Safari et al., 2015); research on compliance with CG codes has recently focused on emerging economies: 1) in Malta (Baldacchino et al., 2019); 2) in Malaysia (Ishak et al., 2017); and 3) in Indonesia (Tanjung, 2020). However, the evidence is mixed since some studies report a high level of compliance (Chang, 2018; Elgharbawy & Abdel-Kader, 2016; Ishak et al., 2017; Kaspereit et al., 2015) while others do not (Baldacchino et al., 2019; Braendle, 2019; Tanjung, 2020).

Following the global recession, many developed countries reformed their codes to strengthen regulatory authorities and make practical efforts to enforce them. Some emerging economies have reformed their CG codes to align with those of developed countries. The evidence suggests that these reforms have significantly impacted CG compliance in developed countries, where well-established legal, economic, financial, and cultural systems help promote effective CG (Elgharbawy & Abdel-Kader, 2016; Mahr et al., 2016). Conversely, inadequate laws to support regulatory enforcement and supervisory oversight may pose problems for compliance with CG codes in emerging economies (Albu & Gîrbina, 2015; Tanjung, 2020).

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3. RESEARCH METHODOLOGY

3.1. Sample and data collection

Our population consists of a total of 39 firms that were listed on the GSE on December 31, 2020. However, a sample of 33 audited firms was selected for our study, for what was available in the audited annual reports and CG reports. The names of the listed firms and respective data were collected from the GSE's website, the SEC's (2010) CG website, and manually from the annual reports of each firm. The study period was selected to ascertain existing practices before the introduction of the 2010 and after the CG best practices guideline by the Ghana SEC. The last year analysed was 2020, as some changes to the Ghana CG Code came into effect in 2021, and we didn't want these changes to affect our analysis. Table 1 contains the selection of the Ghanaian listed firms for our sample, and Table 2 provides a breakdown of the Ghanaian listed firms by industry.

There were 39 listed firms on the GSE as of 31 December 2021. However, two companies did not have their yearly audited reports available, two subsidiaries were included in the parent-listed company for the entire study period, and two companies were delisted. The final sample comprises 33 companies representing 85% of all actively listed firms trading on the GSE (Table 1).

Table 1. Sample determination

<i>Procedures</i>	<i>Firms</i>	<i>% of firm-year observation</i>
Total firms under GSE	39	100
Less firms consolidated in the parent	(2)	
Less firms unaudited	(2)	
Delisted	(2)	
Final sample	33	85

Source: Authors' elaboration based on data computation from GSE (2009–2020).

Table 2 presents the sectoral distribution comprising the financial sector (banks and insurance) and the non-financial sector (manufacturing and

processing, advertising and production, education, agriculture, information and communications technology [ICT], distribution, and food and beverage).

Table 2. Sample companies by industry

Sectors	No. of firms	Percentage (%)
Financial sector		
Banks	10	31
Insurance	2	6
Non-financial sectors		
Manufacturing and processing	5	15
Advertising/production	1	3
Mining	3	9
Distribution	3	9
Food and Beverages	5	15
ICT	2	6
Education	1	3
Agriculture	1	3
Total	33	100

Source: Authors' elaboration based on data computation from GSE (2009–2020).

3.2. Data analysis

This study employed descriptive analysis to process the data collected from the listed firms, measuring descriptive statistics, such as the mean, standard deviation, median, maximum, and minimum. Descriptive analysis aims to identify and describe trends and variations in populations, create new measures of key occurrences, or describe study samples to identify causal effects (Loeb et al. 2017). Furthermore, descriptive analysis is considered the best descriptive data approach, as Khan et al. (2021) stated. According to Thompson (2009), the descriptive statistics approach can be employed to compute the data's mean scores and standard deviations. We used this approach to analyse the content of the results obtained, which provide a more meaningful understanding of each firm's level of compliance with the SEC (2010) CG guideline principles. It also allows us to analyse the level of CG compliance each year, which varies over time, for each firm's compliance level.

An alternative approach would be to use one-way analysis of variance (ANOVA), a statistical method that compares the means of several groups to see if there are any significant variations between them (Field, 2013; Abu-Bader, 2021). This method aims to determine whether variations in a dependent variable are systematically associated with different levels of an independent variable (Porath, 2023). Moreover, ANOVA assesses how compliance levels vary across firms, providing a structured and inferential analysis of CG compliance trends. Despite the advantages of using ANOVA, it was considered

that using descriptive statistics is sufficient for the aims of this study, given the objectivity and simplicity of analysis it provides.

3.3. Construction of corporate governance compliance score

A self-constructed CG score for each sample company was used to determine compliance with CG guidelines. This score is based on the extent of compliance with the SEC (2010) CG guidelines, which list firms in Ghana that commonly practice. The self-constructed measure is based on a checklist containing the SEC's (2010) six guideline principles and 108 recommended sub-items.

The first step was to analyse the level of compliance presented by each company in its annual CG report. This information was then cross-checked with other sections of the company's annual report, such as the directors' report, the CEO's report, and the audit committee's report, to determine whether it matches the information supplied in the SEC (2010) guidelines checklist. We employed dichotomic classification, where a score of "1" was assigned if the guideline was followed (compliance), and a score of "0" was assigned if the guideline was not followed (non-compliance).

To get a final percentage, we divide the achieved compliance score by the total compliance score that could have been obtained to create our final index.

4. RESEARCH RESULTS

4.1. Evolution of compliance with the SEC (2010) corporate governance guidelines' principles

Table 3 and Figure 1 show the compliance levels with the six SEC (2010) CG principles of listed firms in GSE, with the highest level being 69.22% (2019), and the lowest level of compliance is 58.02% (2014).

The analysis of Table 3 reveals interesting CG compliance patterns of the listed firms in Ghana. In 2009 and 2010, the compliance level was 60.55% and 60.95%, respectively, and there was a rise after the implementation of the SEC (2010) to 61.12% in 2011. This demonstrates that some companies have already implemented one or more of the SEC (2010) CG principles based on legal requirements, particularly those aligned with Ghana's Companies Act (e.g., CEO separation from the chairman).

Table 3. Compliance levels by year from 2009 to 2020

SEC (2010) CG guideline principles	Overall periods (2009–2020)											
	1st period (2009–2010)		2nd period (2011–2020)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Board structure	63.04	61.88	61.38	61.47	61.05	60.70	62.20	66.89	67.48	68.79	70.45	70.15
Board committees	37.30	37.30	38.70	37.42	35.96	34.92	37.38	40.63	42.65	47.03	47.81	46.58
Shareholders and stakeholders' relationship	68.21	68.21	66.55	63.10	59.48	58.25	60.00	61.82	70.30	69.39	71.82	73.64
Financial affairs and audit	92.02	92.02	91.89	91.89	91.84	91.36	91.27	91.27	91.27	91.27	91.44	91.44
Disclosures in annual reports	74.18	74.18	73.74	73.74	71.96	71.63	71.33	72.26	72.49	73.43	73.19	72.73
Code of ethics	28.57	32.14	34.48	37.93	35.48	31.25	36.36	48.48	48.48	57.58	60.61	57.58
Overall compliance level	60.55	60.95	61.12	60.92	59.30	58.02	59.76	63.56	65.45	67.91	69.22	68.69

Source: Authors' elaboration based on computation of data from GSE (2009–2020) and firms' annual reports.

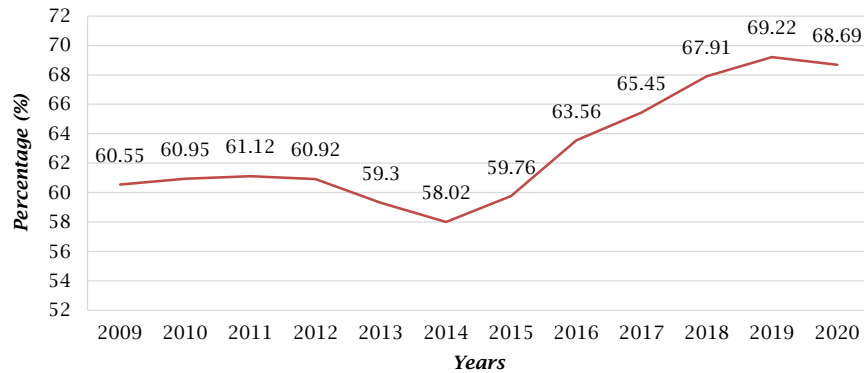
The analysis further confirms that compliance with some recommended items was high. Hence, it rose to 69.22% in 2019, dropping 2020 to 68.69%. The reason could be due to the softness of

compliance enforcement by GSE. We also observed that almost all sample companies complied with one or more SEC (2010) guideline provisions, which reflects the successful implementation of the SEC

principles. It is worth noting, however, that the recommendations related to board committees and codes of ethics were the least complied with by the companies in the sample.

Figure 1 presents the evolution of the CG compliance of companies' yearly scores. The trend shows that firms have entrenched CG initiatives in their structure, with an average compliance rate increasing from 60.55% (2009) to 68.69% (2020).

Figure 1. The evolution in compliance with the SEC (2010) corporate governance guideline principles



Source: Authors' elaboration based on computation of data from GSE (2009–2020) and firms' annual reports.

4.2. Descriptive statistics of the corporate governance compliance score

Table A.1 (Appendix) presents descriptive statistics of mean, median, standard deviation (SD), and maximum and minimum scores by companies listed on the GSE with SEC (2010) guideline principles.

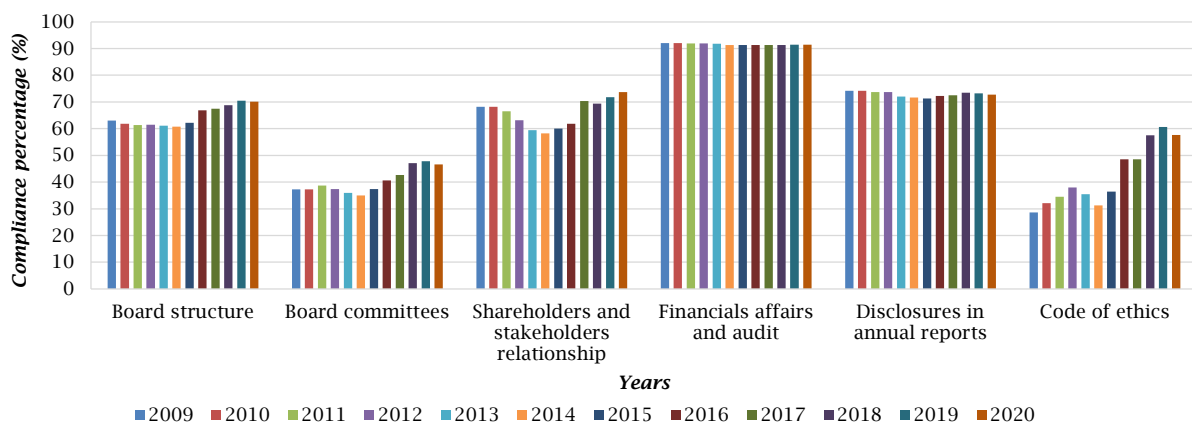
The study shows that CG guidelines principles are extensively followed in Ghana. Before the introduction, the average compliance score of the six principles was 60.75% (2009 to 2010), within a minimum of 60.36% and a maximum of 67.31%. After implementation, the average mean percentage rose to 63.39% (2020), with a minimum of 57.95% and a maximum of 69.69%. Likewise, the overall sample from 2009 to 2020 increased from 60.75% to 62.95%. This increase came about because the company's compliance level with the principles rose from 2011–2020 in terms of board structure (65.06%), board committees (40.91%), and code of ethics (44.82%). The board structure increased from 62.46% in 2009 to 64.62%, board committees from 37.30% to 40.31%, and the code of ethics from 30.36% to 42.41%. Some CG sub-units show 100% compliance by companies during the study period, which accounted for the increase (e.g., separation of the CEO from the chairman and

the board to include non-executive directors). The findings indicate that CG practice has gained traction in Ghana and now serves as a regulatory framework for GSE-listed companies. Moreover, the results presented in Table A.1 suggest a structural shift in compliance with CG structures by listed firms on the GSE.

4.3. Evolution of compliance level for each SEC (2010) principles

After the analysis of the descriptive statistics in Table A.1, this section displays the compliance levels of the six principles that have historically grown. Figure 2 demonstrates that the financial affairs and audits have steadily recorded the highest compliance levels among the six principles. The result supports the evidence found in Table A.1. Almost all listed firms complied with selected recommended items, which explains the increase. The increase may also be attributed to the GSE's constant enforcement of compliance with the SEC (2010) requirements for the listed companies. Additionally, a notable exception is compliance with the code of ethics, with a comparatively low compliance rate in 2009 and 2014. Likewise, board committees' compliance rates were below 50%.

Figure 2. Evolution of compliance level for each principle from 2009 to 2020



Source: Authors' elaboration based on computation of data from GSE (2009–2020) and firms' annual reports.

4.4. Descriptive statistics of the corporate governance compliance score by sectors

Table 4 presents the descriptive statistics of the compliance level by sectors (financial and non-financial), with the financial sector composed of 12 companies (banks and insurance) and the non-financial sector of 21 (e.g., ICT, mining, agriculture, distribution, manufacturing, printing, and education). Our analysis demonstrates that financial sector companies complied with more SEC (2010) guideline principles than the non-financial sector companies. The most likely reason could be that many of the banks and insurance companies in the financial industry are supervised by other regulatory bodies,

such as the Bank of Ghana and the Insurance Commission, and are governed by stringent regulations that align with SEC (2010) guidelines. The statistics show that before adoption, the financial and non-financial sectors had respective compliance rates of 62.89% and 60.68%. Moreover, the financial sector mean rose to 71.24%, whereas the non-financial sector recorded 59.53% after implementation. Similarly, within the study period (2009–2020), the mean average of financial sector companies recorded 69.84%, whereas non-financial companies recorded 59.72%. The rest have their respective median, standard deviation, minimum, and maximum, with little significant difference throughout the years.

Table 4. Descriptive statistics of the CG compliance score by sectors from 2009 to 2020

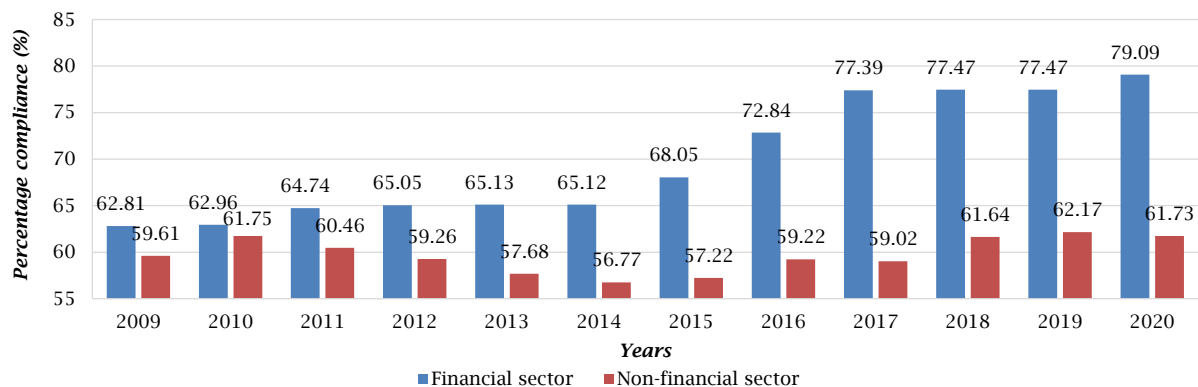
Sectors	1st period (2009–2010)		2nd period (2011–2020)									
	Financial		Non-financial		Financial		Non-financial		Financial		Non-financial	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Financial	62.81	62.96	64.74	65.05	65.13	65.12	68.06	72.84	77.39	77.47	77.47	79.09
Non-financial	59.61	61.75	60.46	59.26	57.68	56.77	57.32	59.22	59.02	61.64	62.17	61.73
Mean	62.89		60.68		71.24		59.53		69.84		59.72	
Median	62.89		60.68		70.45		59.24		66.60		59.44	
SD	0.106		1.513		6.192		1.929		6.476		1.858	
Min	62.81		59.61		64.74		56.77		62.81		56.77	
Max	62.96		61.75		79.09		62.17		79.09		62.17	

Source: Authors' elaboration based on computation of data from GSE (2009–2020) and firms' annual reports.

Figure 3 displays the percentage of compliance scores of both industries based on the SEC (2010) guideline principles over the years. In the previous year, the non-financial sector scored 59.61% (2009), while the financial sector scored 62.81% (2009). The percentage score rose over the ensuing years, reaching its highest at 79.09% for the financial

sector and 61.73% for the non-financial sector. Compliance in the non-financial sector decreased over five years, from 2013 to 2017, and then by 0.44% in 2020. Comparatively, the financial sector has constantly increased CG scores, making the sector a higher CG compliance success for listed companies in Ghana.

Figure 3. The compliance level by sectors from 2009 to 2020



Source: Authors' elaboration based on computation of data from GSE (2009–2020) and firms' annual reports.

5. DISCUSSION

This research was on the CG compliance levels of listed firms in the GSE. The aim was to assess each firm's compliance level with the SEC (2010) six guideline principles and its sub-index. There was a significant increase in the degree of compliance with the Ghanaian guideline provisions after the introduction of CG in 2010. The results indicate a positive relation between compliance levels with the SEC (2010) CG guidelines, consistent with the empirical findings. Overall, it is evident that listed firms have embraced CG initiatives, with compliance levels increasing from 60.95% (2010) to 68.69% (2020). Firms with lower compliance levels

are generally non-compliant with specific SEC (2010) guidelines on their internal CG policies. Moreover, the analysis of the compliance level revealed that smaller and non-financial firms omit a dedicated CG segment in their annual reports due to insufficient information on CG practices.

Financial reporting and audit-related activities maintain strong adherence to the CG principles. The analysis showed a structural shift in the financial affairs and audits among the SEC (2010) principles, which recorded the highest compliance level. Similarly, Financial sector firms exhibit higher compliance levels, likely due to their larger size and capacity to meet the demands of CG practices. However, there was a decline in compliance regarding

establishing and functioning board committees. Information on the activity and effectiveness of board committees is sparse on company websites, signalling a lack of transparency or activity. Non-financial firms (notably smaller manufacturing companies) show lower compliance, possibly due to the perceived high costs of implementing CG mechanisms. The findings carry significant implications for understanding the dynamics of the firm's adherence to the compliance of the SEC (2010) recommendations.

6. CONCLUSION

The study analysed the levels of compliance of listed companies in the GSE with the Ghana SEC (2010) CG guideline principles. The study has demonstrated that listed firms have embraced overall CG initiatives, with the compliance level increasing after the introduction of the SEC (2010) guideline principles. The compliance level increased after 2009, from 60.95% (2010) to 68.69% (2020). Some sub-items were 100% compliant with and demonstrated the seriousness of each company attached to the SEC (2010) guidelines. The trend of compliance levels of the SEC (2010) guidelines tends to increase over the years. This suggests stronger governance mechanisms were in place at the various firms because of law enforcement and the respect listed companies have for the guideline principles (OECD, 2015). The analysis found that compliance with recommended items under financial affairs and audit of the listed companies was impressive. The overall average mean recorded was 91.58%, higher than the other principles. Furthermore, the study found that the compliance level for board committees is low, although some companies remarkably complied with the principle.

The study found that financial sector companies achieved higher compliance with the CG guidelines

than the non-financial sector within the analysis period. This shows that the recommendations made in the SEC (2010) guideline were more successful in this industry. Financial sector companies are also subject to other regulations (Banking Supervision Act and Insurance Commission Act) that guide their operations. The results support Bokpin et al.'s (2011) argument that Ghana has sufficient CG rules because they combine laws and stock exchange regulations.

This study's findings have several practical implications. The study provides a unique understanding of Ghanaian-listed companies' CG compliance levels on the GSE and the effects of specific principles. The results identify the CG principles that require greater enforcement and those that have improved. In addition, the findings can help policymakers restructure Ghana's CG guideline principles and provide actionable recommendations for improvement. Additionally, regulators and policymakers should implement policies that conform to the international best practices for CG reforms.

The study has limitations on compliance levels. The study is restricted to a content analysis of sampled firms' compliance reports. These reports, without doubt, offer insightful information to the CG of Ghanaian-listed companies. The study was limited to 33 sampled companies, which may cast doubt on accurate compliance levels. The study was limited to financial and non-financial sectors. Therefore, distinguishing between non-financial companies that share common patterns revealed actual compliance levels, which could be grouped as one.

The results clearly state the need for future research on the various CG compliance levels identified with firm performance. Moreover, future investigations could examine the impact of CG principles on firm performance in the listed companies. Finally, a more robust methodology like ANOVA could be used for future research.

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APPENDIX

Table A.1. Descriptive statistics of the corporate governance compliance score from 2009 to 2020

<i>Principles</i>	<i>1st period 2009–2010</i>					<i>2nd period 2011–2020</i>					<i>Overall periods 2009–2020</i>				
	<i>Mean</i>	<i>Median</i>	<i>SD</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>Median</i>	<i>SD</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>Median</i>	<i>SD</i>	<i>Min</i>	<i>Max</i>
Board structure	62.46	62.46	0.821	61.88	100	65.06	64.55	4.053	60.70	70.45	64.62	62.62	3.812	60.70	70.45
Board committees	37.30	37.30	0.000	37.30	37.30	40.91	39.66	4.832	34.92	47.81	40.31	38.06	4.591	34.92	47.81
Shareholders and stakeholders' relationship	68.21	68.21	0.000	68.21	68.21	65.43	64.83	5.616	58.25	73.64	65.90	67.38	5.194	58.25	73.64
Financial affairs and audit	92.02	91.40	0.000	92.02	92.02	91.49	91.40	0.271	91.27	91.89	91.58	91.44	0.319	91.27	92.02
Disclosures in annual reports	74.18	74.18	0.000	74.18	74.18	72.65	72.61	0.863	71.33	73.74	72.90	72.96	0.981	71.33	74.18
Code of ethics	30.36	30.36	2.53	28.57	32.14	44.82	43.21	11.05	31.25	60.61	42.41	37.15	11.50	28.57	60.61
Yearly compliance level	60.75	60.65	0.56	60.36	67.31	63.39	62.71	4.45	57.95	69.69	62.95	61.60	4.40	57.51	69.78

Source: Authors' elaboration based on computation of data from GSE (2009–2020) and firms' annual reports.