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Full Length Research Paper

The Impact of External Factors on Corporate Governance system of firms: Empirical Evidence from Sub-Saharan Africa Anglophone Countries (SSAA).

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In this study, we explored the impact of external factor on corporate governance system using survey questionnaire based on international corporate governance norms. Data were collected from listed firms in Ghana, Nigeria and South Africa. The conclusions are follows: (1) .In all the selected countries in the sub-region (SSAA) political environment affect the corporate governance system. (2) Macro-economic policies seem to hinder good corporate governance practices. (3) The accounting system operating in each country plays a vital role in promoting sound corporate governance system. (4) Ownership structure (method for acquisition of stock) of firms' delays promotion of sound corporate governance in Ghanaian and Nigerian firms. (5) Societal and cultural factors seem to deter corporate governance system in Ghanaian firms. Corruption may likely affect corporate governance practice in South African firms. We recommend that there is need for proper implementation of macro-economic policies in the sub-region. The political elite should not interfere with regulatory and supervisory agencies. The Ghanaian Code of corporate governance need to take into consideration the socio-cultural environment in formulating corporate governance policies. Finally, the acquisitions for stock of firms in Nigeria need to follow proper due process.

Keywords: Corporate governance, external factors, OLS regression

INTRODUCTION / BACKGROUND TO THE STUDY

Corporate governance is globally one of the critical issues in business sector this happen as a result of financial mismanagement that led to collapse of major firms in recent times. The academics and professionals have research deeply for explanation for financial failure of many firms, thus most of the attention for the reason

on corporate failure have been focus on developed countries. The developing countries such as Sub-Saharan Africa, Anglophone countries like Ghana, Nigeria and South Africa are not left out in this corporate failure. In addition, interest in corporate governance as a subject can also be trace to the fact that at present there

is more separation of ownership from management which have been defined as the Modern Corporation. As a result the disconnection of ownership from management and non-involved of owners in most operation of firms has raised the need to have appropriate frameworks for ensuring transparency and accountability which is the basis for sound corporate governance (Alo, 2009). Consequently, there have been emergent numerous reports, Code and guideline of corporate governance such as Cadbury report 1992 for the UK, and Sarbanes-Oxley Act 2002 in the USA. In developing country such as Ghana there is guideline on corporate governance, in Nigeria there is Code of best practice and South Africa has issued the King report code of corporate governance I, II and III.

For any country the corporate governance system will consider the effect of the political, economic, socio-cultural, and corruption factors. These embody the political, economic, legal institution, social technology influence and the ethical disposition of listed firms (Amaeshi and Amao, 2009). If a nation has a weak corporate governance system, the management of the firms are bound to be corrupt and there will be cases of insider abuse and financial mismanagement. Consequently, the corporate governance system or environment determines the context for assessing a country firm performance and corporate strategy. Against this background, this study provides empirical evidence to views about the important of each external factor (such as economic, cultural and societal, political, corruption, ownership structure and accounting system) affecting the development of corporate governance.

The Codes of best practice of corporate governance, guideline of corporate governance practice in and King Report code of corporate governance were established as instrument to safeguard listed firms against corruption, and corporate mismanagement, also to promote transparency accountability, economic growth and social development (Okeahalam, and Akinboade, 2003). Despite the implementation of these Codes, guideline and Report on corporate governance many financial and non-financial firms in Sub-Saharan Africa Anglophone countries such as Ghana, Nigeria and South Africa have collapse as a result of poor corporate governance practices. Thus research question that this study addresses is identifying the factors that are important for good corporate governance of listed firms in Sub-Saharan Africa Anglophone Countries (SSAA).

We found that in all the countries selected in the region, the political environment affect the promotion of corporate governance system. This result suggests that politicians and friends of officials of the governments in power interfering with the work of regulatory and supervisory agencies of corporate governance. In Nigerian firms the structure of ownership of firms hinders the promotion of corporate governance system. This may be due to a lack of proper due process in acquisition of shares in firms

and most cases the boards of directors and senior management are the majority stockholders of firms.

In Ghanaian firms, societal and cultural factors hinder the corporate governance system. This result indicates that the Ghanaian corporate governance Code of Best practices needs to take into consideration the socio-cultural environment in formulating corporate governance policies for Ghanaian firms.

In all the countries together, particularly in Ghana macro-economic policies seem to hinder promotion of corporate governance practices. This evidence indicates that macro-economic policies may be not well implemented to the extent that it has a negative effect on rules and laws of corporate governance practice. This result suggests that a lack of proper implementation of macro-economic policies is likely to result from poor quality of governance. This indicates that government expenditure may be misappropriated as a result of corruption, lack of transparency and accountability in the countries in the Sub-region.

However, the accounting system plays a vital role in promoting corporate governance across countries in the region, and in each country such as Ghana, Nigeria and South Africa. This result suggests that it is through the quality of accounting system that shareholders, potential investors and other stakeholders of firms will be able to receive financial information about their firms.

The rest of this paper is organized as follows. Section two deals with literature review on external factors hindering corporate governance. Section three illustrates the methodology of the study. Section four describes the results of the data analysis of the study. Finally the conclusion and recommendation are show in section five and six respectively.

Literature Review

There are external factors affecting the development of corporate governance in sub-Saharan Anglophone countries such external factors such as legal and regulatory, economic, cultural and societal, political, corruption, ownership structure and accounting system. OECD (2004) explained the important of regulatory, supervisory and enforcement agencies for effective corporate governance framework, also the organisation stated that corporate governance framework should promote transparency, efficient market and consistent with rule of law. In addition, Rossouw, (2005; La portal, et.al 1998; Johnson, et.al 1999; Klapper, and Love 2004) these authors posited that effect of legal and regulatory framework on corporate governance of firms. Also, economic factor have effect on corporate governance such that OECD (2004) stated that corporate governance is part of the larger economic context in which firms operate such as macro-economic policies and the degree of competition in product market. Thus, Coffee (2005)

argues that corporate scandals, state of the economy and underlying ownership structure of firms led to most recent global economic downturn. These factors are associated with accounting scandals fraud and financial regularities. The author further stated that effective corporate governance can enhance economic growth, and long term investment stability through attraction of local and foreign investors.

Furthermore, the type of political system and government in operation in a country play a vital role in shaping society and this can also influence the likelihood of sound corporate governance practices. ECA (2002) explained that institutions of government have capacity to manage resources efficiently, formulate, implement and enforce sound policies and regulations of corporate governance. Corporate governance best practices can only be really achieved in an environment free of internal socio-political, economic and cultural corruption and free of trans-organised financial crimes (Bakre 2011). Burton et.al (2009) revealed that corruption remain endemic in developing Africa nation and in some cases, this become institutionalised as a result of collective behaviours.

Moreover, effect of ownership structure on effective corporate governance is significant. There are a number of studies on ownership structure, performance and value of firms. However, Denis and Mconnell (2003) found that effect of ownership structure, firm value and performance are mixed and the results are inconclusive. La portal, et.al (1999) revealed that except in economies with very good shareholder protection, few of firms are widely held. The quality of accounting system have influence on corporate governance practice such that OECD 2004; Cadbury, 2002 revealed the importance of the accounting framework in promoting disclosure and transparency. It is stated that information should be prepared and disclosed in accordance with high quality standard of accounting and financial and non-financial disclosure. Consequently, accounting information play a major role in the effective corporate governance of a firm because it enables relevant parties to monitor the performance of managers and use that information to hold the managers accountable in their firms (Gray, et.al (1996).

Methodology on the effect of external factors on corporate governance system

This section describes the methodology, descriptive statistics and correlation analysis of the effect external factor underpinning corporate governance of listed firms using survey questionnaire as a sources of data. Moreover, the categories of respondents for this study include following; legislators, regulators, academician, individual investors, institutional investor, accountant/auditors, executive director, non-executive director, company executive (CEO) company employee,

judiciary/legal and others such as students.

The source of data instrument

The instruments used to collect the data for this study was a survey questionnaire derived firstly, from Organisation for Economic Co-operation and Development principles of corporate governance the 2004 OECD which been assessment instrument ,also from Burton et.al (2009). Secondly, from various corporate governance literatures, and in order to make sure that the data instrument is not subjective. This study modified the data assessment instrument so that it is tailored toward codes of best practices of corporate governance in Nigeria and guidelines of corporate governance practice in Ghana. Also, the King I, II, III Report of corporate governance in South Africa was considered in the data instrument. As a result, the institutional frameworks for corporate governance for Ghana, Nigeria and South Africa are all formulated from OECD principles of corporate governance. The above countries received their independence from Britain and the companies' laws are derived from British common law. Consequently, the rules, laws and legal systems for each of these countries are considered in the data assessment instrument.

The reason for using questionnaire is that there is lack of information on corporate governance variables in developing region such as Africa. The finding of this study could reveal the reality of the situation in those countries selected (Ghana, Nigeria and South Africa). The limitation of using questionnaire method is that the finding from the respondents is an opinion about what is happening on the issues of corporate governance of firms in Sub-Saharan Africa Anglophone countries. Also the respondents may not be questioned or probed. In addition, there is a level of researcher imposition, this implies that when developing the data instrument (survey questionnaire), we may be making our own assumption as to what is important and not important. Thus the researcher may be missing something that is of important.

Pilot study

Through pilot study validity and reliability can be measured in order to make sure that the survey questionnaire actually represents the reality what the study are to measure. In making sure the scale of the study is reliable we checked the reliability of the scale by checking the internal consistency through Cronbach's alpha coefficient and the result indicated 0.80 Cronbach's alpha coefficient. Ideally, Pallant (2010) explained that

Table 1. Definition of the variables for section B: Corporate governance system

Variable	Statements
Rules and Laws (Rules_cs8)	There are adequate laws and rules that promote the practice of good corporate governance of firms in my country.
Agencies power (Agencies_cs9)	The supervisory, regulatory and enforcement agencies have power, resources and authority to enforce compliance with laws and regulations and guideline on corporate governance
Legal system) (Legal_cs10)	A good legal system in my country of operation helps to improve the corporate governance of firm
Agencies-orgnise (Organise_Cs11)	A well organised legislature and sound regulatory and supervisory agencies in place promote good corporate governance
Total corporate governance system (Total_cs Q8-11)	This addition of all variables for corporate governance system of firms under section B of the survey questionnaire.

Table 2. Indicate the section, variables and statements under the Economic factor in Section C of the survey questionnaire for corporate governance

Section	Variables	Statements
C	Domestic investment (Dinvt_Q12)	Good corporate governance practice within firms is important to attracting domestic investment in a nation.
	Foreign investment (Finvt_Q13)	Good corporate governance practice of firms is important in attracting foreign investment for a country
	Growth (Growth_Q14)	Corporate governance influences the growth and development of firms and this, in turn influences the economy of a nation.
	equity of market (Equity_Q15)	Shareholder protection can affect the level of equity markets.
	Macro-economic policies (Macro_Q16)	Macro-economic policies influence the way firms are managed in such way as to influence the relationship between firms and shareholders
	Financial intermediation (Banks_Q17)	Banks play a predominant role in financial intermediation of firms in your country.
	Firms Control (Firms_Q18)	Firms in your country own and control major local banks by creating a form of conglomerate business organization
	Privatization (Privatization_Q19)	There are conflict and problem associated with corporate governance before or after privatization of state-owned companies in your country.
	Transparency (Transparency_Q20)	There is no transparency in the sales of state-owned companies and appointment of the board of director in your country
	Local investor (Control_Q21)	The local investors are unable to use voting power to enforce corporate governance and there is no effective corporate control.
	Total Economic factor (Teco_Q12-21)	denote the variable for Economic factor effect on corporate governance practice and it addition of all statements under section C

Cronbach's alpha coefficient of a scale should be above 0.7

Data Sources

In Ghana out of 200 survey questionnaire administered to the respondents, 150 were received this indicates 75

percent response rate. In Ghana, there are thirty-four listed firms on the Ghana Stock Exchange (GSE). As a result, the respondents from this study are from more than twenty listed firms which include banking, mining, food and beverages, breweries, conglomerates, insurance, chemical and paints, textiles, agriculture, and petroleum (marketing). When I was in Ghana apart from visiting some listed firms, regulatory agencies offices I

Table 3. showing the section, variables and statements under the societal and culture in Section D of the survey questionnaire

Section	Variables	Statements
D	Stakeholders Interest (Stakeholders_Q22)	Corporate governance within firms should consider the interest of all shareholders (employee, customers) individual and community goal
	Socio-political environment (Sociopol_Q23)	Corporate governance guidelines and regulation should be drawn in a such a way that they reflect the socio-political and cultural environment of each nation
	National culture (Culture_Q24)	National culture affects enforcement procedure in accounting systems and these influences corporate governance practice of a firm in a country
	Business ethic (Ethic_Q25)	The business ethics and value that characterize a society will influence the level of confidence in the integrity and probity of firm and capital market
	Total Societal and Cultural Factor (Tscf_Q22-25)	denote the variable for societal and cultural factor, it is the addition of statements under section D

Table 4. Illustrate the section, variables and statements under the corruption and bribery in Section E of the survey questionnaire for corporate governance of firms.

Section	Variables	Statements
E	Reduction corruption (Reduction_Q26)	Reduction in corruption and bribery will help to improve corporate governance practice
	Regulatory authorities (Level_Q27)	Level of corruption influence the ability of the regulatory authorities to enforce compliance within corporate governance principles and accountability within firms
	Job security (Wages_Q28)	Job security and payment of satisfactory living wages will influence the level of corruption
	Conflict Interest (Interest_Q29)	Conflict of interest, unsound ethics and greed influence the corporate governance practice of a firm
	Economic hardship (Econmic_Q30)	Economic hardship will influence the level of corruption among employees to the extent that corporate governance practice are undermine
	Internal control (Internal_Q31)	Lack of internal control system will influence level of corruption among employee to the extent that corporate governance practices are undermined with firms.
	Total Corruption (Tcorpt_Q26-31)	Proxy as the variable for influence of corruption and bribery on corporate governance practice, it is the addition of all the statements under section E

Table 5. indicate the section, variables and statements under the political environment in Section F of the survey questionnaire.

Section	Variables	Statements
F	Government Ownership (Ownership_Q32)	The government exerts substantial influence over the ownership of companies in my country of operation
	Monetary Policies (Econ_Q33)	The political environment, by influencing fiscal and monetary policies has a substantial impact on corporate governance practices.
	Type of government (Type_Q34)	Prolonged period of military or civilian rule in a country will influence the corporate governance practice of firms
	Government influence (Interferes_Q35)	The government interferes with the work of regulatory and supervisory bodies with regard to appointments or incentives for company executive within firms
	Politician influences (Politician_Q36)	Politician exert undue influence over the ministries and agencies responsible for monitoring and enforcement of corporate governance guidelines and regulation within firms
	Total political environment (Tpol_Q32-36)	This indicates political environment factor variable and it covers the addition of statements under Section F

Table 5. indicate the section, variables and statements under the political environment in Section F of the survey questionnaire.

Section	Variables	Statements
F	Government Ownership (Ownership_Q32)	The government exerts substantial influence over the ownership of companies in my country of operation
	Monetary Policies (Econ_Q33)	The political environment, by influencing fiscal and monetary policies has a substantial impact on corporate governance practices.
	Type of government (Type_Q34)	Prolonged period of military or civilian rule in a country will influence the corporate governance practice of firms
	Government influence (Interferes_Q35)	The government interferes with the work of regulatory and supervisory bodies with regard to appointments or incentives for company executive within firms
	Politician influences (Politician_Q36)	Politician exert undue influence over the ministries and agencies responsible for monitoring and enforcement of corporate governance guidelines and regulation within firms
	Total political environment (Tpol_Q32-36)	This indicates political environment factor variable and it covers the addition of statements under Section F

Table 6. Showing the section, variables and statements under the ownership structure in Section G of the survey questionnaire

Section	Variables	Statement
G	Board members (Board_Q37)	Board members and senior management are generally majority stock holders of companies in your country
	Foreign nationals (Foreign_Q38)	Foreign national are generally majority of shareholders of companies in your country
	Government majority (Govt_Q39)	The government holds majority of stock in companies in your country
	Family majority (Family_Q40)	Family members generally hold the majority of stocks in companies in your country
	Single family dominate the management (Single_Q41)	Where a single family dominate the management of a firm, this will be reflected in corporate governance practice of firm
	Total ownership structure (Town_Q37-41)	This is proxy as the variable for ownership structure effects upon corporate governance; it is the addition of all the statements (sub-variables) under section G of the survey questionnaire.

Table 7. illustrate the section, variables and statements under the Accounting system in Section H of the survey questionnaire for corporate governance of firms

Section	Variables	Statements
H	Financial information (Information_Q42)	Firms prepared financial information that accord with statutory and ethical obligation in my country
	Enforcement of rules on accounting (Profession_Q43)	The Institute of Chartered Accountant or equivalent (professional body of accountants) play a role in enforcing good accounting and financial reporting practices in my country
	Accounting Standards (Standard_Q44)	The Accounting standards Board (national equivalent) issues standards that are in line with international accounting standards
	Total Accounting system (Tacct_Q42-44)	Represents variable for the influence of accounting system on corporate governance, it is the addition of statements (sub-variables) under section H of the survey questionnaire.

also visited secretariat of the Institute of Director (IoD) in Accra and they assisted me in filling the survey questionnaire.

In the case of Nigeria, 400 survey questionnaires was administered to the categories of respondents and 320 was received, representing 80 percent response rate. In Nigeria, there are 206 listed companies on Nigeria stock

Exchange (NSE). The respondents from this study are up to 100 listed firms. I was able to attend 20 Annual General Meeting (AGM) of listed firms; including an AGM of shareholders in Lagos and Abuja. This gave me the opportunity to distribute the survey questionnaire.

In South Africa 100 survey questionnaire were administered to the respondents and 71 was received

Table 8. Showing descriptive statistic of external factors variables effects on corporate governance of firms based on average per question for each group in the survey questionnaire

SSAA firms				
Variables	Code	Mean	T-test	N
Economic	Tecon_(Q12-21)	4.11*	62.97	541
Societal and Cultural	Tscf_(Q22-25)	4.42*	67.40	541
Corruption and bribery	Tcorpt_(Q26-31)	4.54*	79.60	541
Political environment	Tpol_(Q32-36)	4.12*	37.75	541
Ownership structure	Tows_(Q37-41)	2.62*	-18.81	541
Accounting System	Tacct_(Q42-44)	4.18/*	49.90	541
Corporate governance system	TCg_(Q8-11)	3.57*	21.04	541
Ghanaian Firms				
Economic	Tecon_(Q12-21)	4.11*	28.32	150
Societal and Cultural	Tscf_(Q22-25)	4.30*	27.93	150
Corruption and bribery	Tcorpt_(Q26-31)	4.45*	32.29	150
Political environment	Tpol_(Q32-36)	4.21*	21..48	150
Ownership structure	Tows_(Q37-41)	2.32	-16.66	150
Accounting System	Tacct_(Q42-44)	4.18*	27.27	150
Corporate governance system	TCg_(Q8-Q11)	3.18*	4.50	150
Nigerian Firms				
Economic	Tecon_(Q12-21)	4.11*	53.67	320
Societal and Cultural	Tscf_(Q22-25)	4.45*	58.14	320
Corruption and bribery	Tcorpt_(Q26-31)	4.56*	68.04	320
Political environment	Tpol_(Q32-36)	4.16*	30.97	320
Ownership structure	Tows_(Q37-41)	2.78*	-9.84	320
Accounting System	Tacct_(Q42-44)	4.12*	34.54	320
Corporate governance system	TCg_(Q8-11)	3.47*	17.16	320
South African Firms				
Economic	Tecon_(Q12-21)	4.08*	22.20	71
Societal and Cultural	Tscf_(Q22-25)	4.52*	25.62	71
Corruption and bribery	Tcorpt_(Q26-31)	4.63*	36.14	71
Political environment	Tpol_(Q32-36)	3.74*	9.74	71
Ownership structure	Tows_(Q37-41)	2.46*	-13.00	71
Accounting System	Tacct_(Q42-44)	4.46*	30.00	71
Corporate governance system	TCg_(Q8-11)	4.55*	32.65	71

Note: This table reports the summary descriptive statistic for the variables of the study. The dependent variable is indicated as total corporate governance system which is represented by TCg_(Q8-Q11) is the addition of all the items or variable under section B of the survey questionnaire. The Independent variables are external factors such as economic is shown as total economic factors indicated by Tecon_(Q12-21) which is the addition of all items or variables under section I of the survey questionnaire, total societal and cultural is illustrated as Tscf_(Q22-25) which is the addition of all the items or variable under section J of the survey questionnaire, corruption and bribery is shown as total corruption and bribery is indicated as Tcorpt_(Q26-31) which is the addition of all items or variable within section K of the survey questionnaire, Total political environment represented as Tpol_(Q32-36) is the addition of all items under environment in section K, ownership structure total is shown as Tows_(Q37-41) is the total items or variable under section M of the survey questionnaire and accounting system total indicated as Tacct_(Q42-44) is the addition of all items or statements under accounting system in section N of the survey questionnaire.

*T-Test value is Indicate that the response is significantly different from 3 (undecided) at 5% level of significance (1.96). T-Test equal to mean value minus 3 over standard deviation divide by square root of the number $(\mu-3/SD/\sqrt{n})$

Table 9. Showing the descriptive statistics of sub-variable of economic factor on corporate governance of firms in Sub-Saharan Africa Anglophone (SSAA) countries.

Variables	Countries	N	Mean	T-test
Domestic Investment (Q12)	Ghana	150	4.53*	29.28
	Nigeria	320	4.68*	55.65
	South Africa	71	4.63*	24.90
	Sub-region (SSAA)	541	4.64*	66.92
Foreign Investment (Q13)	Ghana	150	4.49*	26.07
	Nigeria	320	4.67*	58.87
	South Africa	71	4.65*	28.96
	Sub-region(SSAA)	541	4.62*	66.11
Growth (Q14)	Ghana	150	4.51*	26.80
	Nigeria	320	4.61*	54.34
	South Africa	71	4.65*	24.83
	Sub-region (SSAA)	541	4.59*	63.76
Equity Market (Q15)	Ghana	150	4.47*	25.36
	Nigeria	320	4.46*	38.41
	South Africa	71	4.54*	22.37
	Sub-region (SSAA)	541	4.48*	51.03
Macro –Economic Policy (Q16)	Ghana	150	4.44*	23.83
	Nigeria	320	4.41*	36.55
	South Africa	71	4.58*	19.87
	Sub-region(SSAA)	541	4.44*	47.85
Financial Intermediation (Q17)	Ghana	150	4.32*	17.20
	Nigeria	320	3.37*	4.83
	South Africa	71	4.42*	17.86
	Sub-region(SSAA)	541	3.77*	13.99
Firms Control (Q18)	Ghana	150	2.08*	-10.34
	Nigeria	320	1.96*	-18.79
	South Africa	71	3.80*	6.13
	Sub-region(SSAA)	541	2.24*	-14.73
Privatization (Q19)	Ghana	150	4.02*	15.52
	Nigeria	320	4.29*	30.26
	South Africa	71	3.44*	3.01
	Sub-region (SSAA)	541	4.21*	-14.73
Transparency (Q20)	Ghana	150	4.02*	12.37
	Nigeria	320	4.28*	27.59
	South Africa	71	3.05	0.40
	Sub-region(SSAA)	541	4.06*	28.63
Local investor (Q21)	Ghana	150	4.19*	14.43
	Nigeria	320	4.37*	28.17
	South Africa	71	3.04	0.28
	Sub-region (SSAA)	541	4.14*	23.94

*T-test indicates that the response is significantly different from 3 (undecided) at 5% level of significance (1.96).

Test value is equal to mean value minus 3 over standard deviation divide by square root of the number $(\mu-3/SD/\sqrt{n})$.

back, this representing 71 per cent response rate. The survey questionnaires were sent and received back by e-mail. But some was send and received back through postage. In addition, the South Africa embassy in Nigeria assisted in sending and receiving some of the survey questionnaires. The respondents for South Africa covered investors, academician, legal/judiciary, accountants/auditors, board of directors and company employees for some of the financial and non-financial

listed firms; also some of the regulatory and supervisory agencies.

The data instrument for this study (survey questionnaire) was administered to firms in South Africa. The firms are in the banking industry, the mining industry such as diamond and platinum industry and other manufacturing companies. The researcher make sure that each one of the survey questionnaire reached the top mining industries and financial sectors because the

Table 10. Showing the Correlation analysis on external factors for corporate governance of firm in Sub-Saharan African Anglophone countries.

Variables	Corp.gov (1)	Economic (2)	Societal & Cultural (3)	Corruption & bribery (4)	Political Environment (5)	Ownership Structure (6)	Accounting System (7)
1.Corp.gov	1						
2.Economic	-0.03	1					
3.Societal & cultural	0.08	0.44**	1				
4.Corruption & bribery	0.11*	0.46**	0.51**	1			
5.Political environment	-0.20**	0.42**	0.31**	0.22**	1		
6.ownership structure	0.01	-0.11**	-0.06	-0.05	- 0.06	1	
7.Accounting system	0.28**	0.19**	0.25**	0.24**	0.10*	-0.03	1

*Correlation is significant at the 0.05 level

**Correlation is significant at the 0.01 level

Table 11. Presents the correlation analysis on influence of external factors on corporate governance in Ghanaian firms.

Variables	Corp.gov (1)	Economic (2)	Societal & Cultural (3)	Corruption & bribery (4)	Political Environment (5)	Ownership Structure (6)	Accounting System (7)
1.Corp.gov	1						
2.Economic	-0.31**	1					
3.Societal & cultural	-0.25**	0.57**	1				
4.Corruption & bribery	-0.13	0.57**	0.60**	1			
5.Political environment	-0.43**	0.57**	0.37**	0.35**	1		
6.ownership structure	0.37**	-0.35**	-0.31**	-0.26**	-0.31**	1	
7.Accounting system	0.12	0.15	0.35**	0.36**	0.07	0.01	1

**Correlation is significant at the 0.01 level

South Africa economy is based on mining, finance house and financial sectors.

The Sample of the study

The study uses a stratified random sampling method to collect the data from twelve categories of respondents who are stakeholders of corporate governance in the SSAA region. The data consist of 541 returned out of 700 survey questionnaire administered to the respondents, this give a response rate of 77.29 per cent. Out of the total of 541 respondents 150 respondents were from Ghana, 320 from Nigeria, and 71 respondents from South Africa.

Definition of the Variables in each Section

The instrument used to collect data for this study is through a survey questionnaire consists of 44 statements (sub-variables) which are divided into various sections, as it shows in the Tables below. Total corporate governance system (Total_cs) is the additions of statements under this section are proxies as dependent variable such as rules and Law, power of the agencies, Legal system, and organised agencies structure. Therefore the Total corporate governance system proxy as dependence variables can be expressed as:

$$\text{Total_Cs} = \text{Rules_Law} + \text{Agencie_Power} + \text{Legal_system} + \text{Agencies_Organise}$$

Table 12. Reports the correlation analysis on influence of external factors on corporate governance in Nigerian firms.

Variables	Corp.gov (1)	Economic (2)	Societal & Cultural (3)	Corruption & bribery (4)	Political Environment (5)	Ownership Structure (6)	Accounting System (7)
1.Corp.gov	1						
2.Economic	0.15**	1					
3.Societal & cultural	0.12*	0.44**	1				
4.Corruption & bribery	0.07	0.44**	0.42**	1			
5.Political environment	0.11	0.34**	0.43**	0.24**	1		
6.ownership structure	0.22**	0.52	0.12	0.03	0.03	1	
7.Accounting system	0.24**	0.24**	0.19**	0.17**	0.20**	0.23	1

*Correlation is significant at the 0.05 level

**Correlation is significant at the 0.01 level

Table 13. Describes the correlation analysis on influence of external factors on corporate governance in South African firms.

Variables	Corp.gov (1)	Economic (2)	Societal & Cultural (3)	Corruption & bribery (4)	Political Environment (5)	Ownership Structure (6)	Accounting System (7)
1.Corp.gov	1						
2.Economic	0.23	1					
3.Societal & cultural	0.25*	0.14	1				
4.Corruption & bribery	0.42**	0.20	0.41**	1			
5.Political environment	-0.11	0.37**	-0.14	-0.03	1		
6.ownership structure	-0.11	-0.15	-0.08	0.03	0.09	1	
7.Accounting system	0.48**	0.11	0.18	0.20	0.02	0.07	1

*Correlation is significant at the 0.05 level

**Correlation is significant at the 0.01 level

The dependent variables

The equation below is the corporate governance system (Total_cs) which is the addition of statements or items (sub-variables) under section B of the survey questionnaire.

$$\text{Total_cs} = \text{Rules_cs (Q8)} + \text{Agencie_cs (Q9)} + \text{Legal_cs(Q10)+ Organise_Cs (Q11)}$$

The Independent variables

These include the following below:

Teco_(Q12-21) this is proxy as the variable for economic factor which influences corporate governance practice and it covers statements or items (sub-variables) 12-21 under Section C of the survey questionnaire.

Tscf_(Q22-25) denote the variable for societal and cultural factor effect on corporate governance practice and it covers statements or items (sub-variables) 22-25 under Section D of the survey questionnaire.

Tcorpt_(Q26-31) indicate the variable that influence corruption and bribery on corporate governance practice, this covers statements or items under (sub-variables) 26-31 of Section E of the survey questionnaire.

Tpol_(Q32-36) illustrate political environment factor variable that impacts on corporate governance practice, and covers statements or items under (sub-variables) 32-36 of Section F of the survey questionnaire.

Town_(Q37-41) is proxy as the variable for ownership structure effects upon corporate governance and covers

Table 14. The effect of external factors on corporate governance system of firms.

$$\text{Total_cg} = \beta_0 + \beta_1(\text{Tec_C}) + \beta_2(\text{Tsc_D}) + \beta_3(\text{Tcorrpt_E}) + \beta_4(\text{Tpol_F}) + \beta_5(\text{Town_G}) + \beta_6(\text{Tacct_H}) + \beta_7(\text{G}_R) + \beta_8(\text{N}_R) + \mu_i$$

Dependent variable: Total effective corporate governance system

Variables	All observation for the countries (1)	All countries with Ghana and Nigeria as dummy (2)	Ghana (3)	Nigeria (4)	South Africa (5)
Intercept	10.34** 1.49 (6.96)	16.40** 1.23 (13.31)	13.14** 1.94 (6.79)	11.43** 1.60 (7.16)	5.72** 2.84 (2.02)
Economic	-0.03 0.03 (-0.88)	-0.02 0.02 (-0.69)	-0.01 0.04 (-0.23)	0.05 0.03 (1.51)	0.06 0.04 (1.47)
Societal and cultural	0.08 0.06 (1.33)	-0.04 0.05 (-0.84)	-0.16* 0.06 (1.88)	0.04 0.07 (-0.61)	-0.01 0.09 (-0.06)
Corruption	0.08* 0.05 (1.70)	0.03 0.04 (0.70)	0.06 0.06 (1.07)	-0.02 0.05 (-0.37)	0.20** 0.07 (2.75)
Political environment	-0.18** 0.03 (-5.52)	-0.05** 0.03 (-1.99)	-0.18** 0.05 (3.70)	0.02 0.04 (0.49)	-0.08 0.05 (-1.49)
Ownership structure	-0.03** 0.04 (-0.08)	-0.03 0.04 (-0.85)	0.19** 0.06 (3.02)	-0.23** 0.05 (-4.43)	-0.09 0.09 (-1.05)
Accounting system	0.42** 0.06 (6.55)	0.29** 0.05 (5.64)	0.21** 0.10 (2.22)	0.24** 0.06 (3.79)	0.52** 0.13 (4.09)
Regulators		0.47** 0.19 (2.46)			
Ghana		-5.14** 0.28 (-18.17)			
Nigeria		-3.64** 0.26 (-13.86)			
R-square	0.14	0.47	0.29	0.12	0.38
F-statistic	14.52	52.59	9.64	7.31	6.75
No of observation	541	541	150	320	71

The dependent variable is indicated as total corporate governance system which is represented by corporate governance system is the addition of all the items or variable under section B of the survey questionnaire. The Independent variables are economic factor is shown as total economic factor which is the addition of all items or variables under section C of the survey questionnaire, societal and cultural factor is illustrated as total societal and cultural which is the addition of all the items or variable under section D of the survey questionnaire, corruption and bribery is shown as total corruption and bribery which is the addition of all items or variable within section E of the survey questionnaire, Total political environment is the addition of all items under political environment in section F ownership structure is the total items or variable under section G and accounting system is the total of all items or statements under section H of the survey questionnaire.

Countries dummies indicating if the sample is Regulatory bodies and it is located in Ghana, Nigeria (reference category being South Africa there is a test for outliers in order to examine the robustness of the samples.

The numbers with significant level are coefficient value, while the middle numbers are the standard error and numbers in the parentheses refer to t-statistics.

F-Statistic is significant at 1% and 5% critical value

**significant at 1 percent level.

*significant at 5 percent level.

*Heteroskedasticity is corrected using White-adjusted standard errors.

Table 15. The effects of economic factor on rules and laws that promote corporate governance of firms.

Rules_Q8= $\beta_0 + \beta_1(\text{Dinv}_t\text{Q12}) + \beta_2(\text{Finvt}_t\text{Q13}) + \beta_3(\text{Growth}_t\text{Q14}) + \beta_4(\text{Equity}_t\text{Q15}) + \beta_5(\text{Macro}_t\text{Q16}) + \beta_6(\text{Banks}_t\text{Q17}) + \beta_7(\text{Firms}_t\text{Q18}) + \beta_8(\text{Privatization}_t\text{Q19}) + \beta_9(\text{Transparency}_t\text{Q20}) + \beta_{10}(\text{Investor}_t\text{Q21}) + \beta_{11}(G) + \beta_{12}(N) + \mu_i$

Dependent variable: Rules and laws that promote corporate governance

Variables	All observation for the countries (1)	All countries with Ghana and Nigeria as dummy (2)	Ghana (3)	Nigeria (4)	South Africa (5)
Intercept	2.92** 0.47 (6.22)	5.37** 0.41 (13.04)	4.96** 0.64 (7.80)	0.70* 0.43 (1.62)	3.21** 0.86 (3.75)
Foreign Investment	0.14 0.10 (1.47)	0.16* 0.08 (1.99)	0.01 0.14 (0.05)	0.04 0.07 (0.48)	0.38** 0.17 (2.27)
Growth	-0.09 0.10 (-0.94)	-0.99 0.08 (-1.23)	-0.13 0.15 (-0.91)	0.15* 0.07 (1.69)	-0.01 0.18 (-0.05)
Equity Market	0.03 0.08 (0.33)	-0.01 0.06 (-0.12)	0.26** 0.13 (2.04)	-0.04 0.06 (-0.58)	-0.16 0.14 (-1.15)
Macro-economic policies	0.06 0.07 (0.89)	-0.11* 0.06 (-1.85)	-0.27** 0.14 (-2.01)	-0.09 0.06 (-1.18)	0.21 0.12 (1.67)
Financial intermediation	0.08** 0.04 (2.33)	0.02 0.03 (0.68)	0.11 0.09 (1.29)	0.07** 0.03 (2.67)	-0.06 0.11 (-0.52)
Firms control	0.27** 0.04 (6.88)	0.04 0.03 (1.20)	0.10 0.07 (1.51)	-0.04 0.04 (-1.18)	0.13 0.07 (1.86)
Privatization	-0.05 0.06 (-0.78)	-0.00 0.05 (-0.40)	0.14 0.13 (1.13)	-0.02 0.06 (-0.31)	-0.02 0.07 (-1.75)
Transparency	-0.16** 0.06 (-2.78)	-0.05 0.05 (-1.22)	-0.08 0.09 (-0.90)	0.07 0.05 (1.26)	-0.02 0.07 (-0.29)
Local investor	-0.28** 0.06 (-5.12)	-0.14** 0.05 (-3.07)	-0.70** 0.11 (-6.65)	0.02 0.05 (0.34)	-0.11* 0.07 (-1.75)
Ghana		-1.10** 0.14 (14.65)			
Nigeria		-2.16** 0.13 (16.22)			
R-square	0.31	0.54	0.50	0.06	0.25
F-statistic	23.90	51.90	13.30	1.99	2.01
No of observation	541	541	150	320	71

The dependent variable is indicated as rules and laws which is item or statement 8 under section B of the survey questionnaire. The independent variables are economic factor which are items or statements under section C of the survey questionnaire Countries dummies indicating if the sample is located in Ghana, Nigeria (reference category being South Africa there is a test for outliers in order to examine the robustness of the samples.

The numbers with significant level are coefficient value, while the middle numbers are the standard error and numbers in the parentheses refer to t-statistics.

F-Statistic is significant at 1% and 5% critical value

**significant at 1 percent level.

*significant at 5 percent level.

*Heteroskedasticity is corrected using White-adjusted standard errors.

statements or items under Section G (sub-variables) 37-41 of the survey questionnaire.

Tacct_(Q42-44) represents variable for the influence of accounting system on corporate governance, it covers statements or items under Section H (sub-variables) 42-44 of the survey questionnaire.

Model for the analysis of effect of external factors on the corporate governance system

The equation below examines the contribution that each external factor makes to the corporate governance system.

Thus for i-th respondent total corporate governance system of firm (Total_Q8-11) can be determined as follows:

$$\text{Total}_i(\text{Q8-11}) = \beta_0 + \beta_1(\text{Tec_Q12-21}) + \beta_2(\text{Tsc_Q22-25}) + \beta_3(\text{Tcorpt_Q26-31}) + \beta_4(\text{Tpol_Q32-36}) + \beta_5(\text{Town_Q37-41}) + \beta_6(\text{Tacct_Q42-44}) + \beta_7(G_R) + \beta_8(N_R) + \mu_i$$

The dependent variable is proxy as corporate governance system (Total_Q8-11) with independent variables indicated as economic factor (Tec_Q12-21) societal and cultural factor (TSc_Q22-25), Corruption and bribery (Tcorrpt_Q26-31), political environment (Tpol_Q32-36), ownership structure (Town_Q37-41) and accounting system (Tacct_Q42-44). Other control variables G_R and N_R include dummies indicating if the firms are located in Ghana and Nigeria with respondents are regulator bodies or non-regulatory stakeholders of corporate governance (the reference category being South Africa firms). Finally, μ_i is the random error term, which is independently and identically distributed.

Model for the analysis of economic factors on the rules and laws guiding corporate governance practice

This equation below examines the contribution of the economic factor makes to the rules and laws of corporate governance practice.

Thus for i-th respondent on rules and law guiding corporate governance of firm (Rules_cg) can be determined as follows:

$$\text{Rules_Q8} = \beta_0 + \beta_1(\text{Dinv}_i\text{Q12}) + \beta_2(\text{Finvt}_i\text{Q13}) + \beta_3(\text{Growth}_i\text{Q14}) + \beta_4(\text{Equity}_i\text{Q15}) + \beta_5(\text{Macro}_i\text{Q16}) + \beta_6(\text{Banks}_i\text{Q17}) + \beta_7(\text{Firms}_i\text{Q18}) + \beta_8(\text{Privatization}_i\text{Q19}) + \beta_9(\text{Transparency}_i\text{Q20}) + \beta_{10}(\text{Control}_i\text{Q21}) + \beta_{11}(G) + \beta_{12}(N) + \mu_i$$

Where dependent variable is indicated as rules and laws guiding corporate governance (Rules_Q8) and independent variables are Domestic investment

(Dinv_iQ12) foreign investment (Finvt_iQ13), growth (Growth_iQ14), equity (Equity_iQ15), macro-economic (Macro_iQ16), financial intermediation (Banks_iQ17), firms control (Firms_iQ18), privatisation (privitization_iQ19), transparency (Transparency_iQ20), and local investor control (control_iQ21). Other control variables G and N include dummies indicating if the respondents are located in Ghana and Nigeria (the reference category being South Africa). Finally, μ_i is the random error term, which is independently and identically distributed.

Results of the descriptive statistic of external factors variables on corporate governance of firms in Sub-Saharan Africa Anglophone countries

We provide the summary of the descriptive statistics for external factors that influence corporate governance of firms as it shown in the above Table. There is evidence that the T-test and mean value for the ownership structure variable is negative and it is very low for each of the country. This suggests that board members, government, foreign national and family are not the majority of stock holders in Ghana, Nigeria and South Africa firms.

The above Table also indicate that the corporate governance system in South Africa have the highest T-test and mean value as compared with Ghana and Nigeria. This finding implies that corporate governance system in South African firms is better than Ghanaian and Nigerian firms.

Table 9 provides the summary of descriptive statistics. There is indication that firm in Ghanaian and Nigerian, firms control (Q18) (firms own and control major local banks by creating a form of conglomerate business organisation) have a higher T-test and lower mean value. This finding suggests that in Nigerian and Ghanaian firms the respondents show that firms are not owned and controlled by major local banks by creating a form of conglomerate business organisation. Thus, in South African the respondents agree that firms owned and controlled by major local banks by creating a form of conglomerate business organisation.

Results of correlation analysis on influence of external factors on corporate governance of firm in Sub-Saharan African Anglophone (SSAA) region.

Table 10 reports on the correlation results of external factors effect on corporate governance of firms in SSAA region. There is evidence that corruption and bribery have a positive significant correlation coefficient of 0.11 with corporate governance system. This result suggests that corruption and bribery may likely influence the promotion of sound corporate governance practice. The

political environment has a negative significant correlation coefficient of -0.20 with corporate governance system, this finding show that the political environment in the SSAA region hinders the development of sound corporate governance. In addition, accounting system has significant positive relationship with correlation coefficient of 0.28 on corporate governance system. This result indicates that adequate preparation of financial information that accords with ethical, professional accounting bodies and accounting standard board plays vital roles in promoting sound corporate governance of firms in the SSAA region.

Results of the correlation analysis on influence of external factors on corporate governance in Ghanaian firms

Table 11 show the correlation analysis outcome on influence of external factors on corporate governance system in Ghanaian firms. The results indicate that economic factor has a negative significant correlation with corporate governance system with a coefficient of -0.31. This finding implies that the implementation of Ghanaian economic policies is deterring the promotion of a sound corporate governance of firms in Ghana; this may be due to lack of proper implementation of the economic policies. In addition, societal and cultural factor is negatively significant correlated with corporate governance system with coefficient of -0.25. This result suggest that societal and cultural factors hinder the promotion of sound corporate governance of firms in Ghana, thus regulatory and supervisory bodies of corporate governance Ghana needs to consider the issue of societal and cultural factors in the formulation and implementation of corporate governance policy in Ghana.

Moreover, in Table 11 political environment factor has a negative significant correlation with corporate governance system with a coefficient of 0.43. This finding indicates that the Ghanaian political environment have a setback on the promotion of sound corporate governance. This may likely be due to prolonged military rules and political interferences on the regulatory and supervisory agencies in Ghana. In addition, ownership structure of firm in Ghana plays a vital role in enhancing sound corporate governance. Table 11 indicate that ownership structure has a significant positive relationship with corporate governance with correlation coefficient of 0.37.

Results of the correlation analysis on influence of external factors on corporate governance in Nigerian firms

In Table 12 there is indication that economic factor has a positive significant correlation with corporate governance system with a coefficient of 0.15, also societal and

cultural factor is significantly correlated with corporate governance system with coefficient of 0.12. This result implies that economic, societal and cultural factor may likely influence the promotion of sound corporate governance practice in Nigerian firms. In addition, ownership structure has a positive significant correlation with corporate governance system with coefficient of 0.22. This finding indicates that the kind of ownership structure of Nigerian firms may likely have effect on promotion of sound corporate governance in Nigerian firms. The accounting system is positively correlated with corporate governance with coefficient of 0.24. This results show that adequate preparation of financial information that accord with ethical, professional accounting bodies and accounting standard board plays vital roles in promoting sound corporate governance in Nigerian firms.

Results of correlation analysis on influence of external factors on corporate governance in South African firms.

Table 13 summarises the result of correlation analysis on influence of external factors on corporate governance of firms in South Africa. We notice that societal and cultural factor has a significant positive correlation with corporate governance system. This result suggests that societal and cultural situation of South African may likely have impact in the promotion of sound corporate governance of firms in South Africa. Beside this, corruption and bribery is significantly correlated with corporate governance and this indicates that corruption may likely hinder the enhancement of good corporate governance of firms in South Africa.

Moreover, accounting system has a coefficient of 0.48; it significant has positive relationship with corporate governance system thus, it implies that adequate accounting system of firms plays vital roles in promoting sound corporate governance of firms in South Africa.

Results on effect of external factors on corporate governance system of firms.

This section provides the regression results on the effect of external factors such as economic, societal and cultural, corruption, political environment, ownership structure and accounting system and corporate governance system of firms. Below are the model estimate and the results of the data analysis.

The results for the effect of external factors on corporate governance system

This is based on the opinion of the respondents include

the following;

1. There are evidence that political environment may hinders the promotion of effective corporate governance system of firms.
2. Accounting system seem to promote effective corporate governance system of firms
5. In Ghanaian firms the societal and cultural factors can hinder the promotion of sound corporate governance system.
6. In Ghanaian firms ownership structure matter in order to promote sound corporate governance system.
7. In Nigerian firms ownership structure seem to deter the promotion of effective corporate governance system.

In conclusion from the above results it shows that accounting system adopted by a nation plays a vital role to promote sound corporate governance system.

This study examines external factors on corporate governance system as shown in Column (1), (2), (3), (4) and (5) in Table 14. In Column 2 we find that political environment have a negative effect on corporate governance system. This result implies that the political environment in the SSAA region does not enhance corporate governance system. This may be due to government exerting substantial influence on process of acquiring ownership of firms. In addition, politicians and friends of government in power interfere on work of regulatory and supervisory bodies of corporate governance. Also, prolong military rules across the countries in the Sub-region did not help the matter because during the military regimes there are no corporate governance frameworks. Also, there are no institutions to formulate policies on corporate governance practices.

The Accounting system adopted can promote the development of effective corporate governance. This evidence suggests that accounting system is one of the modifiers of corporate governance practice. It is through the quality of accounting system shareholders, potential investors and other stakeholders will be able to receive financial information about their firms.

Besides this, Column 3, 4 and 5 illustrate the estimate within each country. There is evidence that in Ghanaian firms' societal and cultural factor has a negative significant effect with coefficient of -0.16 on corporate governance system. This is likely to hinder the promotion of sound corporate governance system. This finding may be due to the guidelines on corporate governance system adopted does not taken the socio-cultural environment of the country into consideration in the formulation of the principle on corporate governance guideline.

In addition, the political environment in Ghana has a negative significant relationship with coefficient of -0.18 on corporate governance system. It is recently that Ghana has a democratically stable government as a result the institutional frameworks for corporate governance is not so strong to promote sound corporate governance. Also, this may be an interference of the

government and politician on the regulatory and enforcement bodies of corporate governance. The accounting system within the firms in Ghana has a positive impact with coefficient of 0.29 on corporate governance system. This result suggests that proper adoption of accounting standard may improve the development of corporate governance in Ghanaian firms.

In Nigerian firms we find a negative significant effect of ownership structure on corporate governance system with estimate coefficient of -0.23. This result shows that ownership structure of firms in Nigeria may hinders effective corporate governance system. This is likely due to lack of proper method of acquiring ownership through stockholding within firm, the controlling owners and the incompetency of those on board of management. However, we find that in Nigerian firms accounting system has a significant positive relationship on corporate governance system with coefficients of 0.21. This evidence indicates that adoption and implementation of proper accounting standard may promote corporate governance practice within firms. In addition, accounting system is one of the accelerators or modifier for corporate governance practices. It is through accounting system that will enable the shareholders, potential investors and other stakeholders of corporate governance of firms received financial information. The estimate shows a small R-square value for Nigeria in Column 4. This because there may be other factors not mention in this study that can affect the corporate governance practices in Nigerian firms.

In South African firms corruption has a positive significant impact on corporate governance system with coefficient of 0.20. This result implies that in South Africa, development of corporate governance seem to be affected by corruption in such a way that corruption interferes with different corporate governance policy adopted by the government of South Africa. This may hinder the promotion of good corporate government of firms in South Africa. Thus, accounting system has a positive significant effect with coefficient of 0.52 on corporate governance system. This result shows that the positive effect on accounting practice on corporate governance system may likely promote sound corporate governance practice in South Africa.

The results for the effect of economic factors on rules and laws that promote corporate governance.

1. There is evidence that good corporate governance that attracts foreign investment (Q13) is more likely to improve rule and laws that promote corporate governance practice.
2. The macro-economic policy (Q16) may hinder the rules and laws that enhance corporate governance practice of firms.
3. The local investors (Q21) are unable to use voting

power to enforce corporate governance, this discourages improvement of rules and laws that promote effective corporate governance practice.

4. In Ghanaian firms shareholders protection which affect equity market (Q15) seem to improve rules and laws that promote corporate governance.

5. In Nigerian firms good corporate governance that influence growth and development (Q14) is likely to enhances rules and laws that promote corporate governance practice.

6. In Nigerian firms the role of banking in financial intermediation (Q17) can improve rules and laws that promote corporate governance practice.

In conclusion what is important from the above finding is that when there is a good corporate governance practice this is likely to attract foreign investment.

We estimate sub-variables of economics factors on the rules of laws that promote corporate governance as shown in the Table 15. In Column 2, there is evidence that foreign investment (Q13) may likely improve rules and laws that guide corporate governance practice. This result has to do with all the selected countries together in the Sub-region.

In Column 2 macroeconomic policies (Q16) have a negative significant effect on rules and laws that promote corporate governance. This finding implies that a lack of proper implementation of macro-economic policies may result from poor quality of governance. This indicates that government expenditure may be misappropriated as a result of corruption, lack of transparency and accountability. This can lead to increase in national deficit. Thus an increase in national deficit brings weak economy such as high inflation rate, high interest rate and high unemployment rate. Consequently, investors may move from equity or capital markets to money markets because the money markets are free but capital markets are risky. In addition, this finding suggests that the corporate governance system such as rules; laws power and authority of the regulatory agencies are very weak. This can brings lack of confidence to the investors in equity markets.

In addition, local investor voting power and control (Q21) have a negative relationship with rules and laws that promote corporate governance practice. This result implies that a large number of listed firms are subsidiaries of foreign multinational and there are minority of shares with float for local investors. As a result, local investors may not be able to use voting power to enforce corporate governance and there is no effective control due to limited float.

Furthermore, within each country, in Table 15 Column 3 as it illustrates in Ghanaian firms, equity market (Q15) has a positive significant effect on rules and laws that promote corporate governance practice with coefficient of 0.26. This implies that rules and laws of corporate governance in regard to shareholder protection are likely improving corporate governance of firms in Ghana.

However, micro economic policies have a negative significant effect on rules and laws that promote corporate governance practice with coefficient of -0.27. This result indicates the way firms are manage in Ghana, government micro economic policies negatively affecting the relationship between firms and shareholders. This result suggests that this may be due to poor implementation of micro-economic policies and weak institutional framework of corporate governance in Ghana.

In Nigerian firm in Column 4, there is evidence that growth and development of the economy have a positive effect on rules and laws that promote corporate governance practice. This finding implies that when there is an improvement in growth and development in a nation through sound economic policy, there is need for stringent rules and laws that enhance corporate governance so that investors will have confidence to invest in firms.

In South African firms as it shows in Column 5, foreign investments influence rules and laws guide corporate governance system with positive significant coefficient of 0.38. This result shows that good corporate governance within South Africa firms is likely to attract foreign investors. However, local investor voting power and control have a negative relationship with rules and law of corporate governance system with coefficient of -0.11. This result is consistent with Ghanaian firms in column 4.

CONCLUSION

In all the countries together, particularly in Ghana macro-economic policies seem to hinder promotion of corporate governance practices. This evidence indicates that macro-economic policies may be not well implemented to the extent that it has a negative effect on rules and laws of corporate governance practice. This result suggests that a lack of proper implementation of macro-economic policies is likely to result from poor quality of governance. This indicates that government expenditure may be misappropriated as a result of corruption, lack of transparency and accountability in the countries in the Sub-region. This may lead to increase in national deficit. Thus an increase in national deficit can brings weak economy such as high inflation rate, high interest rate and high unemployment rate. Consequently, investors may move from equity or capital markets to money markets because the money markets are free but capital markets are risky. In addition, this shows that the corporate governance system such as rules; laws power and authority of the regulatory agencies seem to be very weak. This will brings lack of confidence to the investors in equity markets

In addition, corruption deters rules and laws that promote effective corporate governance particularly in South Africa; as a result of institutionalised corruption in

the sub-region. This finding supports the evidence that in recent time, corruption is prevalent across sectors of the economy and in society at large. Consequently, the rules and laws can be easily altered or not properly implemented by the enforcement and supervisory agencies of corporate governance.

However, the accounting system plays a vital role in promoting corporate governance across countries in the region, and in each country such as Ghana, Nigeria and South Africa. This result suggests that it is through the quality of accounting system that shareholders, potential investors and other stakeholders of firms will be able to receive financial information about their firms.

RECOMMENDATION

From the empirical evidence from this study, we recommend that the guidelines and regulation of corporate governance across countries in the region particularly in Ghana should be drawn in such a way that it reflects the socio-political and cultural environment of their respective country. The regulator believes that reduction in corruption and bribery can move corporate governance forward. As a result there is a need to strengthen the anti-corruption agencies to provide more public campaigns against corruption and allow legal institution to prosecute corrupt officers and politicians. Thus, from our findings, the regulatory bodies of corporate governance believe that reduction in corruption can enhance good corporate governance practice. Also, the government and politicians should stop interfering with ministries and agencies responsible for monitoring, enforcing corporate governance particularly in Nigeria.

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Survey Questionnaire

Section A: Questions 1-7 are related to your background. Please mark(X) only one option.

1. **Gender:** Male Female
2. **Occupation:** Legislator Executive Director
 Regulator Non-Executive Director
 Academician Company Executive (CEO)
 Individual investor Company employee
 Institutional investor Judiciary or Legal
 Accountant/Auditor Other (Specify).....
3. **Years of experience in your occupation:** ____ year
4. **Formal education:** Diploma/Certificate Bachelor Degree
 Master Degree Doctoral Degree
 Professional certificate/other
5. **Your location:** ____
6. **How do you rate your knowledge on corporate governance of firms in your country**
 Low Medium High
7. **of Firm:** Financial Firm Non-Financial Firm

Section B: Statements 8-11 relate to your views on effectiveness of corporate governance practice. Please rate the extent to which you agree with each statement (X) according to the scale below. Please this applies to all sections.

1=strongly disagree 2=disagree 3=Undecided 4=Agree 5=strongly Agree

8. There are adequate and effective rules and laws that promote the practice of good corporate governance of firms in my country of operation.	1	2	3	4	5
9. The supervisory, regulatory and enforcement agencies have the power, resources and authority to enforce compliance with laws and regulations and guidelines on corporate governance in my country of operation.	1	2	3	4	5
10. A good legal system in my country of operation helps to improve the corporate governance of firms.	1	2	3	4	5
11. A well-organized legislature and sound regulatory and supervisory agencies in place promote good corporate governance.	1	2	3	4	5

Section C: Questions 12-21 relate to your views on economic factors with regard to corporate governance practices.

12. Good corporate governance practice within firms is important in attracting domestic investment in a nation.	1	2	3	4	5
13. Good corporate governance practice within firms is important in attracting foreign investment in a nation.	1	2	3	4	5
14. Corporate governance influences the growth and development of firms and this, in turn influences the economy of a nation.	1	2	3	4	5
15. Shareholder protection can affect the level of equity markets.	1	2	3	4	5
16. Macro-economic policies influence the way firms are managed in such way as to influence the relationship between firms and shareholders.	1	2	3	4	5
17. Banks play a predominant role in financing of firms in your country.	1	2	3	4	5
18. Firms in your country own and control major local banks by creating a form of conglomerate business organization.	1	2	3	4	5
19. There are conflicts and problems associated with corporate governance before or after privatization of state-owned companies in your country.	1	2	3	4	5
20. There is no transparency in the sales of state-owned companies and appointment of the board of director in your country.	1	2	3	4	5
21. The local investors are unable to use voting power to enforce corporate governance and there is no effective corporate control.	1	2	3	4	5

Section D: Statements 22-25 relate to your views on societal, cultural and family factors upon corporate governance practices.

22. Corporate governance practices within firms should consider the interests of all stakeholders (employee, customers), individual and community goals.	1	2	3	4	5
23. Corporate governance guidelines and regulations should be drawn in such a way that they reflect the socio-political and cultural environment of each nation.	1	2	3	4	5
24. National culture affects enforcement procedures in accounting systems and these influences corporate governance practice of firms in your country.	1	2	3	4	5
25. The business ethics and values that characterize a society will influence the level of confidence in the integrity and probity of firms and capital markets.	1	2	3	4	5

Section E: Statements 26-30 relate to your views on the influence of corruption and bribery on corporate governance practices.

26. Reduction in corruption and bribery will help to improve corporate governance practices of firms	1	2	3	4	5
27. Levels of corruption in a country influence the ability of regulatory authorities to enforce compliance with corporate governance principles and accountability within firms.	1	2	3	4	5
28. Job security and payment of satisfactory living wages will influence the level of corruption.	1	2	3	4	5
29. Conflicts of interest, unsound ethics and greed influence the corporate governance practices of a firm.	1	2	3	4	5
30. Economic hardship will influence levels of corruption among employees to the extent that corporate governance practices are undermined within firms.	1	2	3	4	5
31. Lack of internal control system will influence levels of corruption among employees to the extent that corporate governance practices are undermined within firms.	1	2	3	4	5

Section F: Statements 31-35 relate to your views on how a country's political environment may influence corporate governance practices within firms.

32. The government exerts substantial influence over the ownership of companies in my country of operation.	1	2	3	4	5
33. The political environment, by influencing fiscal and monetary policies, has a substantial impact on corporate governance practices	1	2	3	4	5
34. Prolonged period of military or civilian rule in a country will influence the corporate governance practices of firms.	1	2	3	4	5
35. The government interferes with the work of regulatory and supervisory bodies with regard to appointments or incentives for company executive within firms.	1	2	3	4	5
36. Politicians exert undue influence over the ministries and agencies responsible for monitoring and enforcement corporate governance guidelines and regulations within firms.	1	2	3	4	5

Section G: Statements 36- 40 relate to your view on ownership structure in your firm.

37. The Board members and senior management are generally majority stock holders of companies in your country	1	2	3	4	5
38. Foreign national are generally the majority shareholders of companies in your country.	1	2	3	4	5
39. The government holds the majority of stock in companies in your country.	1	2	3	4	5
40. Family members generally hold the majority of stocks in companies in your country.	1	2	3	4	5
41. Where a single family dominates the management of a firm, this will be reflected in corporate governance practice of firm.	1	2	3	4	5

Section H: Statements 41-43 relate to your views on how accounting systems influence the corporate governance of firm within countries.

42. Firms prepare financial information that accord with statutory and ethical obligations in my country.	1	2	3	4	5
43. The Institute of Chartered Accountants or the equivalent (professional body of accountants) play a role in enforcing good accounting and financial reporting practices in my country of operation.	1	2	3	4	5
44. The Accounting Standards Board (national equivalent) issues standards that are in line with international accounting standards.	1	2	3	4	5

Section I: Statements 44 deal with any further comments.

45. Any further comments on issue of corporate governance of firms in your country