*International Journal of Business and Management Invention (IJBMI)*
*ISSN (Online): 2319 – 8028, ISSN (Print): 2319 – 801X*
*www.ijbmi.org || Volume 8 Issue 12 Ver. IV || December 2019 || PP—60-68*

# Corporate Governance and Firm Performance among Private Universities in Ghana

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***ABSTRACT:****We examined Corporate Governance and performance of 14 private universities in Ghana between 2012 to 2016 using a fixed effect panel regression. Corporate governance dimensions served as independent variables whilst Return on Asset (ROA) and Return on Equity (ROE) constituted the dependent variables for each regression model. The study revealed that there was a positive relationship between corporate governance and firm performance. Board size had a negative significant impact on ROE while board diversity had a positive association with performance. However, CEO Duality had no relationship with performance.*
***KEY WORD****: Corporate Governance, Performance, Private University, Ghana*

Date of Submission: 20-12-2019 Date of acceptance:31-12-2019

## I. INTRODUCTION

Ideally, business operations need to be controlled by a well-structured system so that things are not done in a haphazard manner. The need to organize the flow of information, directives and authority calls for a governance system within the organization. Corporate governance generally considers the relationship that exists among top-level management, the board of directors as well as shareholders of the organization (OECD, 2004). Essentially, the idea of corporate governance is to provide a framework and or structure that ensures that the objectives of the organization are attained. Particularly, corporate governance takes into consideration the setting of business objective, the means by which they will be achieved, the necessary monitoring and evaluation framework that must be instituted to avoid shirking and sharking.

OECD (2004) posited a set of principles that should guide corporate governance practices. They cover issues pertaining to the rights of shareholders, equitable treatment of shareholders, disclosure and transparencies and board of directors. The principle upholds the paramountcy of the interest of shareholders and the need to protect their investment and increase the value of the firm. It equally advocates for the fair and equal treatment of shareholders within the same category. By this principle, shareholders are not to be discriminated on the grounds of race, nationality and or creed. It seeks to guide against abuses of minority shareholders by majority shareholders. On disclosure and transparencies, the principle attempts to reduce the asymmetry of information between managers and shareholders by encouraging timely reporting of business procedures, policies, operations, business performance and position. The board of directors is entrusted with the responsibility of corporate policies and monitoring of senior management.

### 1.1 Problem Statement

The National Accreditation Board (NAB) has on several occasions issued notices of caution to the general public when dealing with private universities in Ghana. At some point in time, the NAB has had to close down some private institutions for acting against regulatory requirements for establishing and operating private universities. It suffices to note that in 2015, 53 fake tertiary institutions were identified by the NAB. Some were running academic programmes for which they had no license. This prompted the National Accreditation Board (NAB) to revoke their licenses. The absence of good corporate governance practices was alleged to be a key issue in the industry.

### 1.2 Research Objectives

The objective of the research is to establish the corporate governance practices in private universities in Ghana, examine the effect of corporate governance on the performance of private universities in Ghana and ascertain the challenges in implementing good corporate governance in private universities in Ghana.

# II. LITERATURE REVIEW

## 2.1 Theories of Corporate Governance

Corporate governance is underpinned by theories that include the agency theory, stewardship theory, stakeholder theory, resource dependency theory, social contract theory and legitimacy theory.

**Agency Theories: t**he separation of control and ownership of the business results in managers, and arguably board of directors acting as agents on behalf of shareholders. The issues of conflict of interest are bound to happen as managers carry on the day-to-day management of the business (Padilla 2002, Aguilera et al., 2008). They may engage in shirking of resources of the firm to the detriment of shareholders. In addition, the agency theory holds that, there may not be a consensus between managers and shareholders on the level of risk to expose a business. To prevent that, shareholders incur additional cost (known as agency cost) to establish control measures. The control may include, but not confined to, the provision of risk management tools and expertise, the hiring of non-executive directors and internal auditors.

**Stewardship Theory:** Unlike, the agency theory which suggests that managers may engage in moral hazards and therefore must be checked, the stewardship theory posits that managers are not self-seeking but exhibit the characteristics that maintain high interest in the estate of the organization. The steward believes in collectivism and push for the attainment of set goals and objectives All things being equal, as shareholders' value is maximized, the interest and utilities of stewards are also maximized (Smallman, 2004).

**Stakeholder Theory:** Contrary to corporate governance theories that concentrate on managers and shareholders, the stakeholder theory focuses on many other individuals and institutions that hold a stake in the business. The argument has been advanced that the business unit uses employees, manufacturers, suppliers, among others to convert inputs into desired output that serve the needs of the customers in the most profitable manner. Therefore, the stakeholder theory posits that the stakeholder of the organization should include customers, governmental bodies, trade associations, employees and prospective employees, political groups and the general public. The argument for stakeholder theory is further bolstered by Jensen (2001) when he asserts that the business should not only be assessed based on the value it creates for its stakeholders, but should also incorporate the extent of its relationship with the community and environment at large. Rodriguez et al. (2002) classified stakeholders into consubstantial, contractual, and contextual stakeholders. They explained that consubstantial stakeholders are those stakeholders who are integral for the existence of the business. They include shareholders, strategic partners, investors and employees. Contractual stakeholders are those with contractual relationship with business. Examples of these stakeholders are suppliers, sub-contractors and customers. Contextual stakeholders, involves the social and natural environment that the business operates and thus forms the basis for projecting the goodwill of the business. Contextual stakeholders include local communities, societies, opinion leaders and public administration.

**Resource Dependency Theory:** The prime object of resource dependency theory stems from the fact that organizations need or more importantly rely on available resources in the external environment for their survival and growth. Four key important issues are considered under the resource dependency theory. They are the extent to which a company places importance on resource availability, the relative scarce nature of these economic resources, the alternative uses of these resources and finally the extent of resource concentration in the environment (Hillman, et al., 2000). The theory admits the fact that managers of the organization bring unique expertise, abilities and knowledge to the business environment and therefore should be recognized as such. Thus, these managers bring down the incidence of uncertainty in the business environment.

**Social Contract Theory:** The framework of business engagement and procedure happens within a social setting without which nothing can be done. The business owes a responsibility toward the society in which it operates. This is the framework of social contract theory. The structure of social contract theory is built on the principle of ethics and the ways in which the business through its engagement can be ethical.

**Legitimacy Theory:** This approach to corporate governance is built on the principle that an organization will operate within the confines of social norms, values and beliefs. Thus, all courses of actions and policies developed by the organization are plausible given social norms and value. Legitimacy of business operations stems from the fact that society is the origin of all business resources and authority and therefore the business is accountable to the society that gave it resources and authority (Deegan, et al., 2002). The premise of legitimacy theory is that in the measure of firm's performance, focus should not be given to investors (stakeholders) only, but should extend to the society at large. Thus, right of society shall be bolstered, as is the case for investors of the company. Further, the corporate reporting should factor the society. It must be borne in mind that the firm's

efforts at operations should meet the expectation of society and thus failure to meet such expectation could result in dire consequences to the use of societal resources. More so, the customers who are part of the society could revolt against the purchase of the products of the firm if societal expectations are not meet. Simply, because of the legitimacy theory, many companies are being responsive and are adopting social reporting strategies, corporate disclosures and environmental protection (Deegan, et al., 2002).

**2.2 Corporate Governance of Universities in Ghana**

The companies Act 1963 (Act 197) is the bedrock upon which all other institutions model their governance framework and structure. It requires companies to have at least two (2) directors. Although, no upper limit of the directors is stipulated by the Act, it urges companies to use both executive and non-executive directors. Other laws and institutions complement this Act depending on the industry. At the policy level, management of the public universities is done by the university council. The composition of the council varies according to the law establishing the university. Generally, the council comprises of senior lecturers, government appointees, representatives of Student Representative Council, Teachers and Educational Workers Union, Trade Union Congress and the University Teachers Association of Ghana. The daily stewardship of public university is performed by vice chancellors, heads of departments, and deans of faculties or schools. Almost all the public tertiary universities in the countries have a governance framework led by a vice-chancellor, followed by a pro-vice-chancellor and registrar. Other key positions of the university administration are director of finance, director of academic affairs, planning, management and information services director, provost of colleges, as well as directors of centres.

Tertiary education in the country is regulated by three separate bodies which are the National Board for Professional and Technician Examinations (NABPTEX), the National Council for Tertiary Education (NCTE) and the National Accreditation Board (NAB). These institutions were established as part of the educational reforms that took place in 1990s.

The National Accreditation Board is the body charged with the responsibility of granting licenses to both private and public tertiary educational institutions in the country. It provides strict supervision and assessment of the content and programmes offered by the numerous institutions. The NABPTEX is concerned with the examinations carried out by the educational institutions. It is also engaged with issues of certification granted by both private and public tertiary institutions in the country. On the part of NCTE, it provides advisory services to the minister responsible for education on issues of funding, staffing and infrastructure of public tertiary institutions in the country (Effah, et al., 2009).

**Private Universities in Ghana:** There has been increase in the number of private universities in the Ghana due to the surge in the secondary school graduates who fail to obtain admission despite having the minimum qualification for entry into tertiary education. As of 2017, NAB released a list of 74 private universities offering bachelor degree programmes across the country. This trend is believed to be associated with reported cases of corporate governance breaches. The latter include, operating without accreditation, offer of unaccredited programmes, engagement of sub-standard lecturers and the admission of unqualified students.

**2.3 Financial Performance**

Firm performance essentially focusses on how well the business is meeting its set targets and objectives. It considers the attainment of shareholders value and subsequently the meeting of the demand of consumers in the most profitable manner. In the broad sense, firm performance can be measured from financial and non-financial perspectives. Measurement of financial performance, more often than not, is done by econometrics or accounting ratios like profitability ratio, liquidity ratio, efficiency ratio, gearing ratios and investment ratio. For the purpose of this work the emphasis is on profitability ratios such as return on assets and return on equity.

The Return on Asset is a measure of how well the assets are contributing to the income being generated by the firm. Thus, it seeks to focus on the degree to which assets have been put to good use to result in income of the firm(Azam, et al., 2011). It is calculated as follows:

$$\text{Return on Assets} = \frac{\text{NetIncome}}{\text{TotalAssets}}$$

Return on Equity provides information on how well a company is deriving benefits from the use of equity. This gives a strong indication to shareholders that their value is being maximized by the company. It is calculated as follows:

$$\text{Return on Equity} = \frac{\text{ProfitAfterTax} - \text{preferencedividend}}{\text{TotalEquityShares}}$$

### 2.4Empirical Evidence of Corporate Governance and Firm Performance

The association between corporate governance dimensions and firm performance is positive in some studies but negative in others. There are works that reported no such association. Duke and Kankpang(2011) found out the nexus between corporate governance and organisational performance of 20 listed firms and 20 unlisted firms in Nigeria from diverse industries. With the help of Ordinary Least Square (OLS), it was established that there was a strong relationship between a number of corporate governance variables and firm performance variables. Puni, et al. (2014) assessed the effect of board composition on the financial performance of 29 listed firms in Ghana from 2006-2010 using static panel regression model. It was found that that there is a positive association between executive directors and firm performance while non-executive directors had a negative insignificant association with firm financial performance. It was also revealed that there was a negative association between nomination committees and corporate financial performance. Huang (2010) focused on some 41 commercial banks in Taiwan and examined the effect of ownership and board structure on bank performance. It was revealed that board size, number of non-executive directors and family ownership were positively related with Taiwan bank performance. On the contrary, the number of supervisory directors had a significant negative impact on performance. El-Mehdi, (2007) assessed the association between corporate governance and the performance of 24 listed firms on the Tunisian Stock Exchange from 2000 to 2005 using a panel data set. He found that Tunisian firms operated a weak corporate governance system and there was evidence of strong relationship between governance and corporate performance.

## III. RESEARCH METHODOLOGY

The research design adopted for the study was a survey strategy. Out of a population of 74 private universities in Ghana, 14 were purposively sampled to obtain both primary and secondary data from 2012 to 2016. The use ofinterview guide facilitated the soliciting of primary data on corporate governance practices of sampled universities whilst secondary data was obtained from the annual reports of the selected private universities. The data was analysed with STATA. The first section presented a descriptive analysis on the variables. The second section presented analysis on the corporate governance practices of private universities in Ghana. Thematic analysis was conducted using the data generated from the interview. Themes like corporate reporting, disclosure and transparency; presence of auditors and auditing; and directors' monitoring and supervision, were identified. Finally, a panel regression analysis was performed in order to ascertain the effect of the corporate governance practices on the financial performance of private universities in Ghana. Because of multicollinearity, the variables Audit Committee and Board Independence were eliminated from the model. The universities sampled Regent, Ashesi, CUC, Radford, Knutsford, Pentecost, Wisconsin, Ghana Baptist University College, Good News Theological Seminary, Islamic University College, Kings University College, Marshalls College, Methodist University College and University College of Management Studies.

The following regression equations were estimated for the two independent variables, that is, ROA and ROE.

$ROA_{it} = a + \beta_1(BS_{it}) + \beta_2(BD_{it}) + \beta_3(Duality_{it}) + \varepsilon_{it}$ ………………..…..……………....**1**

$ROE_{it} = a + \beta_1(BS_{it}) + \beta_2(BD_{it}) + \beta_3(Duality_{it}) + \varepsilon_{it}$ ………………..…..……………....**2**

Where: $ROA_{it}$ = Return on Assets, $ROE_{it}$ = Return on Equity, a = Constant, $\beta_1$, $\beta_2$, and $\beta_3$ are coefficient of independent variables, $BS_{it}$ = Board Size, $BD_{it}$= Board Diversity, $Duality_{it}$= CEO Duality, $\varepsilon_{it}$= Error term.

**Table 1: Variables of the study**

| Variable | Definition | Measurement |
|---|---|---|
| ROA | The efficiency with which firms generate income using their available assets. | $ROA = \frac{\text{Profit After Tax}}{\text{Total Assets}}$ |
| ROE | Estimates a firm's efficiency in generating income for each equity share | $ROE = \frac{\text{Profit After Tax and Preference Dividend}}{\text{Shareholders' Fund}}$ |
| Board size | The number of directors on a firm's board | the total number of directors serving of a board |
| Board Diversity | The sex of the board members | The ratio of women to the total number of persons on the board |
| CEO Duality | One person serving as CEO and as chairperson of the board of directors | A dummy variable with 1 indicating duality and 0 otherwise |

## IV. ANALYSIS AND INTERPRETATION OF RESULTS

This part contains analysing of data from the sampled private universities. It first considers the demographic details of the board members of the universities and then a regression analysis to assess the degree of association between the independent variables and dependent variable. study. It ended with a thematic analysis of the interviews.

### 4.1 Descriptive Summary

Table 2 represents the fact that the mean value for ROA was 0.054486 which indicates that the universities on average made ₵0.054486 on every ₵1 worth of asset. The ROA maximum score of 0.21 (21%), gives an indication that, despite the challenges, there is the potential of making profit in the sector. A standard deviation of 0.056844 shows that the ROA of the sampled universities are closed to the mean in a spread of 0.056844. ROE had a mean score of 0.24 which indicates that the sampled private universities made ₵0.24 on every ₵1 worth of equity. The least performing university with -0.099 ROE is recording a loss of ₵0.099 on each equity share while the most performing university generate a return of ₵ 1.065 to ordinary shareholders. A standard deviation of 0.29 proves that the spread along the mean for ROE is wider than that for ROA.

Regarding board diversity, the results indicate that 50% of the private universities had both male and female executive directors on the board. The results further portray that, only about 14.3% of the sampled universities had CEO duality. The number of board members ranged from 6 to 20 with an average of 12. This gives an indication that the private universities are complying with the recommended lower limit of 2 directors as stipulated in the regulations of the Companies Code 1963 (Act 179). With regards to the presence of audit committee as part of the governance structure, about 42% of the sampled universities had audit committee. Given that Audit committee facilitate the function of internal auditors in the assurance of good corporate governance, risk management and internal control, the absence of audit committee in about 58% of the sampled universities is probably an indication of weak commitment to governance, internal control and risk management. Board independence level was also about 35%. This illustrates that 65% of the sampled universities had no non-executive directors on the board; thereby depriving them of the benefits of the independent view of external directors.

**Table 2: Descriptive Statistics of Variables**

| Variable | Obs | Mean | Std. Dev. | Min | Max |
|---|---|---|---|---|---|
| ROA | 70 | 0.054486 | 0.056844 | -0.03912 | 0.214156 |
| ROE | 70 | 0.239566 | 0.288418 | -0.099 | 1.064574 |
| Board Diversity | 70 | 0.5 | 0.50361 | 0 | 1 |
| CEO Duality | 70 | 0.142857 | 0.352454 | 0 | 1 |
| Board Size | 70 | 11.68571 | 4.95938 | 6 | 20 |
| Audit Committee | 70 | 0.423148 | 0.080451 | 0 | 1 |
| Board Independence | 70 | 0.34623 | 0.057206 | 0 | 1 |

Source: Field Data (2017)

### 4.2 Corporate Governance Practices in the Sampled Private Universities

In an interview with managers of the institutions, the researcher made the following observations on corporate reporting, presence of auditors and auditing, and directors' monitoring and supervision role.

**Table 3: Thematic Review of Governance Practices**

| Thematic Area | Regulatory Requirement | Observations |
|---|---|---|
| Corporate Reporting, Disclosure and Transparency | Section 123 of companies' code of Ghana, 1963 (Act 179)<br>International Accounting Standards 1 (IAS1) | All the fourteen (14) universities duly met this requirement. |
| Presence of Auditors and Auditing | Section 134 (5) of the Companies Act, 1963 (Act 179), | All the universities had independent auditors and internal auditing units |
| Directors' Monitoring and Supervision | Companies Act, 1963 (Act 179) enjoys directors to ensure proper monitoring and supervision | Monitoring and supervision at the selected private university has been largely commendable |

### 4.3 Effect of Corporate Governance on the Performance of Private Universities

Before the estimation of the panel regression model, preliminary analysis was conducted to ascertain the reliability of the estimation. First, a correlation matrix was constructed to check for multicollinearity using Dormann et al. (2013) threshold of $|r| < 0.7$ being an appropriate indicator for collinearity between predictor variables.

**Table 4 Correlation Matrix of the Explanatory Variables on ROA**

| | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| Return on Asset (1) | 1 | | | | | |
| Board Size (2) | -.061 | 1 | | | | |
| Board Diversity (3) | .004 | -.203 | 1 | | | |
| CEO Duality (4) | .115 | .07 | .691** | 1 | | |
| Audit Committee Independence (5) | -.253* | -.249* | .689** | .408** | 1 | |
| Board Independence (6) | .025 | -.153 | .987** | .682** | .594** | 1 |

*. Correlation is significant at the 0.05 level

**. Correlation is significant at the 0.01 level

Source: Field Data 2017

The correlation coefficient of the independent variable expressed on Return on Assets on the whole showed a relatively low inter-correlation between the variables (Table 4). But it must be admitted that some relatively high levels of correlation were found between board diversity and CEO Duality (r=0.691), between board diversity and audit committee independence (r=0.689), and board independence and board diversity (r=0.987). As a result of the autocorrelation, Audit Committee Independence and Board Independence were eliminated from the model pertaining to ROA.

**Table 5 Correlation Matrix of the Explanatory Variables on ROE**

| | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| Return on Equity (1) | 1 | | | | | |
| Board Size (2) | .540** | 1 | | | | |
| Board Diversity (3) | -.136 | -.203* | 1 | | | |
| CEO Duality (4) | .165 | .070* | .691** | 1 | | |
| Audit Committee Independence (5) | -.274* | -.249* | .690** | .408** | 1 | |
| Board Independence (6) | -.108 | -.153 | .987 | .682** | .594** | 1 |

*. Correlation is significant at the 0.05 level

**. Correlation is significant at the 0.01 level

Source: Field Data 2017

From table 5, it can be seen that most of the correlation among the explanatory variables are relatively low so there is no much concern to eliminate the impact of autocorrelation on the variables. But few inter item correlation concerns were seen between board independence and board diversity (r=0.987), CEO Duality and board independence (r=0.682), board diversity and audit committee independence (r=0.690). As a result of the autocorrelation Audit Committee Independence and Board Independence were eliminated from the model pertaining to ROE.

**Table 6: Fixed Effect Panel Regression Model for ROA**

| ROA | coef. | Std. Err. | T | P>\|t\| | [95% Conf. Interval] | |
|---|---|---|---|---|---|---|
| Board size | -0.0022406 | 0.0011018 | -2.03358 | 0.042* | -0.072994 | 0.0028183 |
| Board diversity | 0.0310908 | 0.0137744 | 2.25713 | 0.012* | -0.0053027 | 0.0674843 |
| CEO Duality | -0.081163 | 0.0431538 | -1.88079 | 0.060 | -0.0582774 | 0.0420448 |
| Constant | 0.0785873 | 0.0222397 | 3.53 | 0.001 | 0.03398801 | 0.0123199 |

Prob>F=0.0083

* means significant at 0.05 level

Source: Field Data, 2017

From Table 6, board size had a negative significant relationship with ROA (-0.0022406, p-value=0.042). This implies that private universities with larger board size are more likely to record less ROA.

Specifically, holding all other variables constant, a unit increase in board size will result in a reduction in ROA by 0.2%. When assessing the board diversity, the guiding principle was that a female should be part of the board of directors to promote gender balance in thought, in administration and policy dimension of the business. Thus, it was anticipated that board diversity will have a positive impact on firm performance. This fact was thus confirmed (β = 0.0310908, p-value=0. 012) by the findings of this study. The presence of the CEO duality in a business, as has been asserted by some literature, has an adverse impact on firm performance. It suffices to note that the findings of this study either supports nor denies this assertion since the p-value is not significant at 5%.

**Table 7: Fixed Effect Panel Regression Model for ROE**

| ROE | coef. | Std. Err. | T | P>\|t\| | [95% Conf. Interval] | |
|---|---|---|---|---|---|---|
| Board size | -0.006407 | 0.0032109 | -1.99539 | 0.046* | -0.0301405 | 0.0173265 |
| Board diversity | 0.1093147 | 0.0532269 | 2.05375 | 0.021* | -0.0164255 | 0.280055 |
| CEO Duality | -0.0380592 | 0.1173286 | -0.32 | 0.747 | -0.2733907 | 0.1972722 |
| Constant | 0.2546996 | 0.1043379 | 2.44 | 0.018 | 0.0454243 | 0.4639749 |
| Prob>F=0.0409 | | | | | | |

* means significant at 0.05 level

Source: Field Data 2017

From Table 7, board size had a negative significant impact on return on equity (β=-0. 006407, p-value=0. 046). This implies that private universities with larger board size are more likely to record less ROE. Specifically, holding all other variables constant, a unit increase in board size will result in a reduction in ROE by 0.6%. On the other hand, board diversity had a significant positive association with ROE (β =0.1194568, p-value=0.021). This also implies that, private universities with female board members were more likely to make much profit for equity holders. Finally, CEO Duality (β =0. 0380592, p-value=0. 747) had no significant impact on return on equity. Similar to the results of ROA, CEO duality had no impact on private university's chances of making more profit for equity holders.

### 4.4 Challenges to Implementing Good Corporate Governance at Selected Private Universities in Ghana

The challenges of the private universities revolved around inadequate expertise of board members, ownership concentration and board renumeration. It was evident from the interviews that there were huge challenges in relation to expertise to carry out sound corporate governance practices. For example, some board members of most of the private universities were appointed based on their influence or position in the society rather than expertise and value addition. Other members were appointed to the board based on their ability to assist the university financially. Although, it is commendable for the board to have a mix of expertise, basic knowledge of finance and regulatory requirement are indispensable for an effective performance. It was revealed that some members of the board had virtually no knowledge in these areas. Consequently, the few individuals who had expertise in finances and corporate governance dominate the decisions of the board. An issue being lamented by some of the interviewees is the adverse effect of concentration of ownership in few hands. This constitutes a hindrance to corporate governance in most of the private universities. There were reports of instances in which owners arrogate too much powers to themselves to the extent that they overrule the decision of some boards. Finally, almost everyone interviewed, admitted the low remuneration of board members of private universities. There is the belief that poor remuneration disincentivises members of the board of directors from giving out their utmost best.

## V. CONCLUSION AND RECOMMENDATIONS

In terms of corporate governance practice, half of the private universities had both male and female executive directors on the board with 14.3% of the sampled universities having CEO duality. All private universities complied with the recommended lower limit of 2 directors required the Companies Code 1963 (Act 179). They equally prepared financial statements, appointed independent auditors and had a level of supervision of their directors. However, less than half of them had an audit committee. This situation and the fact that 65% of them had no non-executive directors may hinder good corporate governance, risk management and internal control.

The study found that there is a relationship between corporate governance and the performance of the private universities. Those with larger board size are more likely to record less profit whilst board diversity positively impacts firm performance. Nonetheless, CEO duality had no impact on performance.

In terms of hinderances to good corporate governance practices the study noted that some board members had inadequate expertise in finance and regulatory requirements. Another drawback was the fact that

owners of private universities exert too much control to the detriment of effective functioning of boards. Finally, low remuneration discourages some board members from topmost performance.

We therefore recommend that the universities continue to ensure the representation of both sexes on their board and maintain a lean board size despite the need for them to engage non-executive directors to complement the monitoring role of executive ones. Owners must allow boards to function by respecting board decisions. Board members should be motivated through appreciable remuneration and continuous professional development.

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Y. Abdul Karimu Tossa "Corporate Governance and Firm Performance among Private Universities in Ghana"International Journal of Business and Management Invention (IJBMI), vol. 08, no. 12, 2019, pp 60-68