UNIVERSITY OF CAPE COAST

CORPORATE GOVERNANCE AND FINANCIAL DISTRESS OF LISTED NON-FINANCIAL INSTITUTIONS IN GHANA

BY

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Thesis submitted to the Department of Finance, School of Business of the College of the Humanities and Legal Studies, University of Cape Coast in partial fulfilment of the requirements for the award of Master of Commerce degree in Finance

NOVEMBER 2021

DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my own original work and that no part of it has been presented for another degree in this University or any educational institution elsewhere.

Signature: …………………….............. Date..................................

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Supervisors' Declaration

We hereby declare that the preparation and presentation of this thesis were supervised in accordance with the guidelines on supervision of thesis laid down by the University of Cape Coast.

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ABSTRACT

The study examined the impact of corporate governance on the financial distress of non-financial companies listed on the Ghana Stock Exchange. Studies have shown that the relationship between corporate governance and firm distress is not a new phenomenon, only that the findings have been inconclusive and the inclusion and measurement of variables have also differed. The intuition of this study was to take the most assumed measure of the variables and compare the financial distresses of the non-listed firms listed on the Ghana Stock Exchange. Data for the study was from the Ghana Stock Exchange between 2005 and 2016 and the motivation is based on data availability. The study employed the Random Effect model within the Generalise Least Squares framework. The study revealed that CEO duality was significant and positively associated with financial distress. That is, the more CEOs perform a dual role, the tendency for the firm to be financially distressed. Non-executive directorship was also positive and significant in affecting financial distress of a firm. Ownership (OWNS) was also found to have an adverse effect on distress of a firm and that as firms have more public ownership, the more the firm is likely to fail financially. Finally, firm size and firm distresses are also adversely related. The recommendation is that firms must try to include other non-executive members on their boards in a bid to increase neutrality to the board and also a way of stemming financial distress. Finally, since CEO duality increases the chances of financial distress, firms must do everything practicable to disassociate the role of CEOs from board chairs in order to avoid rift in decision implementations.

ACKNOWLEDGEMENTS

My sincere thanks first and foremost go to Prof Siaw Frimpong, my principal supervisor and Prof Abraham Ansong my co-supervisor for their constructive criticisms, patience and guidance throughout this thesis. I also wish to express my gratitude to lecturers at the Finance Department, School of Business for their encouragements, supports and suggestions.

I would also like to acknowledge the unflinching love and financial support of my family and friends, Rev and Rev Mrs Eddy Annan, Mrs Eunicemary Yeboah and Mr Ishmael Eshun. I am particularly indebted to my wife Mrs Justicia Abena Bentum for her unquantifiable morale, encouragement and love.

I am also grateful to Dr, William Cantah who assisted immeasurably in the acquisition of data. To Isaac Yedonu I thank you for your assistance throughout this work. Special appreciation goes to Samuel Etse Dzakpasu and Frederick Asare Appiah for the immense contribution to the final stages of the work.

DEDICATION

To my wife and kids, Justicia, Adom, Nhyiriba and Aseda Mensa. And my wards Emmanuel and Emmanuella Acquah

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LIST OF ACRONYMS

ABI	:	Aggregate Bankruptcy Index
FD	:	Financial Distress
FDA	:	Food and Drugs Authority
GM	:	General Motors
GMM	:	Generalized method of moment
GOPDC	:	Ghana Oil Development Company
GSA	:	Ghana Standard Authority
GSE	:	Ghana Stock Exchange
GRA	:	Ghana Revenue Authority
NCA	:	National Communications Authority
NIC	:	National Insurance Commission
OLS	:	Ordinary Least Squares
SEC	:	Securities and Exchange Commission
UAE	:	United Arab Emirate
VIF	:	Variance Inflation Factor

CHAPTER ONE

INTRODUCTION

Ghana, which is considered to be an emerging country, has witnessed tremendous expansion in its capital markets and firms that are listed. In the most recent years, this expansion has been made visible. In spite of this, the vulnerability of businesses to experiencing financial difficulties remains a significant cause for concern throughout the years. This study aims to make a contribution to the existing body of knowledge by investigating the ways in which the quality of corporate governance practices within non-financial institutions that are listed on the Ghana Stock Exchange can have an effect on the likelihood that these institutions will experience financial distress. Specifically, the study will investigate the effect that these practices can have on the likelihood that these institutions will experience financial distress. This research project will analyse certain corporate governance mechanisms, such as board composition, executive remuneration, audit quality, and shareholder rights, in order to identify the extent to which these mechanisms are related with indications of financial hardship. Specifically, the research project will focus on determining whether or not these mechanisms are connected with signs of financial distress. In order to give policymakers, regulators, investors, and business leaders in Ghana with relevant insights, the goal of the study is to provide those individuals with insights. The purpose of these recommendations is to provide these individuals with the information they need to make well-informed decisions that will lead to higher standards of corporate governance and a lower likelihood of experiencing financial hardship in the non-financial sector. The findings of this study are expected to give practical implications for the strengthening of corporate governance frameworks, which will eventually contribute to the increase of the stability and resilience of non-financial firms that are listed in Ghana. This is something that is predicted to happen. When it comes to preserving economic growth and investor confidence in developing countries like Ghana, it is becoming increasingly critical to have a solid understanding of the connections that exist between corporate governance and financial crisis. This is due to the fact that the globalisation and interconnection of financial markets are becoming increasingly prevalent.

Background to the study

According to Brédart (2014), one of the most major subjects that has been studied in the literature on finance and accounting is the detection of financial distress. This is one of the most significant themes that has been discussed. This has been one of the most significant subjects that has been brought up in the conversation. This is due to the fact that it simultaneously has an effect on a big number of distinct stakeholders (or stakeholders), which is the reason why this is the situation that exists. The reason why this is the scenario there is because it has an effect on a substantial number of different stakeholders, which is the reason why this is the particular circumstance that exists there. It is of the utmost importance to keep in mind that this has repercussions for all of the persons and organisations that are engaged, including but not limited to investors, debt holders, creditors, workers, governments, auditors, and society in general. The ramifications that come about as a consequence of the failure of a firm that is facing significant financial difficulties and finally fails have an effect on each and every one of these individuals and organisations at the same time. On the other hand, the manifestation of these effects might take place in a broad variety of various ways, depending on the particulars of the scenario.

The fall of the UT Bank and Capital Bank in 2017 had an impact on all of the persons and organisations that were engaged, including the three thousand workers who were working for the firm at the time of the crisis. Furthermore, it resulted in a loss of five million pounds for the taxpayers, which was a large sum of money. This was a significant amount of money. This serves as an example for the aim of demonstrating how the failure of these two banks had an effect on all of the institutions and persons who were engaged in the situation. The detection of financial distress has become an increasingly crucial component of the financial system, as stated by Li and Zhong (2013). This is a direct result of the financial crisis that took place in year 2007. Due to the fact that the crisis took place in 2007, this is the reasoning behind this. To be more specific, this is because the crisis took place in the year 2007, which is the reason for this. This is the logic that drives this condition, and it is based on the fact that the crisis happened in the year 2007. During the course of this crisis, a considerable number of companies encountered challenges dealing with their respective financial conditions. The majority of these companies finally made the decision to seek protection under the rules of bankruptcy as a direct consequence of the challenges they were experiencing.

However, there are still certain firms in Ghana that are going through incredibly challenging financial difficulties at the present moment. These businesses are still operating. In Ghana, there are still some of these firms operating. The world we live in now is still home to a lot of enterprises that are still operating in the present day. According to the conclusions of a research that was published by KPMG on January 17, 2018, it was determined that during the fourth quarter of 2017, there were 78 Ghanaian enterprises that were suffering major financial issues. This information was gleaned from the findings of the study. This information was obtained as a result of the study that was carried out. Within the report, the reader was provided with a presentation of this material that was made available there. Not only was this figure thirty percent greater than it was during the same time period in 2016, but it was also ten percent higher than it was during the same period of the third quarter of 2017. Additionally, it was 36 percent greater than it was during the same time period in 2016, when it was the same point in time. This was the case. The conclusions of the study that was carried out served as the foundation for the content that was delivered here, which was developed upon those findings. At the end of 2018, there were five firms that filed for bankruptcy, as announced by the Insolvency Service and Company House (2018) on their respective websites. These are the companies that filed for bankruptcy. These applications were reportedly submitted, according to the article. When compared to the same time period in the previous year, this indicates that there was a 0.7% rise in the amount.

Baldwin and Scott (1983) claim that a firm is considered to be in a state of financial distress when the business conditions of the company worsen to the point where the company is unable to discharge its obligation to meet its essential financial tasks. A company is said to be in a state of financial distress when this event occurs. Because of this, the corporation is unable to carry out the necessary financial responsibilities that it has. The corporation is reportedly going through a period of financial trouble at the moment, according to the information that has been acquired. In the case that the corporation is unable to meet its financial responsibilities, then this is the scenario that has developed as a consequence of the situation that has occurred. Models that may predict the emergence of financial crises have been created since the 1960s (Beaver, 1966, 1968; Altman, 1968; Deakin, 1972; Altman et al. 1977; Ohlson 1980). Beaver, Altman, and Deakin were among the authors of these models. Beaver, Altman, and Deakin are only a few of the specialists that contributed to the creation of these models. These models have focused their emphasis on accounting and cash flow components that are developed on actual facts. This is the case for the vast majority of these models. A variety of writers were responsible for the creation of these models. They were all credited for their contributions. Beaver, Altman, Deakin, and Ohlson are just a few of the authors who fall within this category. A number of writers, such as Beaver, Altman, Deakin, and Ohlson, were among those who contributed to the creation of these models. Other authors who made contributions include Ohlson. Several writers, including Ohlson, Deakin, and Beaver, have made contributions to this work. Other authors have also contributed to this work.

According to Parker et al. (2002), there are six characteristics of the organisation that are at the core of the components of models that are used to represent financial hardship or bankruptcy. Furthermore, these qualities are at the heart of the components of the models. It is stated that these features are at the centre of the models. Each and every component is built as its foundation on the basis of these criteria, which guide the construction process. The aspects that are being examined in this context include, but are not limited to, financial risk, operating risk, scale, liquidity, profitability, and market perception. In addition, operational risk is also being explored. Everything that has been mentioned here is being taken into account. There are a number of different factors that are currently being considered, and some of them are included below. In the context of these models, the components of these particular models are comprised of these six qualities, which are taken into consideration inside the framework of these models.

Although financial and accounting ratios have their own set of limitations, such as the assertion that accounting information can be subject to window dressing through earnings management, which can have an impact on the reliability of accounting ratios (Lee & Yeh, 2004), ratios obtained from financial statements are considered to be one of the most important information sources regarding the affairs of a company (Smith et al. 2011). This is because accounting information can be used to manipulate earnings. It is possible to alter earnings by using accounting information, which is the reason behind this. The reason for this is that it is easy to manipulate earnings by manipulating accounting information, which is the rationale for this. It is permissible to do this since it is conceivable to alter earnings by making use of accounting information, which is the reason why this is permitted. Accounting ratios are utilised in the process of measuring the performance of a firm, which is the reason why this is the case. These ratios are the reason why this is the case. Financial and accounting criteria are still being utilised in research projects that are committed to anticipating the formation of financial crises in organisations. This is due to the fact that these studies continue to be conducted. Specifically, this is due to the fact that certain initiatives are seen as being of critical importance. It is possible to establish a relationship between something and the impact that something has on the circumstances that are now occurring. Contrarily, researchers (Fich and Slezak, 2008; Chang 2009; Platt and Platt 2012) have argued that models that are largely focused on accounting and financial data do not give significant predictive power for prospective financial troubles. This is because these models are primarily focused on accounting and financial data. These models are constructed on the assumption that accounting and financial data are both relevant. This assumption serves as the basis upon which our models are constructed. In order to develop these models, the premise that accounting and financial data are both relevant is taken into consideration. The construction of our models is based on this premise, which acts as the basis. One of the limitations of these models is that they can only be utilised for the purpose of accounting and financial data manipulation. Consequently, this is the basis for the limitation that they are under.

In recent years, researchers in the academic sector have done studies (Lajili and Zéghal 2010; Brédart 2014) to study the relationship between the financial crisis and the tactics that firms utilise in order to govern themselves. These studies have been conducted in order to determine whether or not there is a connection between the two. It has been reported by these researchers that they have been conducting an investigation on the link that exists between the two characteristics. According to the results of these research, the predictive capacity of the model that is generally utilised to anticipate instances of financial hardship is greatly boosted by the variables that are related with those that belong to corporate governance. This is the conclusion that can be drawn from the findings of these studies. This is the conclusion that may be reached as a result of the results collected from these investigations. As a consequence of the data that were gathered from these investigations, this is the conclusion that can be formed. When the model is used, this is especially true when it comes to forecasting instances of financial trouble. This is especially true when the model is used at all. For instance, according to the findings of a study that was carried out by Donker et al. (2009), the researchers noted that businesses that have greater levels of management shareholdings are less likely to encounter financial issues. This was one of the findings that was discovered. One of the conclusions of the investigation was that this was the case. The inquiry led to the discovery of this, which was one of the findings that was made. The models that were developed via testing and made use of financial ratios were proven to be considerably inferior to the model that included ownership variables. However, the model that included ownership factors was demonstrated to be significantly superior. Furthermore, they came to the realisation that the model that included ownership factors was a major improvement in contrast to the model that had been used previously. At this particular place, a discovery that should be considered of major value was made.

It was revealed that this is one of the reasons that is relevant to the situation after an examination of 177 firms that are traded on the Amsterdam Stock Exchange was finished. The research was conducted to determine the circumstances surrounding the situation. On the other hand, it is predicted that the environment, resources, and technical skills of the organisations would function as moderators in the link between corporate governance and financial crises. This is being said since it is anticipated that these factors will operate as moderators. This is because the environment in which this relationship occurs is likely to have an influence on it. This is caused by the fact that this relationship exists. This condition exists due to the fact that these elements are suitable for the firms to take into consideration, which is the reason why this is the situation. This is the scenario that has come about as a result of the fact that these details are likely to have an impact on the connection that is being discussed, which is the reason why this particular circumstance has come about.

In Ghana, like in a significant number of other rising economies, the adoption of excellent corporate governance is an absolute prerequisite. This is also the case in Ghana. The situation is the same in Ghana as well. The reason for this is that market economies are fundamentally dynamic, and the administration of commercial organisations in an environment that is becoming increasingly globalised is growing more difficult. This is the reason why this is the case. This is the reason why situations are the way they are. In the Ghanaian corporate sector, particularly among non-financial institutions that are listed on the Ghana Stock Exchange, there has been a growing awareness of the significance of corporate governance in terms of its ability to contribute to the enhancement of company integrity and efficiency, the attraction of investment, and the improvement of operational performance. This is particularly true in terms of the ability of corporate governance to contribute to the enhancement of operational performance. In particular, this is the case with regard to the capacity of corporate governance to make a contribution to the improvement of operational performance. This awareness has been spurred by the fact that corporate governance has the capacity to contribute to these aims. This is because corporate governance has the potential to contribute.

In spite of the fact that the specific relationship between corporate governance and financial distress in Ghana has not been adequately investigated, a number of empirical studies conducted all over the world demonstrate that robust corporate governance frameworks have the potential to alleviate financial distress. These studies were carried out in Ghana. The country of Ghana was the location of these studies. These investigations were carried out in the nation of Ghana as their research site. These studies were carried out in the country of Ghana, which served as the setting for their implementation. Through the adoption of good governance principles, it is possible to meet the goals of establishing the foundation for financial stability and minimising the possibility of financial crises developing. The efficacy of boards of directors, accountability, transparency, and the preservation of shareholder rights are some of the concepts that are included in this category. As an illustration, the safeguarding of shareholder interests is incorporated into these concepts. An example of this would be the integration of the preservation of shareholder rights, which is contained in these principles. When it comes to governance, the antithesis of good governance is poor governance, which may lead to horrible management, a lack of strategic direction, and eventually a financial catastrophe. Poor governance is the antithesis of good governance when it comes to the topic of governance. To illustrate, a good governance system is the antithesis of a governance system that is not effective.

Ghana is a developing nation with a stock market that is only beginning to emerge, but the notion of corporate governance is still in the process of being formed across the country. Ghana is a developing nation. Even though Ghana is a developing nation, this is the situation that has arisen. The reason for this is that Ghana is still in the midst of experiencing economic growth, which is the reason why this is happening. The process of creating regulatory frameworks and enforcement mechanisms that are accountable for monitoring corporate governance is already in progress as of right now. This is the case since the process is already underway. This process is now being carried out at this exact time (at this precise minute). Institutions that are not recognised to be a part of the financial industry make a substantial contribution to the economy. This contribution is in addition to the fact that these institutions are engaged in trading on public markets. Some of the sectors that these establishments are involved in include the agricultural sector, the industrial sector, and the service providing sector, to mention just a few of the companies that they are involved in. These institutions are active in a broad variety of industries. Taking into consideration the fact that this is the circumstance, it is of the highest significance to have a complete comprehension of the manner in which the policies of governance influence the financial health of the organisation that was described previously.

When doing research on corporate governance, it is of the highest necessity to discover the contextual aspects that are related with the company. This may be accomplished by identifying the elements using the research method. This is the situation that presents itself as a result of the fact that the organisation is tied to the location. As a consequence of the fact that the research will be carried out on the subject of managerial corporate governance, this is the result. Moreover, it is of the highest significance to nurture an understanding of the ways in which the environment, resources, and technological competency of the company impact the efficiency of the processes that are engaged in corporate governance (Lin et al., 2022). This is because the effectiveness of these processes is directly influenced by the firm's actions. It is of the highest importance that this be done. Specifically, this is because the duties of the organisation have an impact on the effectiveness of these procedures. This is the reason why this is the case. As a result of this, it is of the highest significance to have a full grasp of the ways in which the contextual factors contribute to the alteration of the link between corporate governance and the financial crisis. This is because of the fact that this is the case. This is due to the fact that the two are inexorably linked to one another in such a way that it is difficult to separate them from one another.

Furthermore, according to Daily et al. (2003), the agency theory has been shown to be the most influential theory in the field of research on corporate governance. This is indicated by the fact that the theory has been proved to be the most influential theory. This was brought to light as a result of the fact that it has been proved to be the hypothesis that has had the most substantial influence on the situation. It is therefore impossible to effectively compare and explain the different corporate governance structures that are prevalent in a range of institutional and national settings (Aguilera et al. 2008). This is because it is unable to fully compare and explain the structures. They are of the opinion that it is "under-contextualized," and as a consequence, it is unable to successfully do this. As a result of this, it is not possible for it to correctly compare and explain the structures at the same time. There are a substantial number of detractors who subscribe to this point of view, and they are of the opinion that the notion is flawed. On the other hand, it is vital to make use of a multi-theoretic approach in order to properly manage all areas of governance, financial, and accounting choices that have an influence on the value and performance of a company (Lajili & Zéghal 2010). This is done in order to ensure that the firm is able to effectively manage all of these aspects. More specifically, this is because the decisions that are being made have an impact on the performance of the firm as well as the value of the company. This is owing to the fact that it is essential to address each and every one of these domains in the order that they are presented in. Governance in businesses is a comprehensive and all-encompassing term, in which a number of distinct components interact with one another and have the potential to result in a broad variety of performance outcomes. This idea is characterised by its ability to incorporate numerous aspects of governance. Within the context of the existing circumstance, this is the explanation why things are the way that they are. In specifically, this is the reason why things are the way they are in the current environment. This is the reason why things are the way they are.

The Financial Reporting Council (FRC), the Stock Exchange, and the accounting profession worked together to develop the Cadbury report, which is largely considered to be the first document to construct a corporate governance code (Cadbury 1992). This report was generated through a joint effort between the three organisations. This report is the product of our team's concerted effort to work together and produce in a collaborative manner. In light of the occurrences that involved BCCI and Maxwell, the decision to take this action was made in response to the rising concerns surrounding the standards of financial reporting and accountability. In particular, the incidents that involved Maxwell and BCCI were taken into consideration. As the number of issues surrounding the standards of financial reporting and accountability continues to rise, this report was developed as a reaction to addresses such concerns. As a response to those problems, it was designed as a solution. In the years that have passed since then, reformers have called for the introduction of audit committees (Smith 2003), diversity on boards (Tyson 2003), an increased share of non-executive directors on boards (Higgs 2003), and a variety of other changes that are essential to enhance the performance of boards (Appiah 2013). In the interest of finding viable answers, reformers have proposed the following techniques. Those that advocate for reform have been quite active in their lobbying efforts in order to bring about the implementation of these measures. In order to ensure that enterprises will continue to exist in the years to come, these actions are being carried out with the objective of guaranteeing that this is the goal that is being sought by these activities. Additionally, the Financial Reporting Council (FRC) has been hosting consultations with members of the general public on an annual basis in order to debate the corporate governance code that is now in existence in the United Kingdom. These consultations have been held in order to discuss the code. The number of people seeking these consultations has been steadily growing over the past few years.

The Financial Reporting Council (FRC) made a proposal for a thorough reform of the rules that control corporate governance in the United Kingdom for the fiscal year 2017-2018 during the most recent round of consultations. The intention of this proposal is to make the laws more effective in regulating corporate governance. It was planned that the idea will be put into action during the current fiscal year. A suggestion was made with the purpose of ensuring that the requirements of the regulations are carried out in an effective way, and this recommendation was made with that objective in mind. In spite of the numerous modifications and consultations that have been made to the corporate governance code in order to guarantee that it is in accordance with the current business environments, there are still some companies that are experiencing financial distress, while others end up failing, and the reason for this could be attributed to the implementation of corporate governance practice. In other words, the corporate governance code has been modified and consulted several times. To put it another way, the regulation governing corporate governance has been revised and reviewed on several occasions. To put it another way, the rule that governs corporate governance has been amended and reviewed several times during the course of its existence. In a different way of putting it, the rule that controls corporate governance has been amended and evaluated on several occasions due to the fact that it is effective.

On the other hand, in spite of these modifications and consultations, there are still some businesses that are Due to the fact that the corporate governance code in the United Kingdom is founded on the idea of "comply" or "explain," certain companies are only required to provide an explanation in their annual reports regarding the reasons why particular sections of the code have not been adhered to. The reason for this is that the term "comply" or "explain" served as the basis upon which the legislation was created. This is the particular reason why this is the case. One of the elements that influences the status of the company's finances is the competence of the board of directors to carry out their tasks in an effective manner (Manzaneque et al. 2016a). This is the reason why this is the case. This is the reason why situations are the way they are. Due to the fact that it is a vital mechanism for the governance of corporations, the function of the board of directors is the most significant function in the organisation. As a direct result of this, the function of the board of directors is crucial to an unusually high degree. As a direct consequence of this, the responsibilities that are carried out by the board of directors are of the highest relevance. When it comes to the framework of corporate governance, there are three committees that make up the structure. Each of these committees is of equal importance to the other two committees. The nomination committee, the executive compensation committee, and the audit committee are the committees that are now coming up for discussion at this very time. It is the obligation of each individual group to determine the amount of compensation that will be supplied. obligation for this task falls on each individual group. Each and every one of these committees has been established with the intention of working towards achieving the goal of improving the composition of the board, the accountability of the board, and the administration of executive remuneration. This goal has been established with the intention of working towards achieving this goal.

In order to evaluate whether or not there is a connection between the systems of corporate governance and the financial distress of businesses, as well as whether or not the features of the company have an effect on the relationship, the goal of this study is to investigate the matter. The various modifications that have been made to the code will be taken into consideration in order to accomplish this goal. This inquiry is being carried out with the purpose of identifying whether or not the features of the firm function as a moderator of the interaction between the two parties. The objective of this study is to ascertain whether or not the features of the firm function as a moderating factor in the connection. The purpose of this study is to determine whether or not the relationship is moderated by the circumstances of the enterprise. Taking into consideration the various theories, such as the agency, resource dependence, stakeholder, and stewardship, which are complementary to one another in the process of determining the necessary corporate governance mechanisms that might affect firms' financial distress (Appiah 2013), the purpose of this study is to determine whether or not the relationship is found to be moderated by the circumstances of the enterprise. When it comes to the process of identifying the essential corporate governance procedures that might possibly have an influence on the financial distress of organisations, there is a relationship that is complimentary between each of these theories and the others. This relationship describes the relationship between the theories. In addition, this is true when it comes to the method of identifying the mechanisms.

Statement of the problem

An increasing number of non-financial firms have been aiming to list their shares on the Ghana Stock Exchange (GSE) in recent years, which has resulted in a major growth of Ghana's capital market. Recent years have seen this increase. The capital market has become more competitive as a consequence of this action. Concurrently with the growth of the capital market sector, this market has also experienced increase in recent years. It is also worth noting that this increase has occurred concurrently with the expansion of the capital market. It is important to note that each of these expansions have occurred concurrently. The fact that Ghana's capital market has undergone a substantial increase over the course of the previous few years is yet another intriguing feature that should be taken into consideration here. There are worries that have been voiced regarding the financial challenges that some of these listed non-financial firms are encountering, despite the fact that this trend is headed in a favourable path right now. The banking industry is presenting challenges for these organisations, which are encountering problems. The corporate governance structures that these firms have embraced and that they have put into place as a direct result of this have been the subject of concerns over their efficiency, which have been highlighted. Because of this, a great number of people have voiced their concerns to the appropriate authorities. As a consequence of the recent corporate crises that have enveloped financial institutions, concerns have been revived over the effectiveness of the corporate governance systems that Ghanaian firms participate in. These crises have included the failure of banking institutions to meet their obligations. These anxieties have been rekindled once more as a direct result of the current events that have taken place. These crises have come to the surface as a direct result of the events that are going place at the present time—they have been brought to the forefront.

According to Fich and Slezak (2008), the structures of corporate governance have the ability to have an influence on the accuracy of the financial and accounting disclosures that are used to evaluate the real status of the organisation. Both of these disclosures are used to determine whether or not the institution is in a healthy state. These disclosures are utilised in order to ascertain whether or not the organisation is in a healthy state, which is the reason for this. This issue, which will be examined in greater detail, will receive additional attention in the paragraphs that follow these. These disclosures are a part of the process of performing an evaluation of the present status of the institution, which is the reason why this is the case. The reason for this is that the evaluation is being conducted. Regarding the subject of whether or not inadequate corporate governance may result in an increased possibility of suffering financial troubles inside the firm, Lee and Yeh (2004) state that there is still a question that needs to be answered. Currently, there is no response to this query that has been provided. It has not yet been determined whether or not an answer has been supplied to this inquiry. When it comes to this question, there has been no response that has been supplied up to this point in time thus far. Despite the fact that these data provide weight to the hypotheses, this is still a subject that is not fully understood, despite the fact that the hypotheses are supported by empirical evidence. The hypothesis that inadequate corporate governance has a propensity to diminish the value of the organisation are supported by these findings. Additionally, the theories continue to be confirmed by empirical data, despite the fact that these findings were collected. The value of the firm would decline, for instance, if the corporate governance was weak. This would be an illustration of this phenomenon.

Since the beginning of the process of assuring the long-term survival and financial well-being of companies all over the world, corporate governance has been regarded as a vital component (Oppong et al., 221). Over the course of a long length of time, this recognition has shown itself. This has been the circumstance that has been going on for a considerable length of time now, and it continue to be the case. Especially in light of the recent economic problems that have been encountered, it is of the utmost importance to bring to light the fact that the complex relationship that exists between corporate governance and financial distress among non-financial companies that are listed in Ghana has not been adequately investigated. This is something that needs to be brought to light before it is too late. Every single person should be made aware of this problem as soon as possible. It is of the utmost importance. It is very necessary to take it into consideration within the bounds of this particular subject.

There have been breakthroughs in regulatory frameworks and governance structures, but Ghanaian non-financial institutions continue to suffer with challenges that are connected to the stability of their financial condition, according to the institutions that are included. This is despite the fact that there have been advancements in these areas. The scenario remains the same, despite the fact that there have been developments in the field. Based on the Financial Stability Report that was made available to the public by the Bank of Ghana, it is indicated that a large fraction of these enterprises are displaying signs that point to the fact that they are going through hard financial situations. It was made possible for the general public to access this report. These symptoms include, among others, a drop in liquidity, challenges with profitability, and a rise in leverage ratios from the firms. One of these indications is a fall in liquidity. There is a connection between each and every one of these signs. Almost twenty percent of the non-financial institutions that were identified were under some type of financial strain by the year 2023, according to the information that was acquired. This was found as a consequence of the information that was gathered. This particular condition was the one that existed in the great majority of the institutions. It is of the highest necessity to perform an inquiry into the underlying concerns that are one of the contributing elements to this challenge. Taking all of this into mind highlights the relevance of this study.

As proven by the reaction of the worldwide financial community to governance failures at top corporations all over the world, strong corporate governance has the potential to lessen the chance of events like this arising. For instance, a number of well-known examples from all over the world have identified poor management choices and inadequate board supervision as the key elements that contributed to the demise of financial institutions. These cases have been used as an illustration. There have been instances that have been offered as examples. Ineffective judgements were made by management, and the board does not offer adequate supervision. These decisions were taken by management. There is, however, a significant lack of empirical research that focuses on the ways in which particular governance practices, such as board diversity, transparency, accountability measures, and risk management methods, influence the financial distress of businesses that operate within Ghana's one-of-a-kind economic environment. This is a significant gap in the research that has been conducted. This is a substantial void in the research that has been carried out up until this point. This has been identified as a substantial gap in the study that has been carried out all around the world. It has been found that there is a big gap in this area as a result of the study that has been carried out recently.

The corpus of material that is now accessible predominately focuses on developed economies. This is due to the fact that this problem is made worse by the fact that this literature largely focuses on developed economies. Because the vast bulk of this category of literature focuses on developed economies, this is the reason why this is the case. Since this is the case, the manner in which these dynamics present themselves in developing markets like Ghana receives less attention than it would otherwise if it were not for this consideration. The existence of this gap is of the highest importance since the Ghanaian environment is marked by considerable disparities in regulatory systems and market dynamics. This gap is because of the fact that the Ghanaian environment is characterised by these characteristics. It is possible that the effectiveness of governance procedures that have been created in more mature markets would not simply translate to the environment of Ghana without a considerable amount of work being put forward. This gap occurs as a result of this particular circumstance.

Furthermore, as Ghana continues to deepen its integration into the global economy, investors, regulators, and policymakers are paying a substantial amount of attention to the influence that corporate governance has on the country's financial performance. In order to have the ability to give guidance for the decision-making processes that they are responsible for, it is essential for these persons to have a large quantity of factual data and analytical insights at their disposal. Regarding Ghanaian non-financial companies that are listed on the Ghana Stock Exchange, it is abundantly clear that there is a substantial demand for specialised research that investigates the effectiveness of the governance practices that are currently in place and their direct connection with financial health metrics. This demand is a direct result of the fact that there is a substantial demand for such research. The fact that some corporations are listed on the Ghana Stock Exchange is directly responsible for this need that has arisen amongst them. The fact that certain firms are listed on the Ghana Stock Exchange is directly related to the demand that has been developed as a result of this combination.

Many companies in Ghana are still struggling to satisfy their financial responsibilities, and this problem is affecting a substantial number of them. The homes of these companies are located in Ghana. Several of these companies have even entirely halted their activities as a result of their inability to create adequate finances to turn their operations around. This is because they are unable to generate sufficient funds. This is because they are unable to change the course that their activities are following in the other direction, which is the reason why this is now the case. As a result of the rate with which businesses are facing financial difficulties circumstances among themselves, issues have been made regarding the method in which enterprises are exercised control. Both Capital Bank and UT Bank's stakeholders wanted answers from their boards of directors about the administration of both firms as well as the method in which certain financial transactions were carried out. These questions were directed towards the management of both entities. This took place as a consequence of the fact that both banking firms submitted their petitions for bankruptcy in the year 2017. Due to the fact that both banks had filed their applications for bankruptcy in the year 2017, this was the basis for this. These queries were presented as a response to the circumstance that had formed as a result of the fact that both of these enterprises had been unsuccessful up to this point.

It is the concept of "comply" or "explain" that acts as the basic principle that underlies the principles of corporate governance that are followed in Ghana. These principles are observed in Ghana. In the event that you are interested in gaining further knowledge on these ideas, you may read more about them here. Beginning with its original introduction and continuing through its current status, the corporate governance code has been exposed to a variety of distinct alterations over the course of its life. These modifications have been made across the board. The adjustments that have been done may be found in a wide variety of various categories. Businesses are now required to either comply with the code or offer an explanation for the activities that they have undertaken as a result of the implementation of these revisions. This obligation takes effect immediately. For instance, the Greenbury (1995) report is a good illustration of this principle since it stipulates that non-executive directors must be involved in the composition of compensation committees. The fulfilment of this condition is a requirement that must be met. The information presented in the study suggests that this is the current condition of affairs. However, these directors should also be forced to reveal the entire amount of each executive's pay package that they get. It should be the job of these directors to set the level of compensation packages that executive directors receive inside the organisation. The directors are the ones that are able to take use of the perks that come with the remuneration packages, which is the reason for this. It is essential to keep in mind that the duty that is associated with this particular activity must also be carried out in order to ensure that it is completed successfully. Higgs (2003) conducted an investigation, and the findings of that investigation led to the conclusion that in order for non-executive directors of a company to successfully carry out their responsibilities, they need to be provided with the information, expertise, skills, and time that they require. This conclusion was reached as a result of the findings of the investigation. These are some extra topics of interest that have to be taken into consideration before the conversation begins. The study also advises that non-executive directors should make up at least half of the board, with the exception of the chairperson. This recommendation will be implemented. This particular proposal is provided in the portion of the report that is devoted to recommendations. All persons, including the person who serves as the chairwoman of the organisation, have contributed to this proposed proposal. One of the parts that are included in the report is dedicated to dealing with this particular proposal. The study also recommends the appointment of a senior independent director in order to ensure that it is feasible for directors to participate in constructive interactions with one another and that there is effective communication between shareholders and directors. This is done in order to guarantee that the report's recommendations are implemented. To ensure that there is a productive engagement between the directors of various firms, this is done in order to guarantee constructive interaction. To achieve the goals that were mentioned earlier in the course of the talk, this sort of proposal is being given in order to meet the goals. The Higgs (2003) paper discusses the concept that diversity has the ability to increase the efficiency of boards of directors. This view is expressed in relation to diversity. Presented within the framework of variety is this concept. A varied existence serves as the context for the discussion of this idea. When taking into consideration persons from a variety of backgrounds, it is of the highest importance to keep this in mind.

Moreover, the Combined Code of 2003 stipulates that the size of the board of directors of corporations must be at a level that is not only adequate but also manageable. This requirement is imposed on businesses. The establishment of this criteria was done with the intention of ensuring that businesses operate effectively. Businesses and groups are going to be required to comply with this criterion. With the goal of ensuring that enterprises are able to operate to the fullest extent of their capabilities, this condition was put into effect throughout the implementation process. In line with the Corporate Governance Code (2014), one of the requirements that the board is obliged to fulfil is the formation of audit committees that are comprised of at least three independent non-executive directors. This is one of the requirements that this board must fulfil. In order to meet its obligations, the board is required to fulfil this criteria. This requirement is one of the needs that the board is expected to meet, and it is required to be fulfilled by the board. It is the responsibility of the board to ensure that this condition is met, as it is one of the requirements that must be met. Whether or whether firms comply with the corporate governance mechanisms is the issue that needs to be addressed. If companies do comply, the question that needs to be answered is whether or not the corporate governance processes have any impact on the financial distress of companies. The question that needs to be answered is whether or not companies comply with the corporate governance mechanisms. Taking into consideration these and other requirements from the corporate governance code, which companies are required to comply with or otherwise explain in order to guarantee standard financial reporting and accountability, an answer to this question is required. In order to move further, it is necessary to provide responses to each of these questions. Just before going on to the next step, it is essential to supply answers to each of these inquiries. The question is regarded to have been answered if the response is given in the positive after it has been asked. Because of this, it is of the highest significance that the research analyse whether or not the corporate governance structure that is stipulated by the legislation and the frequent revisions have any influence whatsoever on the financial issues that are faced by establishments. This is because the law has already been amended multiple times. This has occurred as a result of the law being revised a great number of times. The reason for this is because the legislation has been altered a remarkable number of times during the course of its existence. To be more specific, this is due to the fact that the legislation and the changes will have a noticeable impact on the circumstance. In light of this, this is the reason why this is the situation.

Numerous research have been undertaken in order to study the link between corporate governance and financial hardship; nevertheless, the conclusions of these studies have not been consistent with one another (Ciampi 2015). In order to study the connection that exists between the two, each and every one of these investigations has been carried out up to this point (at this point). Simpson and Gleason (1999) indicate that when a single individual serves as both the chief executive officer and the chairwoman of the board, there is a lower risk of a firm encountering financial issues. This is one example of CEO duality. Simpson and Gleason (1999) find that this is the case. Consequently, the risk of the organisation encountering financial issues is decreased as a consequence of this occurrence. It is clear that the possibility of a firm facing financial issues is reduced as a result of the fact that this is the situation. That the chief executive officer also serves as the chairwoman of the board of directors is a situation that has arisen as a result of the current circumstances. In contrast, Sharma (2001) makes the revelation that the presence of a dual CEO is not associated with a condition of financial distress. This is a significant finding. In his research, he makes this statement. As part of his investigation, he makes a comment about this. The research that he has done includes a discussion of this particular topic. Brédart (2014) also discovered that the influence of CEO duality on the emergence of financial troubles did not lead to substantial repercussions. This was one of the findings of the study. This was one of the discoveries that came out of the research. Their conclusion was based on the findings of the researcher, which led them to this conclusion. The findings of the research, which came as a surprise to say the least, included this particular discovery as one of the findings. It was the conclusion that the researcher arrived at that brought them to this conclusion in the first place. This conclusion was the driving force behind their arriving at this result.

His conclusions are analogous to those of Chaganti et al. (1985), despite the fact that they are in direct opposition to the evidence that Elloumi and Gueyié (2001) have demonstrated. According to the results of his investigation, there is no connection between the levels of financial crisis experienced by the firm and the degree of independence possessed by the board of directors. Specifically, this is the situation, as stated by Nahar Abdullah (2006), who says that his results are in direct contradiction to the information that was supplied by Elloumi and Gueyié (2001). When compared to the findings of Nahar Abdullah (2006), the findings of Chaganti et al. (1985) are comparable to the findings of Nahar Abdullah (2006) due to the fact that they are alike. The findings of Chaganti et al. (1585) are something that may also be considered equivalent. Chaganti et al. (1985) have also identified the same thing, and Nahar Abdullah has declared in a statement that his findings are in agreement with those conclusions. Nahar Abdullah has specifically said that this is something that may be considered a possibility. Given the contradictory findings concerning the manner in which corporate governance practices influence the financial difficulties of companies, it is of the utmost importance that this analysis be continued with a new dataset in order to determine whether or not different and new conclusions can be drawn. This is because the findings seem to contradict each other. The reason for this is that the findings are in conflict with one another. This is being done with the intention of addressing the question of whether or not it is feasible to arrive at other conclusions. The findings are in direct opposition to one another, which provides an explanation for this phenomenon.

When it comes to the effect that they have on signs of financial distress, key components of corporate governance, including as the makeup of the board of directors, executive remuneration, audit quality, and shareholder rights, continue to be underexplored. This is for a number of reasons. The fact that various research have been carried out on these factors does not change the reality that this is the case. Unfortunately, this is the circumstance that has come about, despite the fact that these components are of tremendous relevance. Because these components have a substantial amount of weight, this is the scenario that has arisen as a result of the fact that they make up the whole. This circumstance is now being experienced by you, despite the fact that these components have access to a significant quantity of information. This is the situation that you find yourself in: you are in this situation. It is difficult to devise targeted methods and interventions that have the potential to improve corporate governance frameworks and reduce the likelihood of financial distress among non-financial companies that are listed on the stock exchange because there has not been a significant amount of research done on this topic. This is because there has not been a significant amount of research done on this topic. Because there has not been a significant lot of study carried out on this topic, this is the reason why this is the case. This is because there has not been a significant lot of study conducted on this topic. This is the reason why this scenario has arisen. In order for stakeholders, such as regulatory authorities, investors, and business executives, to be able to make decisions that are well-informed, it is essential for them to have a solid understanding of the ways in which various corporate governance practices either contribute to or alleviate financial hardship. This understanding is essential for them to have. For stakeholders to be able to make decisions that are acceptable, it is vital for them to have this understanding. To ensure that stakeholders are able to make decisions that are based on comprehensive and accurate information, it is essential for them to have this understanding. It is hard for them to make judgements that are well-informed since they do not have this understanding, which will prohibit them from being able to make effective decisions. It is possible for stakeholders to make judgements that are well-informed and based on reliable information when they have this understanding, which affords them the ability to make decisions. They are able to participate in decision-making because of this skill. The closing of this knowledge gap will not only make a contribution to the existing body of academic research, but it will also provide insights that can be put into reality by those who are responsible for policymaking and those who are involved in the market. In the event that this particular knowledge gap is filled, it will be fulfilled. The knowledge gap in question will be filled in the event that it is filled in the future. If this particular knowledge gap is filled, then it is assured that it will be filled. This is a certainty.

As a result, this will ultimately contribute to the general stability and resilience of the Ghanaian capital market, which will turn out to be positive in the long run. This will ultimately be advantageous, as a consequence. Taking all of this into consideration, it is clear that this will ultimately show to be beneficial.

Purpose of the Study

The purpose of the study is to examine the effect of corporate governance on financial distress of listed non-financial institution on the Ghana Stock Exchange.

Research Objective

The following constitute the specific objectives of the study:

1. To examine the effects of board size on the financial distress of listed non-financial institutions on the Ghana Stock Exchange.
2. To examine the effects of CEO duality on the financial distress of listed non-financial institutions on the Ghana Stock Exchange.
3. To assess the effects of non-executive directorship on the financial distress of listed non-financial institutions on the Ghana Stock Exchange.
4. To assess the effects of majority shareholdings on the financial distress of listed non-financial institutions on the Ghana Stock Exchange.

Research Hypotheses

H_1: There is a significant positive relationship between board size and financial distress of listed non-financial institutions on the Ghana Stock Exchange.

H_2: There is a significant positive relationship between CEO duality and financial distress of listed non-financial institutions on the Ghana Stock Exchange.

H_3: There is a significant positive relationship between non-executive directorship and financial distress of listed non-financial institutions on the Ghana Stock Exchange.

H_4: There is a significant positive relationship between majority shareholdings and financial distress of listed non-financial institutions on the Ghana Stock Exchange.

Significance of the study

Research will be conducted with the purpose of creating new information in order to create meaningful results that will be of aid to policymakers at both the national and executive levels. This will be accomplished by doing research with the objective of producing new information. To achieve this objective is the reason for doing this investigation. It is likely that the findings of this research might give management of non-financial organisations with aid in better forecasting the financial troubles and bankruptcy of firms. This is something that could be a possibility. The findings can also help them get a more thorough understanding and recognition of the factors that contribute to the failure of organisations in terms of their financial status. This is because the findings can help them acquire this understanding and recognition. Because of this, firms will be able to get a signal that indicates that they are in excellent health, which will enable them to take rapid remedial action before any rot begins to get started. The outcome of this is that companies will be able to get a signal that indicates that they are in excellent health.

Additionally, the findings of the study will be of aid to business executives and regulators in their battle against corruption, as well as in their attempts to stimulate even more investments and to better the functioning of capital markets. This is because the study was conducted to investigate the factors that contribute to corruption. Because the purpose of the study was to explore the elements that lead to corporate corruption, this is the reason why it was carried out. An explanation for this may be found in the fact that the study was conducted with the intention of determining the elements that play a role in the development of corrupt practices. At the corporate level, this research will be of aid to corporate leaders in the process of creating and executing effective strategies to decrease the chance of their businesses failing in the first place. This is the final point worth mentioning. The development of these methods will take place at a later period, and it will involve the prediction and resolution of problems that are connected with failure. Furthermore, the paper will provide a contribution to the current body of literature on finance, particularly with regard to the identification of corporate financial crisis in industrialised nations like Ghana. This contribution will involve the identification of corporate financial crises. This is something that will be included in the total amount of literature that is already available. It is anticipated that this purpose will be attained throughout the course of reading the essay.

Delimitation of the Study

Of the twenty-three (23) non-financial institutions that were listed on the Ghana Stock Exchange between the years 2005 and 2018, the study focused largely on those institutions. Some of these establishments were included on the list between the years 2005 and 2018. At each of these establishments, an investigation was carried out. each of these establishments were investigated. This year period was taken into account since there was a substantial volume of data that was easily accessible. There is one more item to take into consideration, and that is the fact that every single corporation that went out of business in 2017 was doing incredibly well in the year prior, which was 2016. The study did not include financial institutions, which include banks, shares, insurance companies, and enterprises that provide financial services, because of the different performance and risk-taking characteristics that they demonstrated. These institutions were excluded from the study. Due to the fact that the research was unable to provide an accurate assessment of their performance, this result occurred. The fact that the investigation was carried out in the United States was the factor that was accountable for the formation of this response. The only areas of examination that were allowed within the boundaries of this study were the factors of corporate governance and the influence that these variables have on the experience of financial hardship. This study was conducted in order to investigate the consequences of these variables.

In the context of corporate governance, the only factors that were regarded to be independent were those pertaining to board size, board independence, and board composition. According to the criteria, this was the only variable that could be called independent. A few examples of the many various kinds of governance structures that are accessible are audit committees, non-executive directors, ownership arrangements with majority shareholders, and CEO duality. There are also many other forms of governance structures. Another important issue that has to be brought to your notice is that there was no consideration given to company-specific factors, such as the size of the business, the location of the firm, or the market that was meant to be served. This is something that needs to be brought to your attention since it is crucial. I feel it is necessary to bring this matter to your notice since it is of great significance.

Limitations of the study

This investigation depended on secondary data, which may be used in the future. This could be considered a potential restriction of the analysis to consider. There was a possibility that this might be one of the downsides of the analysis. Despite the fact that it is conceivable for secondary data to contain mistakes, it would be difficult to generalise the findings to all publicly listed firms due to the chance that these errors may be present in secondary data. These errors could be present in secondary data. Therefore, if you wish to get around this restriction, you will need to make use of a large variety of distinct data sources. Three examples of sources that are included in this category are as follows: (a) the websites of firms; (b) annual reports; and (c) the website of the Ghana stock market. The scope of the inquiry was limited to institutions that were not connected to the financial industry during the length of the investigation. The most major weakness of the study was that it had this problem. Due to the fact that AngloGold Ashanti is listed on more than two separate stock markets, the business was not included in this research. As a consequence of this, it was not included in the research. Regarding the information that was acquired for this study, on the other hand, it was obtained from twenty-three (23) distinct firms that were listed either between the years 2005 and 2016. During the course of the empirical studies, the researcher had the possibility to make use of a variety of alternative panel models; however, due to time restrictions, this activity was not able to be carried out. The generalised method of moments (GMM) and other dynamic models are examples of the sorts of models that fall under this category. While we were in the process of computing the variables, we came across yet another limitation that made our analysis difficult to do. A financial signal that was regarded to be little more than a result of the apparent financial difficulties that corporations were experiencing was considered to be the case. It is essential to bear in mind that the sorts of situations that might result in financial trouble are not restricted to the ones that were explored; this is a point that should not be overlooked. There is a potential that the effect of other elements, such as the company's size and networking, might be substantial. This is something that should be considered. When it comes to the examination of fundamental financial outcomes and market value assessments, academic specialists typically have a range of viewpoints on the subject. On the other hand, these constraints have absolutely no influence whatsoever on the conclusions that were produced from the study that was subjected to analysis.

Organisation of the Study

The investigation is broken up into five chapters, which are set up in the following order: In the first chapter, an introduction is provided that elaborates on the purpose of the study. The backdrop of the study, the statement of the problem, the purpose of the study, the objectives of the study, the delimitation of the study, the relevance of the study, the limitations of the study, and the organisation of the study are all divisions that are included in the study. The second chapter contains a review of the previous research. It investigates the intellectual and theoretical foundation of the situation. There will be a discussion of additional empirical findings from the existing body of literature. Chapter three contains a presentation of the approach that was utilised for this study. This chapter details not only the model definition but also the population of the study, the sample, the data sources, and the variables that are included in the model specification, as well as their explanation and measurement. Within the fourth chapter, both the findings and the discussion of those findings are offered. The summary, findings, and recommendations for policy are presented in the ultimate chapter, which is chapter five.

CHAPTER TWO

LITERATURE REVIEW

Introduction

Within this chapter, the literature review that was conducted for the study is presented. In the context of research, the significance of a literature review lies in the fact that it will provide a basis for comparison and discussion of the report. It was decided to divide the chapter into four distinct sections. Within the first section, the theoretical review served as the primary focus. Concerning the conceptual review, the second section was presented. The conceptual framework and the empirical review were both discussed in the chapter that was left under consideration.

Theoretical Framework for the study

The study focuses on corporate governance and financial distress, so it discusses the theories (Agency and Stakeholder theories) that influence corporate governance and financial distress.

Agency Theory

Even though Alchian and Demsetz (1976) were the ones who initially introduced the idea, Jensen and Meckling (1976) were the ones who pushed the Agency theory to a more advanced degree of complexity. This was despite the fact that Alchian and Demsetz originally offered the theory. Within the context of an organisation, the agency theory focuses an emphasis on the relationship that exists between principals (i.e. shareholders) and agents (i.e. executives and managers). This relationship is referred to as the stakeholder relationship. In the business world, this type of partnership is known as the principal-agent relationship. In the realm of business, the principal-agent connection is the term that is most frequently used to refer to this particular form of partnership. Agents are hired by shareholders, who are the owners or proprietors of the firm, to carry out a certain activity on their behalf. These shareholders make use of the services that the agents provide. This is done in a manner that is consistent with the idea that is being addressed in this environment. In order to establish a principal-agent connection between the owners of a firm and its executives, the advocates of agency theory propose a contract that specifies the conditions of the relationship. With this contract, the principal-agent relationship may be established. The contract contains a description of this partnership that may be found in its entirety. The sole aim that managers are bound to complete, according to this contract, is to serve and fulfil the interests of stakeholders inside the organisation. This is the only purpose that requires them to accomplish. The only duties that are anticipated to be successfully accomplished by managers are those listed below.

According to Ngoungo (2012), any divergence from the contractual relationship in issue would result in a problem with the agency. This is because of the factors stated above. As a result of the fact that this relationship is contractual, this phenomenon has occurred. The presence of an agency problem is a consequence of the fact that the well-being of one individual (the agent) is dependent on the well-being of another individual (the principle). This is where the agency dilemma comes from.

A consequence of this is that chief executive officers have a propensity to withhold facts from shareholders and to make decisions that are adverse to their own interests. This is because they are in a position to do so, which is the reason why this is the case. In light of this, persons who adhere to the agency theory are of the belief that management does not always behave and act in a manner that is in the best interest of the owners (Al Mamun et al., 2013). This perspective is based on the fact that the agency theory was developed by Al Mamun. The reason for this is because agency theory is based on the idea that management should operate in a way that is in the best interest of the owners from the very beginning of the company's existence. Shin-Ping and Hui-Ju (2011) state that the major focus of these academics is on the concept that management is driven by serving one's own interests. This is the theory that they are most concerned with. The major concentration of these academicians is on this subject.

According to Habbash, Lijuan, Salama, and Dixon (2014), the proponents of agency theory are interested in finding strategies to reduce the conflict of interests that emerges as a result of the separation of ownership and management of company resources. This is because the separation of ownership and management of business resources separates the two. Proponents of the agency theory are interested in discovering this particular aspect of the argument. The reason for this is because the separation of ownership and management of corporate resources produces in a scenario that is substantially more difficult than it would otherwise be. According to Nuryanah and Islam (2011), the objective is to resolve conflicts of interest not only between shareholders and management, but also between all stakeholders, both internal and external, in order to enhance the performance of the firm and the wealth of its owners. This might be accomplished by resolving conflicts of interest between shareholders and management. The aforementioned goal is accomplished by the implementation of this strategy. This action is being taken with the purpose of improving the overall performance of the firm, which is the aim behind the move.

Ongore and Kobonyo (2011) state that the majority of instances in which the principal and agent have interests that are in conflict with one another are the result of a lack of corporate governance structures that allow for the efficient and effective control, approval, and sanctioning of management actions. This is particularly true in situations where the principal and agent have interests that are in direct opposition to one another. This is due to the fact that these frameworks make it possible for the acts of management to be sanctioned, approved, and managed in an effective manner. Especially in the case where the principal and the agent have interests that are in direct contradiction to one another, this is a circumstance in which this is especially true. Monitoring strategies are particularly necessary in order to avoid the chance of a conflict of interests emerging between an agent and a principal (Darus & Mohamed, 2011). In light of the fact that an agent cannot be relied upon, monitoring measures are of the highest necessity. This is because of the fact that an agent cannot be trusted. Having the power to control management actions would be advantageous since it would allow for effective control over management actions. The removal of agency troubles, the enhancement of company performance, and the enhancement of market value would all be possible as a result of this.

According to Dimitropoulos and Tsagkanos (2012), there is an immediate need for corporate governance structures that are able to exert control over the behaviours and actions of management. This situation warrants the establishment of such institutions. The necessity for such structures is directly responsible for this need, which is a direct effect of the requirement. It is imperative that this action be taken in order to ensure that the interests of shareholders are protected and that the interests of stakeholders are brought into harmony with the interests of management.

The proponents of agency theory present an overview of corporate governance measures that have the ability to lessen the possibility of such a conflict happening between the principal and the agent. This is done with the intention of lowering the likelihood of a conflict of interests occurring between the principle and the agent. These mechanisms include incentive programmes that provide monetary benefits to executives for increasing the wealth and interests of shareholders. These programmes fall under the category of "incentives." As another name for these projects, shareholders' interests is another name for them. The most well-known forms of incentive programmes include stock options, bonuses, and other conditions that are tied to the long-term value maximisation of the firm and the wealth of the shareholders. These are some of the elements that are included in the incentive programmes. There are also other kinds of incentive programmes, such as stock options that are offered at a greater price. There are many other kinds of programmes that are included in this category, and one of them is stock options. It has been claimed by Shin-Ping and Hui-Ju (2011) and Syriopoulos and Tsatsaronis (2012) that the goal of monitoring and reward structures is to bring the interests of owners into harmony with the incentives that are being supplied by management. This means that the structures are designed to attract and retain employees. The buildings are designed with this end goal in mind.

Furthermore, shareholders nominate persons from their ranks to serve on the board of directors in order to ensure that the money is utilised for the purpose for which it was intended. This is done in order to assure that the money is applied appropriately. A important advantage is that shareholders are able to have a greater degree of influence over the operations of the firm as a result of this. Since the stated objective is to ensure that there is space for improvement in terms of control, this is done in order to guarantee that there is room for improvement. Management's activities are subject to the scrutiny of external auditors for the aim of ensuring that they are in conformity with rules. This oversight is intended to ensure that management's actions are in compliance with regulations. The board of directors is the only entity that may give permission for these acts. Utilising their services, which is the means by which this purpose is attained, is one way in which it may be accomplished. When shareholders, who are also referred to as principals, are exposed to agency charges in the form of audit fees, there is a scenario that occurs. This occurs as a result of the scenario that was explained before. According to Ongore and Kobonyo (2011), this is done with the intention of lowering the amount of management and board failures that occur. To indicate that owners are willing to voluntarily endure these agency expenditures in order to voice their disagreement to the dubious acts of management, this is meant to be understood in a certain manner. This is done in order to demonstrate that owners are willing to stand up for themselves. Furthermore, Samaha and Abdalla (2012) argued that the reason agency costs are spent is due to the fact that the owners and management have distinct interests. This is the motivation for the expenditure of agency costs. Here is the rationale for why the costs of the agency should be spent. It is this unique incentive that is the reason driving the expenditure of agency charges. In order to fulfil this requirement, it is required to incur expenditures that are related with the agency. According to Gherghina, Vintila, and Tibulca (2014), this cost may be minimised to a minimum if both the principal and the agent pursue goals that are closely aligned with one another over the life of the partnership. This can be accomplished since the principle and the agent will be working towards the same goals. As a result, this will make it possible to spend resources in the most effective manner.

Linkage of this theory to corporate governance and financial distress

A paradigm for understanding these connections is presented by agency theory, which provides a framework for understanding the interactions and conflicts of interest that occur between various stakeholders within an organisation, such as shareholders and managers. This paradigm is presented as a paradigm for understanding these connections. It is the purpose of this framework to assist in comprehending the connections that exist between these various stakeholders. In order to provide an explanation for how the alignment or misalignment of interests among various stakeholders can have an effect on the financial health of a company, it is possible to apply agency theory within the context of corporate governance and financial distress. All of this is done in order to provide an explanation for how the alignment or misalignment of interests could potentially have an effect. One of the most important aspects of agency theory is the principal-agent relationship, which describes the situation in which shareholders (the principals) give management (the agents) the authority to rule the company on their behalf. This represents one of the most important aspects of agency theory. Authority is yet another fundamental component of agency theory that must not be overlooked. There is a possibility that managers have their own priorities, which would not necessarily coincide with those of the owners. It's not impossible to imagine that managers have their own individual sets of priorities. It is possible, for instance, for managers to engage in activities that are beneficial to them personally but destructive to the company, or to pursue riskier ways in order to maximise their own compensation. Both of these scenarios are conceivable. Both of these cases are conceivable in their own right.

The agency theory is characterised by a number of important characteristics, one of the most important of which is the fact that there is a lack of knowledge between shareholders and management. It is possible that shareholders do not have access to all of the information regarding the day-to-day operations of the company. This is a possibility. As a consequence of this, it is highly challenging for shareholders to exercise an appropriate level of oversight over the activities of management. One of the factors that may be contributing to the financial difficulties that the company is experiencing is a lack of transparency and disclosure. This may be the case in the event that shareholders are unaware of potential risks or unethical management actions. The phrase "agency costs" is considered to be appropriate when referring to the resources that are spent in order to prevent challenges that are faced by the agency. These systems of corporate governance, which include boards of directors, auditors, and regulatory agencies, play an essential part in the process of monitoring the behaviour of managers and ensuring that their interests are aligned. This is accomplished by ensuring that the interests of the managers are balanced. They serve the purpose of ensuring that the interests of the managers are coincident with one another. There is a greater potential for financial difficulty due to the possibility of managerial opportunism in situations where corporate governance processes are weak, ineffective, or prone to conflicts of interest. This is because of the fact that there is a better chance of managerial opportunism. This is because there is a higher probability of a conflict of interest occurring, which is the reason for this behaviour. This is due to the fact that there is a possibility that certain conflicts of interest will occur that could potentially arise.

In accordance with the agency theory, there is a natural divergence between the interests of the principals, who are the owners of a company, and the interests of the management, who are the agents of the company. One of the natural consequences of the agency theory is the existence of this difference. However, managers may place a higher priority on their own personal benefits, job security, or the expansion of their influence within the company than they do on the returns of shareholders. Shareholders want the best possible return on their investments, but managers may find it more important to prioritise their own personal benefits. The return on their investments is something that shareholders want to be as high as possible. Corporate governance frameworks that are effective are designed to reduce agency problems by ensuring that managers function in a manner that is in the best interests of shareholders and by aligning the interests of managers with those of shareholders. To achieve this goal, it is necessary to make certain that executives behave in a manner that is beneficial to the financial interests of shareholders. In order to accomplish this objective, it is essential to ensure that managers act in a manner that is advantageous to the shareholders of the company.

By providing management with the necessary supervision and strategic direction, a board of directors that is both powerful and independent can help to reduce the number of problems that arise within an organisation. Giving the board the authority to exercise critical oversight is one way to achieve this goal. Because there is a possibility that insider dominance could have an impact on managerial decisions in the Ghanaian context, it is possible that an independent board could be utilised to enforce accountability and ensure that managerial actions are in accordance with the interests of shareholders. This would be appropriate in light of the fact that there is a possibility that insider dominance could have. One way to lessen the number of disagreements that occur between independent agencies is to make certain that the compensation of executives is proportional to the level of success achieved by the company. A number of different types of incentive pay, such as performance-linked incentives, stock options, and other types of incentive compensation, are utilised in order to achieve the goal of bringing the interests of shareholders and managers into alignment with one another. The management is strongly encouraged to make decisions that will result in an increase in the value of the company to its shareholders and, as a consequence, the stability of the business.

In the event that adequate governance is not in place, it is possible that the risk profile of the company will not be adequately controlled. The result of this would be that management would be able to take part in projects that are excessively risky or poor investment strategies without the presence of appropriate checks and balances. The agency theory offers a solid foundation for comprehending the ways in which enhancements to corporate governance have the potential to alleviate financial difficulties in Ghanaian non-financial companies that are listed on the Ghana Stock Exchange. To summarise, this theory provides a strong basis for comprehending the manner in which these enhancements could be implemented. If these institutions were to improve their governance structures and eliminate the inherent conflicts of interest and information asymmetries that exist within them, they would have the potential to achieve better financial stability and alignment with Ghana's broader economic goals. Also, they would be able to achieve this alignment more effectively. The ability to achieve greater alignment with Ghana's economic goals would be made possible as a result of this.

Stakeholder Theory

According to Donaldson and Preston (2005), this theory is founded on the concept of managerial decision making. The authors of this theory subscribe to the belief that the interests of all stakeholders possess an inherent value. Furthermore, they are of the opinion that this theory is geared towards the decision-making process on the managerial level. Furthermore, it is not the case that any one particular group of interests is considered to be more significant than the others. This is not the case. However, the stakeholder theory proposes that managers in organisations have a network of relationships to serve the stakeholders, such as the employees, the business partners, and the suppliers. The agency theory asserts that managers are working and serving the stakeholders, while the stakeholder theory proposes that managers have a network of relationships to serve the stakeholders. In contrast to this, the agency theory proposes that managers are working and serving the stakeholders. This is in contrast to the previous statement. It has been stated by Wheeler, Colbert, and Freeman (2003) that this particular type of network is significant in addition to the owner-manager-employee relationship that is emphasised in agency theory. The purpose of presenting this argument was to provide support for the contention that this kind of network could be considered relevant.

To a similar extent, Sundaram and Inkpen (2004) are of the opinion that the stakeholder theory makes an effort to address the group of stakeholders who are deserving of and deserve the attention of management. These statements are made in a manner that is analogous to the argument that was presented earlier. The idea that the company is a system in which there are stakeholders and that the purpose of the organisation is to generate income for those stakeholders has been put forward by a number of individuals. This is due to the fact that the goal of all parties involved in a company, including stakeholders, is to acquire advantages. This is the reason why this is the case. Furthermore, the stakeholder theory is concerned with the nature of these interactions in terms of both the processes and the repercussions for the company and its stakeholders, as stated by Babalola (2014). This is due to the fact that the network of links with a wide variety of different groups has the potential to influence the decision-making processes that are associated with the organisation.

In order for managers to be successful in achieving their objectives, proponents of the stakeholder theory require that managers of organisations implement appropriate procedures in order to determine the nature of the connection that exists between managers and interested parties. These procedures must be put into practice in order for managers to be successful in achieving their goals. It is essential for the managers to have this information in order for them to be able to successfully accomplish their objectives. According to Mangunyi (2011), the economic value of any company is formed by parties who voluntarily come together, coordinate their efforts, and work together in order to improve and strengthen the circumstances of all parties involved. This forms the basis of any firm's economic value. This indicates that the economic value of the company is generated through the working together of its employees. Those who advocate for the stakeholder theory have provided clarity on the topic in order to facilitate a better understanding of the perspectives held by stakeholders as well as the organisational justice that is connected to the equity of corporate governance. According to Mason and Simmons (2014), the stakeholder theory challenges the notion that shareholders continue to be risk-takers and that, as a result, shareholders align themselves with the governance of the corporation. In other words, the theory argues that shareholders are always willing to take risks.

In accordance with Htay, Salman, and Meera (2013), advocates of stakeholder theory expand the responsibility of management to include the maximisation of profits, the morality of business, and the responsibility of corporations to the communities in which they operate. Although the stakeholder theory is useful in establishing and maintaining positive relationships with stakeholders through the disclosure of essential information, which helps to alleviate agency problems, academics do not specify the types of information that need to be released. This is despite the fact that the theory is helpful in creating and maintaining positive relationships with stakeholders. The theory is helpful in maintaining positive relationships with stakeholders; however, this is the case despite the fact that it is helpful. Al Mamun et al. (2013) state that stakeholder theory gives management a more powerful capability and a greater number of resources to deal with the internal issues that are present in the organisation. This is according to the findings of the aforementioned researchers.

Linkage of this theory to corporate governance and financial distress

In the context of this discussion, the term "stakeholder" refers to stakeholders other than shareholders. The stakeholder theory is a management and ethical theory that proposes that when companies make decisions, they should take into account the interests and concerns of a wide variety of stakeholders. Community members and other individuals who may be affected by the organisation or have the potential to be affected by it are also considered to be stakeholders. Stakeholders include not only employees, customers, and suppliers, but also communities and other individuals. A phrase that is used to define the structures and processes that are utilised in the process of directing and controlling commercial enterprises is called "corporate governance." On the other hand, this phrase is used to define the structures and processes. The concept of stakeholders advocates for a more all-encompassing approach to corporate governance, one that goes beyond simply taking into account the interests of shareholders. This is because stakeholders are responsible for the company's overall success. Corporate governance procedures should not only take into account the concerns of those who have financial interests in the company, but they should also take into account the concerns of other stakeholders. This is because shareholders are the most important stakeholders.

The concept of stakeholders places an emphasis on the significance of effectively managing these risks by taking into account the interests of all of the stakeholders involved. The interactions that occur between a number of different risks are typically the cause of problems that arise with one's financial situation. With regard to the purposes of this discussion, good corporate governance is defined as the implementation of risk management procedures that take into consideration the potential effects that decisions may have on a number of different stakeholder groups within the organisation.

Conceptual Review

This section explained the concepts underpinning the study. The concepts include the corporate governance and financial distress.

Corporate governance

In the final decade of the 20th century, there was a rise in the significance of corporate governance, which was investigated not only in the literature on finance but also in other academic writings. This rise in significance was explored in a variety of academic writings. Throughout the course of the decade, this increase in significance took place. During the course of this conversation, a number of topics were brought up for discussion, including the ownership structure of the company, economic efficiency and product market competition, the international context, and general debate (Kim, 2011). In circumstances in which there is the possibility of a conflict of interest between the shareholders of a company and the management of that company, it is essential to have something that is known as corporate governance. As stated by Martani and Saputra (2009), the effective contract that the two parties have come to an agreement on is not sufficient to prevent the conflict of interest from occurring. The authors arrived at this conclusion as a result of their research.

In order to resolve conflicts of interest that are brought about by convention, the leaders of organisations make use of corporate governance as an essential instrument. This is done for the purpose of maximising efficiency and effectiveness. According to Kim (2011), corporate governance is a process that provides company executives with the ability to develop strategic priorities and goals for their respective organisations. This ability is achieved through the process of corporate governance. The establishment of efficient internal and external controls is another way in which corporate governance assists business leaders in lowering the operational risk of their companies to the lowest level that is practically possible. The implementation of corporate governance is the means by which this objective is achieved. According to Rogers (2008), the concept of corporate governance encompasses multiple aspects, including the establishment of credibility, the guarantee of transparency and accountability, and the upkeep of an effective channel for the disclosure of information that would encourage outstanding performance by the corporation. In order to guarantee that the corporation is able to operate efficiently, each of these components contributes individually. In addition, Rogers (2008) expressed the belief that there is a connection between corporate governance and the process of establishing and maintaining confidence among the various groups that comprise an organisation. He stated that this connection exists. According to him, this connection does in fact exist. A definition of corporate governance that is generally accepted and supported by the majority of people in any of the circumstances and nations that exist across the world is not possible to find. This is because there are no such things as universally accepted and supported definitions.

It can be deduced from this that the concept is interpreted and defined differently in various regions of the world. This is due to the fact that the relative power of owners, managers, and sources of capital varies from one region to the next depending on the region. As a consequence of this, the concept is recognised and understood in a variety of different ways across locations across the globe. To give just a few examples, Cai, Keasey, and Short (2006), Rediker (2005), and Shleifer (2007) are just a few examples of researchers who have approached the concept of corporate governance from a variety of different angles. One more illustration is Shleifer's (2007) work. The shareholder model and the stakeholder model are the two perspectives that Maher and Anderson (2009) include in their discussion of corporate governance on their website. In particular, they take into consideration the shareholder model. For the purpose of referring to the formal system of stewardship that the board of directors provides to the shareholders, the term "corporate governance" is utilised in its most constrained connotation. It is common practice to refer to this particular application of the term as the "shareholder model." When the concept of corporate governance is interpreted in its broadest sense (which is frequently referred to as the stakeholder model), it is used to define the network of relationships that exist between an organisation and its numerous stakeholders or stakeholders. Corporate governance, on the other hand, is utilised in order to define the network of interactions.

According to Alexandra, Reed, and Lajoux (2005), corporate governance is defined as the system that is responsible for the administration and direction of corporations. Both of these definitions are identical to the one that was presented in the sentence before this one. It is possible that the essence of corporate governance can be broken down into two distinct aspects, namely direction and control, when this concept is taken into consideration. In the context of corporate governance, the direction component places an emphasis on the responsibility of the board to pay attention to strategic positioning and planning in order to enhance the performance of the company and guarantee that it will continue to be viable in the future. On the other hand, the control side of the definition places an emphasis on the responsibility of the board to monitor the executive management of the company in the process of an organization's implementation of the plans and strategies that are implemented by the organisation. The reason for this is that the control component of the definition places an emphasis on supervision.

According to Syriopoulos and Tsatsaronis (2012), corporate governance is comprised of the rules, regulations, and mechanisms that are implemented by the managers of a company in order to manage the interests and conflicts of both outsiders (customers, suppliers, shareholders, society, state, peers) and insiders (employees, managers, executive directors), as well as to maximise the value of the company and to minimise agency conflicts. In addition, corporate governance is the process of maximising the value of the company and minimising agency conflicts. Customers, suppliers, shareholders, society, the state, and peers are all examples of what are considered internal stakeholders. A business charter, control exercised by the board of directors, control exercised within the organisation, and control exercised over the market are some of the components that make up the framework of corporate governance. Additionally, the law and the regulations are discussed in this section. When it comes to the procedures that are utilised for corporate governance and the efficiency with which organisations are able to generate profits, there is a connection between a stronger rule of law and the protection of investors. Within both developed and developing nations, the regulatory environment is the most important factor that plays a role in determining the quality of corporate governance. Regardless of whether the nation in question is considered to be developed or developing, this is always the case. In accordance with the findings that were presented by Awotundum, Kehinde, and Somoye (2011), the procedures for corporate governance are dependent on the characteristics of both the company and the country.

In their article from 2002, Magdi and Nadereh highlight the fact that the purpose of corporate governance is to guarantee that the company is operating efficiently and that investors are receiving a return on their investments that is satisfactory to them. According to Cremers and Nair (2005), they were of the opinion that corporate governance, regardless of whether it is internal or external, plays a significant role in increasing the performance and value of the company. This was their belief. This was the conclusion that they arrived at after conducting their research. As stated by Mathiesen (2002), corporate governance is a field of study within the field of economics that investigates the various ways in which efficient management can be protected and motivated through the utilisation of incentive systems. There is a general agreement among the researchers who have looked into this topic. Not only does having a corporate governance framework that is not only sound but also acceptable help reduce the risk that small investors are exposed to, but it also has the potential to assist in preventing controlling shareholders and improper behaviour on the part of business management. It is possible for companies that do not have a controlling group to establish corporate governance that is of a higher level. This opportunity is available to these companies. As stated by Awotundum et al. (2011), the enhancement and improvement of corporate governance rules, regulations, and practices by legislative and regulatory authorities is widely recognised as a significant element in strengthening and improving the foundation for the long-term and short-term economic performance of countries and organisations. This is acknowledged by a large number of people. The fact that this is true is widely acknowledged. It is a fact that is widely acknowledged by numerous people.

Insider systems and outsider systems are two fundamental types of corporate governance systems that can be distinguished from one another. Both of these systems exist in the business world. It is common practice to refer to both of these systems as "insider" systems. Whereas the outsider system has a conflict of interest between powerful managers and widely distributed shareholders, the insider system has a conflict of interest between weak and strong shareholders (Ibrahim, Rehman, & Raoof, 2010). The insider system features a conflict of interest between weak and strong shareholders. The insider system creates a situation in which weak shareholders are in a position of conflict of interest with powerful shareholders. When it comes to the insider system, there is a tendency for shareholders with weak assets and shareholders with powerful assets to have interests that are in conflict with one another. Within the framework of corporate governance, there are two fundamental goals that are followed in order to achieve success. The first objective is to ensure that the integrity of the company is maintained, and the second objective is to offer direction in order to maximise the value that is generated for the shareholders (Bostan & Grosu, 2010). The accomplishment of both of these objectives is the intended outcome. When it comes to the establishment of effective corporate governance, both governments and businesses stand to realise significant benefits.

When viewed from the perspective of the nation, corporate governance that is well-organized enhances the image and reputation of the nation, which in turn stimulates the flow of foreign capital and prevents the flight of capital that would otherwise take place. According to Dagli, Eyuboglu, and Ayaydin (2012), a high level of welfare is provided and maintained at all times. Additionally, it increases the competitiveness of the capital market and the economy, it brings an end to the crisis with a minimal amount of damage, it helps in the distribution of resources in a more efficient manner, and it brings about an end to the crisis. All of these benefits are brought about by the crisis. Strong corporate governance will, from the perspective of the company, result in a reduction in the cost of capital, an improvement in liquidity, and an expansion of the opportunities for financial investment. These are all factors that will positively impact the company. A further advantage of effective corporate governance is that it makes it less difficult for businesses to recover from a crisis that they have experienced.

The findings of a study that was carried out by Zeitoun, Osterloh, and Frey (2014) indicate that companies that have corporate governance that is well-organized have significantly higher levels of performance in comparison to other companies. When it comes to purchasing shares of companies that have implemented well-organized corporate governance, investors are willing to pay a higher price of those shares. This suggests that investors are willing to pay a higher price for these organisations so that they can acquire them. This is due to the fact that efficient corporate governance has the potential to improve the financial performance of the company as well as the market value over an extended period of time without putting the company's long-term sustainability in jeopardy. This is the reason why this is the case. It also makes it possible to achieve a resolution to conflicts of interest that may occur between firms and the stakeholders who are linked with the company, as stated by Dagli, Eyuboglu, and Ayaydin (2012). This is something that can be accomplished through the use of this method. According to Olusanya and Oluwasanya (2014), businesses that exhibit higher levels of profitability and success are those that adhere to the principles of good corporate governance. This is in contrast to businesses that do not adhere to these standards. In addition, these companies not only generate a greater profit, but they also make a greater number of payments to their shareholders, which ultimately results in an increase in the wealth of the stakeholders.

The ability of the board of directors to function efficiently and the decisions that they make, in addition to the authority that is exercised by shareholders or investors, are the primary factors that determine the effectiveness of corporate governance, as stated by Ngoungo (2012). When all of these factors are taken into account, there is a possibility that governments will exert an excessive amount of control over financial markets. In terms of economic and corporate stability, as well as productive performance and enhanced market value for the company, there is a possibility that excessive regulation may not always result in the outcomes that are intended. This is because increased market value is a result of increased market value. That being said, there is also the possibility that the results will not always be the same. This is something to keep in mind. There is a possibility that the expenses connected with corporate governance could end up being greater than the benefits that are supposed to be made available. This is one of the different possibilities. In addition to this, it may impede or restrict the management's ability to take initiative, which can result in poor performance (Meesiri, 2014). There is a possibility that this will have a negative outcome.

Corporate governance system in Ghana

The process of establishing a business through the appropriate authorities is the initial step that lays the groundwork for effective corporate governance. Other steps include establishing a company. There was a time when the process of registering a company was only available to large corporations that were acknowledged to have implemented specific governance systems. When this practise was first introduced, it was not available to businesses of a smaller scale. Businesses, particularly small and medium-sized businesses (SMEs), are adopting governance systems in order to meet the growing demand for external financing. This is being done through the process of formalising their operations. Those large corporations that are interested in raising capital on the stock exchange are required to either implement or strengthen particular governance practices in order to be able to do so. These practices are primarily concerned with disclosure and the constituents of the board of directors, in addition to being governed by the laws of both the Securities and Exchange Commission (SEC) and the General Securities Exchange (GSE). Foreign financiers are demanding that businesses have proper corporate governance in order to protect their capital, even if the rules of the country require some kind of corporate governance. This is because foreign financiers want to protect their capital. Because they want to make sure that their wealth is protected, they are acting in this manner. The provision of bank loans and microfinance is contingent upon a comprehensive analysis of the operations of businesses as well as the governance structure of those businesses. This is done with the purpose of ensuring that corporations are governed by corporate governance systems and that the wealth of investors is protected by the same mechanisms. For this reason, this action is taken.

There is a fact that needs to be brought to your attention, and that is the fact that the Companies Act (Act 179) was passed into law in 1963. This is the year that the idea of corporate governance was initially presented to the public for the first time. In order to be in compliance with the Act's requirements, businesses are required to be established and to have a minimum of two directors appointed to their boards of directors. In the years that followed the establishment of the Securities and Exchange Commission (SEC) and the Global Securities Exchange (GSE), there was an increase in the level of corporate governance that was implemented. On the other hand, the guidelines for listing on the GSE stipulate that at least half of the board must be comprised of members who are not executive personnel, and that at least approximately one quarter of the total number of directors must be independent. To add insult to injury, the rules that the Securities and Exchange Commission (SEC) has established for best practices in corporate governance stipulate that the number of members on the board of directors should be somewhere between eight and sixteen. Despite the fact that the Companies Act does not define the composition of the board or the maximum number of board members, the GSE listing criteria stipulate that a certain percentage of the board members must be independent.

The Securities and Exchange Commission (SEC) suggests that there should be a clear demarcation of responsibilities between the chief executive officer and the chairman of the board. In addition, this is widely considered to be the best practice that is currently available. For the purpose of adhering to the mandate of the Securities and Exchange Commission, listed businesses and other participants in the securities market are obligated to provide the commission with information that is not only accurate but also up to date. This obligation includes providing the commission with information that is current. Additionally, corporations that issue securities are required to provide the commission with information regarding board committees and the individuals who participate in those committees. This obligation is mandated by the Securities and Exchange Commission. In light of the fact that the strength and integrity of the board of directors are directly proportional to the creditworthiness of the company, this is the reason why this is taking place. Securities and Exchange Commission (SEC) regulations on compliance have been developed with the purpose of protecting investors from the theft of their assets by businesses that deal in securities. These regulations were created with the intention of improving investor protection. Securities companies are required to keep their own assets and accounts separate from those of their clients, and they are also required to refrain from making a profit off of the assets of their clients. These are just two of the many things that are mandated by the laws. Market operators are guaranteed to be in compliance with the regulations that have been established by the commission through the process of ensuring that the financial statements of market operators are in accordance with worldwide Reporting Standards (SEC Regulations and Guidelines).

2010 was the year that the Securities and Exchange Commission (SEC) of Ghana published a set of recommendations regarding the most effective methods for corporate governance in the country. The Securities Industry Law stipulates that all corporate entities that are permitted to operate as stock exchanges, dealers, or investment advisors are obligated to comply with the code. This obligation applies to all corporate entities. Every single corporate entity is obligated to fulfil this obligation. On the other hand, the practices that are outlined in the Ghana code are not in the form of regulations; consequently, violations of these regulations do not result in legal repercussions to the offender. A further point to consider is that the Ghana code does not contain any rules. Other jurisdictions have codes that are comparable to this one, and these codes can be found in other jurisdictions. To begin, the primary purpose of these standards is not only to provide corporations with direction, but also to serve as benchmarks against which the levels of governance that companies have achieved can be evaluated. This is the primary goal that these standards are aiming to achieve. (SEC of Ghana, 2010).

In the year 2010, the Ghana Securities and Exchange Commission (SEC) brought attention to a number of characteristics that are typical of well-functioning corporate governance. Despite the fact that these principles continue to serve as the basis, additional modifications and improvements to governance systems continue to be produced on the basis of these principles. This category encompasses a wide range of topics, including the rights of shareholders, the fair treatment of shareholders, the responsibilities of stakeholders, the disclosure and openness of information, and the responsibility of the board of directors. Because of the more than one hundred regulations that are included in the code, these fundamental ideas are brought to light in a manner that is both obvious and straightforward in the standards of best practices that were released by the Ghana Securities and Exchange Commission in the year 2010. These standards were released in 2010.

Framework for Corporate Governance in Ghana

According to Mensah, Aboagye, Addo, and Buatsi (2003), Ghana has implemented a wide range of strategies in order to improve corporate governance across the board in all areas of the economy. These strategies have been implemented in order to enhance the accountability of corporations in their governance. Several different frameworks have been implemented in the realm of business with the purpose of improving the quality of corporate governance. These frameworks have been put into place in order to achieve this goal. The Companies Act of 1963, also known as Act 179; the Securities Industry Law of 1993, also known as PNDCL 333, as amended by the Securities Industry (Amendment) Act of 2000, also known as Act 590; the Listing Regulations of the Ghana Stock Exchange, which were issued in 1990 (L.I. 1509); the Securities and Exchange Regulations of 2003, also known as L.I. 1728; the SEC guidelines on best practices in corporate governance, which were issued and published in 2003; and the "Guidance Notes" of 2004, which mandate that market operators comply with corporate governance practices relating to the establishment of audit sub committees in accordance with regulation 61 of L.I. 1728 (2003).

According to Sarpong (2011), these frameworks have been developed with the intention of improving corporate governance within the context of the larger financial system. This is said to be the case. As an additional measure, certain regulatory bodies are ensuring efficient governance by mandating that businesses adhere to the standards that have been established. Businesses that are operating within the country are required to comply with the regulations that are imposed by a number of regulatory authorities in the country. These authorities include the Food and Drugs Authority (FDA), the Ghana Standard Authority (GSA), the National Communications Authority (NCA), the Ghana Revenue Authority (GRA), and the National Insurance Commission (NIC), amongst others. The entire financial system is making a significant amount of effort to improve its corporate governance. This is due to the fact that investors' reluctance to participate in the financial market would render the system ineffective, which is why the system is seeking to improve its corporate governance. Both the development of the system and the protection of investors are dependent on the numerous participants in the system putting in place appropriate corporate governance procedures. This is necessary in order for the system to be developed.

Corporate Governance Mechanisms

Corporate governance has emerged as a significant concern in both developed and developing nations as a direct result of the global financial crisis and the financial scandals that have been affecting a large number of businesses. This is a result of the fact that both of these events have occurred simultaneously. This is as a result of the fact that both of these occurrences have taken place at the same time. In accordance with Kumar and Singh (2012), a sizeable portion of the solutions were constructed on the basis of efficient corporate governance procedures. Taking this action was done with the intention of safeguarding the rights of investors as well as the funds that they possess. According to Vintila and Gherghina (2012), the purpose of these tactics is to reduce the inefficiencies that manifest themselves as a result of instances of moral hazard and adverse selection. Governance mechanisms such as board composition, board size, CEO duality, non-executive directorship, majority shareholdings, and audit committees are among the mechanisms of corporate governance that are investigated in this research on corporate governance. Other governance mechanisms that are investigated include audit committees.

Board Composition

On the board of directors, the term "board composition" refers to the distribution of executive and non-executive directors, as well as independent non-executive directors, among the members of the board of directors. This includes both executive and non-executive directors. In accordance with the Ghana Corporate Governance Code (2012), which stipulates that there should be such an element, there should be a powerful component on the board that is capable of exercising independent and impartial judgement on issues that pertain to the company. This recommendation is made in accordance with the Ghana Corporate Governance Code. No single individual or small group of individuals should be given the authority to participate in an activity that is regarded as being dominant throughout the entirety of the process by which the board makes decisions. It is impossible to overstate the significance of the engagement of executive directors when it comes to the significance of the board's participation. To add insult to injury, in addition to the expertise that they possess in particular domains, they also contribute a significant amount of knowledge to the organisation through the contributions that they make (Weir & Laing, 2001).

Daily and Dalton (2004) state that despite the fact that they report to the CEO, they do not believe that they are in a position to effectively supervise or punish him because they are under his control. This is because they are aware that they are under his authority. Accordingly, Dalton et al. (2008) asserted that the majority of a board that is operating effectively ought to be composed of members who are not in executive positions. This is because of the results of the previous statement. As a result of the fact that they are not directly involved in the management of the company, these directors are considered to provide a higher level of performance than other directors. A greater likelihood of protecting the interests of the entity's owners is associated with the presence of non-executive directors, as indicated by the findings of research that has been carried out. According to Fama (2000) and Fama and Jensen (2003), this is due to the fact that they are obligated to maintain their reputation within the competitive business world. It is because of this that they are in the position that they are in.

This opinion is supported by the fact that this viewpoint is supported by Weisbach (2008), who asserts that non-executive directors are more successful at monitoring than executive directors due to the fact that they are more concerned with protecting their reputation. This viewpoint is supported by the fact that Weisbach (2008) supports this viewpoint. According to the findings of a particular study (Rosentein & Wyatt, 2000), there is a positive connection between the success of the company and the composition of the board of directors, which includes a greater number of independent non-executive members. On the other hand, the findings of other studies have led to the opposite conclusion, which is that there is no connection associated with. There is a correlation that works in the opposite direction between the success of a company and the proportion of outside directors that are located on the Board of Directors, as stated by Weir and Laing (2001) and Bhagat and Black (2008). This hypothesis is supported by the findings of both of these publications. During the course of this investigation, it was found that this particular connection does in fact exist.

Board Size

According to Maztoul (2014) and Pandya (2011), the board of directors is the highest executive unit of a corporation. Also known as the board of governance. Additionally, referred to as the board of governance. Not only is the organisation responsible for determining and putting into action the company's strategies and policies, but it is also in charge of supervising the activities that are carried out by the organisation. It is generally accepted that the board of directors is a group of individuals who, collectively, have the fiduciary responsibility of managing and guiding the operations of the company. The primary objective of the board of directors is to safeguard the interests of the company's shareholders and potential stakeholders. The board of directors is the name given to this particular group of individuals when they come together. According to agency theory, one of the most compelling arguments in favour of a larger board of directors is that the increase in the number of members enhances the disciplinary authority that they have over the chief executive officer. This is one of the most persuasive arguments. This is one of the most convincing arguments in support of the position.

Gales and Kesner (2004) state that there is a correlation between the number of directors serving on a board and the degree to which the company is connected to essential resources. This suggests that there is a connection between the two. In the form of a correlation, this correlation is easy to see and understand. According to Zahra and Pearce (2009), these partnerships have the potential to shield the organisation from the challenges that it might encounter in the future. In accordance with the requirements of the agency, it is the responsibility of the board to make certain that the interests of the stakeholders are effectively protected. By ensuring that decisions are made for the benefit of the company rather than for the executives' own self-interests, it is possible to ensure that this objective is accomplished. This results in the board of directors taking on the responsibility of acting as a protector of the interests of the owners of the company. The acquisition of resources for the company is the responsibility of the board of directors, and this responsibility is based on the strong relationships that the company has with other businesses. According to the definition of resource dependency requirements, this responsibility falls under that category. The board is able to fulfil a specific duty to represent the legal interests of all stakeholders because the legal responsibilities are a fiduciary responsibility. This is because the board is responsible for the legal responsibilities. This is due to the fact that the board is capable of meeting the obligations imposed by the law. According to Stanwick and Stanwick (2010), two of the tasks that are included in this category are the selection of the Chief Executive Officer and the assessment of the overall performance of the organisation.

When compared to the weak and inefficient corporate structures in Ghana, the board of directors has developed into an essential instrument that complements these structures. Taking this action is done with the purpose of lowering the likelihood of a conflict of interest occurring between the various stakeholders involved in a company. According to Shin-Ping and Hui-Ju (2011), the size of the board is a significant mechanism that has the potential to alleviate a problem that an agency is experiencing. Specifically, this is what the authors discovered in their research. To provide a more precise explanation, it is regarded as a significant component of the effectiveness of corporate governance. There is a statistically significant relationship between the size of a company's board of directors and the extent to which the organisation is responsible for overseeing, controlling, monitoring, and making decisions. There is a negative correlation between the value of a company and the number of board members, according to the findings of a number of researchers who have arrived at this conclusion. These are the findings that they have arrived at as a conclusion.

According to Vintila and Gherghina (2012), a smaller board of directors has the potential to contribute to improved firm performance of the organisation. This is something that ought to be considered. It has been found by Reddy and Locke (2010) that a smaller board is more likely to provide its members with the opportunity to participate in genuine interaction and debate. This is in accordance with the findings of the aforementioned researchers. The viewpoint that is being discussed here originates from the perspective of the agency, from which it is derived. A large board could potentially result in a significant and negative influence on the return on investment in the future, according to the findings of these academics (Tai, 2015). Academics have brought this up in their discussions. According to Vintila and Gherghina (2012), the boards have a tendency to become more symbolic when the number of board members increases to an excessive degree. Therefore, this is the conclusion that they arrive at. On the other hand, a board that is smaller is more effective in the management process and helps to alleviate the difficulty that the organisation is currently facing.

CEO Duality

The situation in which the chief executive officer also serves as the chairman of the board of directors is referred to as "CEO duality," and the phrase "CEO duality" describes the position that is being described here. A school of thought known as the agency theory contends that when a board chairman is also the CEO of a company, he will acquire sufficient controlling authority to acquire additional private advantages (Finkelstein & D'Aveni, 1994). This theory was developed by Finkelstein and D'Aveni. The idea that the chairman of the board will be able to obtain greater private benefits is the foundation upon which this statement is built. As a result of the findings of Chugh, Meador, and Meador (2010), the term "CEO-duality" is utilised to describe a scenario in which the same person holds the position of board chair in addition to the position of chief executive officer (CEO). Some people believe that situations in which the chief executive officer also serves as the chair of the board of directors have the potential to improve the overall performance of the company. This is because there is only one steward who is responsible and accountable for the responsibility and accountability of the organisation. This is the reason why this is the case. When everything is taken into account, it is possible to draw the conclusion that a single individual possesses the authority to make any decision and any choice. According to Brickley, Coles, and Jarrell (2007), the separation of a chairman and a CEO of the board results in consequences that are both beneficial and detrimental to the organisation. These consequences can be positive or negative. When this scenario is taken into consideration, it would appear that larger organisations have a greater number of expenditures than smaller companies do. In order to investigate the impact that having a dual chief executive officer has on the value of a company, a number of studies have discovered that the presence of a weak legal system encourages businesses to have their CEO also serve as the chairman of the board. This is done in order to ensure that the value of the company is not negatively affected. The reason for this is to conduct research into the significance of having a dual chief executive officer.

In contrast, research conducted by Ehikioya (2009) found that the presence of a dual CEO has the potential to have an effect on the efficiency of the organisation as a whole. This was discovered through the findings of the research. On the other hand, research lends credence to the idea that combining the functions of chief executive officer and chairperson in a single individual may make it more difficult for the board to successfully carry out its monitoring and supervision responsibilities (which will result in expenses for the agency), and it will also result in a decline in performance (Coles, McWilliams, & Sen, 2001). Such a scenario would result in a decrease in performance. There is a correlation between high CEO salaries and inadequate governance frameworks, according to Core, Holthausen, and Larcker (2009). They came to the conclusion that insufficient governance frameworks, which may include CEO duality, are involved in this correlation. Because the chairman acts as the executive and simultaneously fulfils the roles of decision-maker and supervisor, the board may lose its independence and monitoring authority, which would result in the board performing a weak function as a bulwark against agency troubles. Due to the fact that the chairman also serves as the executive, this would be a consequence of the organisation. It has been suggested by Daliy and Dalton (2003) that the presence of a dual chief executive officer (CEO) appears to result in a decline in the overall performance of the organisation. This study comes to this conclusion as a result of its findings.

Independent and Non-Executive Directors

As stated by Joseph, Ocasio, and Mcdonnell (2014), the majority of the efforts that have been made by country regulators have focused on the issue of board independence in order to limit the influence that the CEO has over the board of directors. This focus has been made in order to limit the influence that the CEO has over the board of directors. The reason for this is to lessen the amount of influence that the chief executive officer (CEO) has over the board of directors. These authorities have enacted legislation that stipulates a certain percentage of the board members must adhere to the principle of independence. According to Ahmed and Gábor (2012), the reasoning behind these limitations is that if directors are detached from the executives, they are more likely to protect and defend the interests of shareholders and other stakeholders. This is the logic behind these limits. The reasoning behind these restrictions can be summarised as follows.

The separation of powers that exists within the board is considered to be one of the most important mechanisms, as stated by Ongore and Kobonyo (2011). Outside directors are able to provide actual controls and have the authority to punish management in order to accomplish the goals of the company. This is the reason why this is the case. This is the reason why situations are the way they are. Within the body of research that has been carried out, there has been a considerable amount of attention paid to the question of whether or not the board of directors should include independent directors. Several studies have been conducted on the subject of the connection between the performance of a company and the presence of independent administrators on the board of directors. Despite the fact that these studies have been conducted, the findings of these studies have not been generally accepted by all of the parties involved. According to the findings of Aglietta and Riberioux (2004), independent directors are distinguished from other directors within the company by having a more superficial understanding of the particulars of the company. Considering that independent directors are not connected to the company, this is the situation that has arisen.

According to research that was conducted by Elloumi and Gueyie in 2001 and Daily et al. in 2003, it has been demonstrated through empirical research that companies that have a significant number of directors who are independent have a lower likelihood of filing for bankruptcy. Those organisations that have a significant number of independent directors are the ones that fall into this category. Additionally, research that demonstrates the correlation between board composition and financial difficulties demonstrates that banks with smaller boards that have a greater proportion of directors who are independent or outside the firm are more effective in avoiding bankruptcy. In accordance with the findings of Fich and Slezak (2008), who state that these studies have demonstrated that financial institutions with smaller boards of directors have a greater likelihood of avoiding bankruptcy. In their respective works, Ivashkovskaya and Stepanova (2011) and Misangyi and Acharya (2014) argue that, from the standpoint of agency theory, directors who are appointed from outside the organisation or who are independent are more important than directors who are appointed from within the organisation. This is due to the fact that they typically have a lower level of dedication to the management of the company as well as the goals that it has set for itself. This is the reason why this is the case.

There is also the possibility that the insiders are dependent on the CEO for their employment; consequently, it is possible that they are not eager to bring up the sensitive issues that pertain to the CEO's behaviour and performance. Outside directors, who are also known as independent directors, are members of the board of directors who do not own a significant proportion of a company's shares or who do not have any professional connections to the organisation that they are responsible for overseeing, as stated by the definition that was provided by Syriopoulos and Tsatsaronis (2012). Outside directors are also referred to as independent directors. On the other hand, the effectiveness of the outside directors is not demonstrated by their capacity to monitor and oversee operations; rather, it is achieved by their capacity to exert influence over the decisions made by the corporation. Both the internal directors and the external directors are held to the same standards when it comes to the legal responsibilities that they are responsible for. On the other hand, individuals who serve as outside directors have a more challenging time carrying out their duties (Pandya, 2011). This is due to the fact that they do not have a direct connection with the functioning of the company operations. There have been a number of studies (Darus & Mohamed, 2011; Habbash & Bajaher, 2014; Vintila & Gherghina, 2012) that have produced results that are in disagreement with one another regarding the relationship between the independence of a company's board of directors and the productivity of the business. In certain situations where there is a problem with the agency, it has been found that independent directors have the ability to improve the performance of the company while also protecting the interests of the stakeholders. Kumar and Singh (2012) came to the realisation that independent directors either have a negative influence on the success of the organisation or do not have a significant impact on the success of the organisation. On the other hand, there are authors who arrived at the opposite conclusion. After careful consideration, one of the authors arrived at the conclusion that independent directors have a positive impact on the overall performance of the company.

Audit committees

According to the Corporate Governance Regulations (2006) of the Kingdom of Saudi Arabia, the board of directors is required to establish an audit committee in order to achieve compliance with the regulations. It is necessary for there to be a minimum of three individuals on the committee in order to satisfy the requirements that are outlined in the regulations. It is essential for these individuals to include a specialist who is well-versed in matters pertaining to accounting and finance. In light of the fact that this is the recommendation that has been made, the members of the committee ought to be non-executive directors for the committee. The shareholders' general assembly is responsible for issuing the rules that regulate the creation and appointment of members of the audit committee, as well as deciding the duration of the committee's existence and the procedure that it will adhere to. In addition, the group is responsible for determining the procedure that the committee will adhere to. Additionally, the shareholders' meeting is the one that is accountable for deciding the procedure that the committee will adhere to. According to Cohen, Hoitash, Krishnamoorty, and Wright (2014), Maztoul (2014), and Samaha and Abdallah (2012), the primary responsibility of the audit committee is to conduct an examination of the internal accounting system and control procedure. This is the primary responsibility of the audit committee. This is the most important duty that falls under the purview of the audit committee. Furthermore, it is the duty of the committee to organise and hold regular meetings with the external auditors in order to carry out an audit of the financial statements within the organisation.

In accordance with the findings of Ahmed and Gábor (2012), an independent audit committee serves as an additional monitoring instrument that guarantees the protection of the interests of shareholders. The function of the committee is responsible for accomplishing this mission. When the agency theory is taken into consideration, which suggests the establishment of such a committee, this proves to be consistent with the theory. As a result of this, the structure of the audit committee increases the effectiveness of both the monitoring of management and the communication between the board of directors and the external auditors (Samaha & Abdallah, 2012). Despite the fact that Nuryanah and Islam (2011) discovered a negative relationship between an independent audit committee and performance when the members have accounting and finance qualifications, the audit committee plays a significant role in improving the performance and value of the company through the implementation of the principles of corporate governance. According to the recommendations of the best practice for effective corporate governance (Cohen, Hoitash, Krishnamoorty, Wright, 2014; Nuryanah & Islam, 2011), it is possible to draw the conclusion that this is not in accordance with the proposal.

The independence criteria stipulate that the audit committee must operate independently and fulfil its responsibilities and obligations in the most professional manner possible. This is in accordance with the findings of Gill and Obradovich (2012). According to Darus and Mohamed (2011), the independence of the audit committee gives its members the ability to criticise the decisions that are made by the executives of the company. This is due to the fact that the individuals who make up the audit committee might not have any personal connections to the corporate management of the company. Furthermore, in accordance with Gill and Obradovich (2012), it is the responsibility of the audit committee to develop monitoring methods that enhance the quality of information flows between the owners of the company and the managers of the company. Among the many ways in which the audit committee contributes to the resolution of issues that arise within the agency is this particular method. According to the findings of the research that came before it, on the other hand, the conclusions were inconsistent with regard to the connection between the audit committee and the independence of its members, as well as the dependability of financial information and the accountability of the internal control.

Other researchers (Maztoul, 2014; Rambo, 2013; Rouf, 2011) came to the conclusion that there was a positive association between trustworthy financial information and independent audit committees. According to their findings, this association was positive. The findings of some researchers led them to the conclusion that independent audit committees did not improve the reliability of financial information, while the findings of other researchers led them to the conclusion that there was a positive association between the two. According to the findings of a number of other academics, there is a positive association between the establishment of independent audit committees and the existence of effective internal controls. This association is a positive one. Darus and Mohamed (2011) and Gill and Obradovich (2012) state that companies that have an independent audit committee disclose more information and increase the likelihood that serious misstatements will be identified and corrected in a timely manner. This is the conclusion that can be drawn from the findings of both of these studies. A further illustration of this is provided by the fact that the independent audit committee discloses additional information. Additionally, the presence of a financial specialist on the audit committee contributes to an increase in the likelihood that significant errors in reporting will be identified and rectified.

Ownership structures

This component provides an indication of the nature of the agency problem, which is why the ownership structure is considered to be one of the most important components of these systems for the purpose of corporate governance. When it comes to the governing system of any nation, which is shaped by these procedures, the ownership structure is one of the most important variables that can be considered. A significant factor that plays a role in determining the level of wealth that shareholders possess, the objectives of the organisation, and the discipline of the management is the ownership structure of the company. The authors Ibrahim and Samad (2011) and Liao, Shyu, and

Chien (2014) state that in order to maximise the performance and value of the business, corporate governance necessitates that shareholders and management have equal and united aims and objectives. This is done in order to achieve the best possible results. This is something that needs to be done in order to achieve the best results possible.

The ownership structure of a company can be broken down into two important aspects: the composition of the ownership and the concentration of the ownership. Both of these aspects deserve attention. Both of these aspects of the situation are significant. According to the statements made by Mangunyi (2011) and Sáenz González and García-meca (2014), the mix of ownership is the element that plays a decisive role in identifying the shareholders and determining who belongs to the various groups that dominate the market. According to agency theory, a greater degree of overlap between the ownership of shares and the control of the business leads to a reduction in conflicts of interest, which in turn leads to an increase in the value of the organisation (Mangunyi, 2011). This is because the ownership of shares reduces the likelihood of conflicts of interest occurring. Because of this, the ownership of shares and the control of the company are more closely related to one another than they were previously thought to be. When it comes to the distribution of power and authority within a corporation, the level of ownership concentration is a reflection of the manner in which power and authority are distributed between the shareholders and the management of the company. A measure of the extent to which shareholders are able to exert influence over the company is referred to as this. Concentrated ownership has the potential to exert pressure on managers to adopt a corporate conduct that maximises their wealth, as stated by Ojo (2014) and Vintila and Gherghina (2012). This is the case because concentrated ownership has the ability to do so. When calculating the concentration of ownership, the percentage of a company's shares that are held by the shareholders who have the most influence is taken into consideration.

When it comes to the management and operation of a company, the degree to which ownership is concentrated is a significant factor that plays an important role in the management and supervision of the company. As a consequence of this circumstance, the interests of shareholders and management happen to be congruent with one another. Existing shareholders are unable to exercise adequate oversight of the company as a result of the fact that ownership is distributed among such a large number of shareholders. To be more specific, this is due to the fact that shareholders who own smaller stakes would be required to bear higher monitoring expenses and would receive fewer benefits (Mangunyi, 2011). This is the reason why situations are the way they are. As a result of this, these stockholders are less likely to be involved in the monitoring of operations and to be interested in doing so. This is a consequence of the situation. The concentration of ownership provides shareholders with the ability to prevent managers from being subject to external control mechanisms. This is accomplished by granting shareholders who have a significant stake in a company the authority to nominate and fire managers. According to Leung and Horwitz (2010) and Soltani (2014), the process of ownership concentration is said to exacerbate the conflict of interest that already exists between minority shareholders and dominant shareholders. This is a claim that has been made by both of these researchers.

The findings of previous research have led to a variety of conclusions regarding the connection between the degree of ownership concentration and the performance of the corporate entity, as stated by Leung and Horwitz (2010). In addition to this, the findings are in direct opposition to one another. According to what Mangunyi (2011) has stated, the check and balance of ownership is a very important governance mechanism. In addition to enhancing the efficiency of the organisation, this mechanism has the potential to provide a solution to the problem that is associated with the concentration of ownership. There is a system of checks and balances in the ownership structure of a corporation when a large number of substantial shareholders share control and monitoring of the organisation. A check and balance is demonstrated here by this example. Consequently, it is not possible for a single large stakeholder of the company to have complete control over the decisions that are made and the operations of the organisation. This is because of the reasons stated above. According to Mangunyi (2011), the process of decision-making is carried out by means of the coordination and negotiation of a number of significant shareholders, which ultimately results in high performance taking place within the organisation.

The three primary types of ownership that can be found in Ghana are management ownership, ownership by foreign entities, and ownership by the government. There is not a single one of these forms of ownership that is even remotely comparable to the others. According to the agency theory, managerial ownership can therefore contribute to a reduction in the number of agency conflicts that occur between shareholders and managers. This is because the manager who owns a significant amount of the company's shares has a greater motivation and incentives to make better decisions in order to maximise the value of the company. This is the reason why this is the case. It is for this reason that the management team that owns a sizeable portion of the company's shares possesses a greater capacity to exercise control over the business than the management team that does not own any additional shares. According to Garcia-Meca and Juan Pedro (2011), this would result in an increase in the number of problems relating to communication and coordination, which would ultimately lead to a decrease in the value of the company. In contrast to this, the agency theory contends that management ownership may make decisions that reduce the value of the company in order to protect their own interests within the company, regardless of the interests of shareholders who are located outside of the company. On the other hand, the agency theory asserts that managerial ownership may be responsible for decisions that undermine the value of the company. This is in contrast to the fact that this is the case. In spite of this, the empirical research that has been carried out regarding the connection between management ownership and the performance of the company as well as its market value has produced results that are contradictory (Ghazali, 2010). A positive impact on market value may be attributed to the fact that international shareholders have faith in the performance of a company if the ownership structure of that company includes a significant number of shares held by shareholders from other countries. This is because international shareholders have faith in the financial performance of the company.

Financial Distress

On the other hand, the phrase is typically understood to refer to a scenario in which businesses are going through a period of financial difficulties or have suffered a significant loss, which ultimately results in the company going bankrupt or being liquidated. Although there are a number of different definitions of financial distress that have been proposed by a variety of academics, the phrase is generally understood to refer to this circumstance whenever it is used. Beaver (1966) asserts that he was the first person to develop a model for predicting the occurrence of financial difficulties. According to him, a company is considered to be in a state of financial crisis if the conditions that are listed below have been satisfied. In 1966, Beaver's model was made available to the public for publication. In the context of the ongoing economic crisis, he considers the following scenarios to be examples: situations involving default preferred dividends, default liabilities, and default bankruptcy. In the first place, the company is unable to fulfil its obligations because of maturities and a dividend on preferred shares. This is the primary component that has led to this predicament. There is also the phenomenon of overdraft that takes place in the second place. It is possible that the presence of all of these characteristics, which are associated with the process of filing for bankruptcy, is an indication that one is in a difficult financial situation.

Furthermore, Altman (2008) provides an explanation of the possibility that a corporation may experience a financial crisis by focusing on two aspects of the situation. This explanation is offered in the context of the circumstance. According to him, a company is quite likely to be in a state of financial distress if the value of its assets is lower than the value of its debt and if the cash flow is not sufficient to pay off the company's commitments. In other words, if the company's assets are worth less than its debt, then the company is in a state of financial distress. To put it another way, if two of these conditions are satisfied, then the company is in a state of financial difficulty. The professionals in the academic world are in agreement that financial distress is a situation in which companies are at risk of submitting a petition for financial distress. This is the case despite the fact that there are a variety of approaches that professionals in the academic world take to defining financial distress. According to Deakin (2002), the only businesses that should be included in the category of those that are experiencing financial difficulties are those that have been declared bankrupt, debt insolvent, or have made an effort to sell their assets for the benefit of their creditors. These are the only companies that should be included in this category. It is difficult to provide a precise definition of financial hardship because the manner in which it is evaluated is influenced by a variety of classifications. This makes it difficult to provide a clear definition of the financial hardship. When trying to determine the extent of a company's financial difficulties, it is common practice to take into account both the operating performance of the company and the market value of its shares. Frequently, there are two aspects that are taken into consideration.

According to Emery, Finnerty, and Stowe (2007), the occurrence of financial distress is a consequence of a downturn in the operations of a company, which can be brought about by a variety of different aspects of the business environment. Such a downturn can be brought about by a number of different components. Inefficient management, expansion that is not prudent, intense competition, excessive debt, legal action, and contracts that are not to the company's advantage are some of the issues that have arisen as a result of these problems. A corporation is considered to be in a state of financial distress, as stated by Whitaker (2009), when it has experienced a negative net income for a number of years in a pattern that has been repeated time and time again. This particular pattern has been repeated over and over again. Financial distress is a situation that occurs when a company is delisted as a result of having a negative net income and a decreased book value of equity, as stated by Almilia (2004). This is a situation that brings about the situation. Due to the existence of this condition, the company was removed from the stock exchange. Plat and Plat (2002) found that financial distress can be defined as a gradual decline in the financial state of a company that takes place prior to the filing of a bankruptcy or liquidation petition. This is the definition that was provided by the researchers. This decline takes place prior to the company being compelled to file for bankruptcy or liquidation under any circumstances. When a company has had a negative net income and retained earnings for a period of two years in a row, it is considered to be in a state of financial distress over the course of those two years. According to the findings of this investigation, this is the conclusion that can be drawn from the data.

According to the findings of Outecheva (2007), the state of distress in the financial sector can be broken down into four distinct subintervals, each of which is distinct from the others. Deterioration in performance, failure, becoming insolvent, and defaulting on obligations are the subintervals that fall under this category. In contrast to the idea that deterioration and failure have an impact on the profitability of the company, the liquidity of the organisation is the primary factor that contributes to insolvency and default. However, this is not the case. When a company is going through a challenging financial situation, it is frequently characterised by a significant decline in both its performance and its valuation. This is what is known as a "double dip." Furthermore, he argues that a company can be in a precarious financial situation without defaulting on its responsibilities, which is an additional point of contention. This is in addition to the fact that all of the aforementioned points are true. However, he makes the observation that default and bankruptcy are not conceivable without a period of financial misery that preceded them. He says this in a way that is very interesting. He makes this statement because he is of the opinion that this is unavoidable. Brownbridge (2008) identified a number of factors that are contributing to the current state of financial hardship. These factors include lending to high-risk borrowers, lending to insiders, and macroeconomic instability. Additionally, liquidity assistance and prudential regulation were also identified as contributing factors. According to Babalola (2009), bank distress is caused by a chain of causation that begins with non-panic related, visible, external unfavourable changes in the economic conditions of banks and then moves on to intrinsic weakening of bank condition, which ultimately results in the demise of the bank. This is in contrast to the belief articulated by Babalola (2009). In accordance with Brownbridge (2008), these factors were the ones responsible for the turmoil in the financial sector.

On the other hand, according to Aasen (2011), the incompetence of a company's management is the most common reason offered for the challenges that a company is confronted with and the possibility that it may fail. In contrast, the final reason for failure is typically nothing more than a lack of cash and other liquid sources. This is the case in the majority of cases. According to the findings of Aasen (2011), there are two primary categories of expenses that are associated with people who are going through challenges in their financial situation. Indirect bankruptcy costs are a reflection of the difficulties of running a company when it is facing the risk of bankruptcy, whereas direct bankruptcy costs are primarily comprised of legal and administrative fees. Direct bankruptcy cases are more expensive than indirect bankruptcy cases. The most important aspects of direct bankruptcy costs are the costs associated with the bankruptcy itself. The author Outecheva (2007) asserts that indirect costs are not as easily discernible as direct costs because of the fact that indirect costs are concealed. According to his definition, the term "indirect costs" refers to "lost opportunities" that the company does not take advantage of because its solvency situation is getting worse. To phrase it another way, the corporation is unable to make the most of these opportunities. We are unable to keep track of these expenditures, and it is difficult to make an accurate estimation of them. These expenditures are difficult to estimate.

The findings of Opler and Titman (2004) indicate that the overall distress costs can be divided into three distinct groups based on the factors that lead to sales losses. These groups are based on the factors that cause sales losses. This is a list of the categories that these items fall into: Customers are the cause of losses, which in turn lead to a decrease in the customers' desire to pay for the products that the company has to offer. It is also possible that customers will decide not to do business with the failing company, which will ultimately lead to a decline in sales. The losses that are caused by competitors lead to competitors employing an aggressive marketing and pricing strategy in order to seize the customers of the vulnerable company and, as a result, drive the struggling competitor out of the market through the use of aggressive pricing and marketing strategies. This is due to the fact that it is possible for competitors to cause losses. The loss that is caused by employees is directly responsible for the reduction in the incentives that workers have with regard to the amount of effort that they put in. Employees are consequently compelled to either renegotiate their compensation packages or completely leave the company that they are employed by.

In accordance with the findings of Baharin and Sentosa (2013), a company is considered to be in a state of financial distress if it is unable to continue its regular operations due to the presence of financial difficulties. When faced with the most dire of circumstances, these companies are potential candidates for the process of filing for bankruptcy. In accordance with Varan (2009), the term "business failure" refers to the circumstance in which a company is unable to pay its creditors, suppliers, shareholders, and other stakeholders; a bill is overdrawn; or the company is declared bankrupt in accordance with the requirements of the relevant legal procedures. When it comes to the confines of corporate distress, researchers have found a wide variety of signs and symptoms that should be cause for concern. In accordance with the findings of Baharin and Sentosa (2013), businesses are considered to be experiencing business failures if they consistently generate a lower realised rate of return in comparison to the market rate for investments that are comparable to their own, if they have an average return that is lower than the cost of capital, or if they do not have sufficient revenue to meet their costs. All of the aforementioned companies are examples of businesses that are currently experiencing failures in their operations.

Despite the fact that this may also lead to an increase in the return on investments that companies provide to their shareholders, According to the findings of Amoa-Gyarteng (2017), highly leveraged businesses run the risk of going bankrupt if they are unable to meet the repayment schedules that they have established for themselves. In spite of the fact that this may also lead to an increase in the overall return on investments, this was the conclusion reached. Usdin and Bloom (2012) have identified nine signs of financial distress as: the company not timely paying creditors; the company being sued in collection matters; the company suffering a significant event that will not recur; the company's bank or secured lender threatening to shut down business operations; a union threatening some type of action against the company; a major supplier threatening to terminate services to the company; the company not being able to perform its contracts on time or cannot perform at all; the liabilities of the company being greater than its assets; and the company's business model no longer being viable.

According to Sami (2013), the inability to repay loans and difficulties with cash flow are the two primary factors that significantly contribute to the occurrence of financial hardship. There are a number of additional factors that contribute to the unhappy state of one's finances. His contention is that a business that is going through a difficult financial time is confronted with three challenges: it loses the right to make certain decisions without the approval of the legal system; the financial distress can reduce the demand for the product that the company produces, which in turn increases the production costs; and the managers lose a significant amount of time trying to find a solution to the financial distress. In the course of his argument, he brings up these three difficulties. According to Zhuang and Chen (2014), however, it is not always possible to directly witness the financial situation of a company. They point out that this is not always feasible. As an alternative, it is only possible to recognise particular signal indicators that are associated with the current state of the financial market. There is a possibility that this will be observed. In the course of their investigation, they developed a discriminant model that is used for the purpose of explaining the connection that exists between the current state of the economy and the signal indicators. This model was developed in order to provide an explanation for the present state of the economy.

Hypothesis Development

Board Composition and Financial Distress

In situations where things are made more difficult, there is a greater possibility that individuals will experience difficulties with their financial situation. According to Aziz and Lawson (2009) and Casey and Bartczak (2004), the majority of the previous research on financial hardship had used court-ordered bankruptcy as the response variable for economic financial distress. This was according to the findings of the aforementioned researchers. All of the studies that were conducted utilised this particular approach as their methodology. As a means of making forecasts concerning an imminent financial crisis, the body of literature that is currently accessible has relied on information derived from financial accounting. When it comes to gaining an understanding of the reasons why Southeast Asian nations experienced financial difficulties in 1997-1998, Johnson et al. (2000) and Claessens et al. (1999) were the only scholars who placed a substantial focus on the characteristics of corporate governance. This was done in order to investigate the reasons why these nations experienced difficulties.

According to the findings of Johnson et al. (2000), the weakening of legal institutions and the composition or structure of a governing council were key factors that contributed to the magnitude of the currency devaluation and stock market declines that occurred during the Asian financial crisis. These events occurred during the period of time when an Asian financial crisis was taking place. It has been demonstrated that these external factors have a significant influence on the magnitude of the crisis. The findings of the study indicate that the presence or absence of a governing council or board can have an effect on the management or direction of an organisation at any given time. This is true regardless of the circumstances. When it comes to the management of businesses, the composition of a board of directors is frequently the most important factor to take into consideration. According to Aziz and Lawson (2009), in the event that the governing council of a company is not appropriately established, the actions and inactions of the representatives of the council have the potential to either bring the organisation to its knees or bring about its improvement. This is because the council's actions and inactions include both actions and inactions.

Juniarti (2013) carried out a study with the intention of determining the extent to which effective corporate governance can accurately forecast the occurrence of financial difficulties. A model that utilised both logistic and probit regression was utilised in the process of carrying out the research. According to the findings of the research, there are three additional factors that determine whether or not a company is able to prevent itself from falling into financial difficulties. These factors are: strong corporate governance, strong corporate governance, and strong corporate governance. Among these variables are the presence of an audit committee, the size of a board, and the types of individuals who serve on the board. However, this list is not exhaustive but does include all of these factors. The findings of the study indicate that the composition of the governing board is the single most important factor that might play a role in determining whether or not a company will have difficulties in terms of its finances. They also indicate that this factor is the single most important factor. In both of the models, it was demonstrated that the make-up of a company's board of directors is an essential component in determining whether or not a company is going through a challenging period in terms of its finances.

According to the findings of Yussif (2013)'s research that was conducted in Ghana, the ownership structure is primarily comprised of companies that are held by institutions. This was found with regard to the ownership structure. The findings of this research indicate that the pecking order hypothesis is likely to be supported by the capital structure of Ghanaian companies that are publicly listed. This is as indicated by the findings of the study. This assumption is founded on the results of the research that was conducted. In general, it was observed that the companies that were listed complied with the regulations and directions that were issued by the authorities in charge of regulatory oversight. In light of this, it is of the utmost importance to encourage a greater number of companies to list their shares on the stock exchange. This is necessary in order to guarantee that the highest possible standards of corporate governance are achieved across the entirety of the nation. As a consequence of this, the government will be able to accomplish its objective of compelling these companies to demonstrate the most exemplary practices.

Both the level of corporate governance that is present in Ghana's rural and community banks, as well as the financial performance of these institutions during the same time period, were the subjects of an investigation that was carried out by Aboagye and Otieku (2015). The study came to a number of conclusions, one of which was that the composition of boards of directors and ownership structures have an impact on the performance of companies that are listed on the Ghana Stock Market. One of the findings that the researchers came across was this particular discovery. A significant inverse relationship exists between the amount of ownership concentration and the success of the company, according to the first finding, which indicates that this relationship is significant. In their investigation, the researchers came across this fact. The second finding demonstrates that there is a positive correlation between the ownership of a company by one's own employees and the performance of the company. This association is beneficial to the company. According to the findings of the study, there is an immediate requirement to diversify shareholdings in a manner that is appropriate. The occurrence of this is an immediate necessity that takes place. This action is taken with the intention of attracting a greater number of skills and competencies among owners, which can then be utilised to enhance the performance of the company so that it can remain competitive. The purpose of this action is to achieve that.

According to Chenchehene (2019), one of the primary methods for protecting a company from actions that are both frivolous and unguarded, which may lead to the downfall of the company, is to ensure that the composition or structure of the board of directors of the company is in place. In order to protect a company from activities that could lead to the decline of the company, this is one of the most important ways to protect the company. Keep a close eye on the decisions that are made by the board of directors when there is a certain number of members who are independent or from outside the organisation. This makes it much simpler to monitor the decisions that are made. The research also found that the amount of compensation that a chairman receives is a significant factor in determining how effectively a company is able to maintain its integrity. This was one of the findings of the study. This is the conclusion that the researchers came to.

Board Size and Financial Distress

When it comes to explaining why the size of the board may be connected to the performance of the organisation, there are a few theories that have been presented, as stated by Akpaloo (2017). There are a variety of different explanations contained within each of these explanations. In the beginning, a resource dependence approach is utilised. This approach is based on the belief that directors are responsible for connecting the company with resources that originate from its surroundings. The primary reason for pursuing this course of action is because of this. When a company is experiencing a period of decline, which is characterised by an increase in the demand for organisations to appropriate resources from their respective environments, this function is considered to be of the utmost relevance. In accordance with this definition, the significance of this function cannot be overstated. It has been argued that a limited number of board members is an indication that a company is either unable to appropriate resources from its environment that are essential to its continued survival or that its capability to do so has been diminished.

It is generally accepted that businesses that have boards of directors that are smaller are more likely to fail than those that have larger boards. Both the size of the board of directors and the success of the company are factors that contribute to the concentration of control, which is the second explanation for the correlation between the two. Regarding this matter, one of the most important aspects to take into consideration is the degree to which the chief executive officer is able to exert influence over the board of directors. "larger boards are not as susceptible to managerial domination as their smaller counterparts," and more specifically, that chief executive officers are more likely to govern smaller boards, according to Akpaloo (2017). This is a statement that has been made. This statement is being made in reference to the context in which it is being made.

According to Dichev (2008), a number of studies have established that a business distress risk factor may be the origin of the size and the book-to-market impacts. This is something that has been discovered by a number of researchers. This is the conclusion that the researchers have arrived at after conducting their search. One of the most natural ways to represent the difficulties that a company is going through is to use the possibility of the corporation going bankrupt. According to his theory, which states that if bankruptcy is a systematic phenomenon, then one would predict a positive correlation between the two, there is a positive link between the risks of bankruptcy and the final benefits that are achieved. This link is believed to be positive. His research, on the other hand, revealed that the possibility of going bankrupt is not compensated for by increased returns from investing. This was demonstrated by the findings of his investigation. Consequently, it is extremely improbable that a distress factor could be the cause of the magnitude and book-to-market consequences. This is because of the fact that. Surprisingly, since 1980, businesses that have a high probability of going bankrupt have generated returns that are lower than the average number of returns generated by businesses. The occurrence of this phenomenon has been witnessed by people. Data that is not typical cannot be adequately explained by a risk-based explanation because such an explanation is incapable of providing a comprehensive explanation.

According to Cheng, Su, Li, Fen, and Dong (2013), the size of a company's board of directors does not have a significant influence on whether or not a corporation is successful. This conclusion was reached after the researchers conducted an investigation. On the other hand, rather than concentrating on the most important aspects, the factors that are discussed are the limited expenditures and the autonomy of management from the board of directors. It was brought to everyone's attention that in order for businesses to get out of their current financial predicaments, they need to concentrate on achieving independence and working towards the objectives that they have set for themselves. Their investigation into Taiwanese stocks led them to this conclusion, which was reached as a result of their findings.

Additionally, Wang and Deng (2014) found that the degree of balanced ownership, management ownership, board size, and CEO duality do not significantly increase the likelihood of defaulting on the loan. This was confirmed by the findings of the aforementioned researchers. The results of the research that they conducted indicated that this was the correct course of action. Additionally, in order to assess the legitimacy of the state-controlling right, they initially divided the sample into two categories: businesses that were controlled by the state and businesses that were not controlled by the state. This was done in order to evaluate the legitimacy of the state-controlling right. On the basis of the data, it is possible to reach the conclusion that the characteristics of corporate governance have a distinct influence on the degree of financial hardship in both of the subsample combinations. This is a conclusion that can be drawn.

In the year 2018, Brédart conducted research with the objective of establishing the impact that the composition of the board of directors has on the relationship between corporate governance and the occurrence of financial difficulties. All 312 companies that are located in the United States of America made a contribution to the compilation of this information. The findings of the study indicated that there was a discernible difference in the size of some boards of directors between companies that made the decision to obtain legal protection and those that did not make that decision. Businesses that made the decision to get legal protection had a larger board of directors. This study's objective is to steer shareholders and financial institutions in the right direction by demonstrating the significance of corporate governance in relation to the financial crisis. This will be accomplished through the demonstration of the significance of corporate governance.

Yussif (2013) also investigated the influence that institutional ownership and board committees have on the decisions that are made regarding the pattern of financing and the capital structure of the organisation. This was done in order to better understand the impact that these factors have. A total of thirty-four (34) companies that were traded on the Ghana Stock Exchange were utilised between the years 2004 and 2011. Twenty-nine (29) of these companies were utilised. This information was obtained by utilising the data that was available to the organisation. In order to obtain secondary data on the ownership structure and the composition of the board of directors, it was necessary to consult both the annual reports of companies and the facts book of the Ghana Stock Exchange.

We also looked at the annual reports and guidelines that are published by Ghana's Securities and Exchange Commission in order to gather information about the governance practices that have proven to be the most effective. It was demonstrated that there is a positive and substantial connection between the size of the board, the composition of the board, the ownership of the company by institutions, and the type of company. All of these factors come together to form the connection. When it comes to capital structure, unfavourable associations are registered with the dual role of the CEO, the board committee, and profitability metrics. In the course of the conversation, these associations are brought up.

CEO Duality and Financial Distress

Saleshi and Abedini conducted research in 2009 to investigate the factors that contribute to the occurrence of financial difficulties for companies that are listed on the Tehran Stock Exchange (TES). Their goal was to determine the factors that contribute to the occurrence of these difficulties. The objective of this study was to forecast the symptoms of financial problems in publicly listed companies in TES. A multiple regression model was utilised for this purpose, and a model was provided that was in accordance with the findings of the study. For the purpose of carrying out the evaluation of the model, it was essential to make use of the information that was supplied by two different groups. There were thirty companies that were not experiencing any kind of financial difficulty, and they were included in the first group. Similar to the first group, which also consisted of thirty businesses, the second group also contained thirty companies that were experiencing difficulties in their financial situation. The model that was presented contained a total of five ratios that were included in its component parts. The following are the ratios that were taken into consideration: the balance of the governing council, the dual nature of the chief executive officer, profitability, the management of debt, and the management of property. It was determined, on the basis of the data, that there were three primary reasons why the thirty businesses were experiencing difficulties or problems with their financial situation. The contributions to these three charitable organisations were made so generously by the three different companies.

The majority of the board members of all the companies that were experiencing difficulties were employees of the companies themselves, and they guaranteed that they would take actions that were most appropriate for them. It is important to take note of this first. The second problem is that more than ninety percent of the companies that are in a state of trouble have their directors or managers simultaneously functioning as the chairman of the group, and that any decision that is perceived to be in opposition to his is vetoed. This is the second problem. Throughout the entirety of the process, the accounts of the companies that were experiencing problems did not adhere to the best practices that were in place. After an investigation, it was discovered that the accounts had been altered in order to make them appear to the general public to be more advantageous. As a consequence of this discovery, various creditors, including financial institutions, insurance brokers, and other creditors, severed their ties with the individuals who were the subject of the dispute.

In the year 2012, Hussein and Al-Tamimi conducted an investigation into the corporate governance practices that are utilised by the national banks of the United Arab Emirates. In addition, the national banks of the United Arab

Emirates are questioned regarding their perceptions of the influence that corporate governance has on the performance of their organisations as well as the degree of financial difficulty that they face. It is possible to draw the conclusion that financial institutions in the United Arab Emirates are aware of the significance of disclosure transparency, executive remuneration, the engagement with shareholders and stakeholders, and the function of the board of directors for their respective companies. This is because the findings have led to this conclusion. One more conclusion that can be drawn from these data is that the corporate governance practices of the national banks of the UAE are among the best in the world. The data also suggest that there is a significant positive correlation between the corporate governance processes of UAE national banks and information disclosure and transparency, as well as the interests of shareholders and stakeholders, and the role of the board of directors. This is the conclusion that can be drawn from the findings. The fact that there is a significant positive association between these two factors is evidence that this is the case. Additionally, the data suggest that there is a positive connection between the corporate governance practices of UAE national banks and the degree of performance; however, this relationship does not meet the criteria for statistical significance. Despite this, the data indicate that there is a positive link between the two.

Arthur (2015) conducted a study with the intention of determining the extent to which Ghanaian financial institutions adhere to the Corporate Governance Code. This was the primary objective of the study. In addition, the survey made an effort to evaluate the corporate governance practices of banks that are listed on the Ghana Stock market in comparison to those of banks that are not listed on the market. This comparison was carried out with the intention of determining whether or not there were significant differences in the levels of compliance that were observed between the two groups of institutions. In order to evaluate the corporate governance practices of the various financial institutions, it was determined that a scoring method would be the most effective method to use. As a whole, the corporate governance practices of the banks have been shown to have improved over the course of time, according to the findings of the study, which indicate that this improvement has occurred. The fact that the procedures have been improved is evidence that this is already the case. There was a significant gap in the level of corporate governance that existed between the two groups consisting of banks that are listed on the Ghana Stock market and those that are not listed on the market. This gap was particularly noticeable between the two groups. Following additional research on the data, it was found that there is a positive correlation between corporate governance and both return on equity and profits per share. This was discovered after the data was subjected to further investigation. The statistical significance of this association was found to be slightly below the threshold. After carrying out their investigation, the researchers arrived at the conclusion that there is a correlation between corporate governance and return on assets that is only slightly unfavourable. This was the conclusion that they reached. In light of the recommendations that were developed, the Bank of Ghana has been strongly encouraged to enact regulations that would compel financial institutions to adhere to the standards of corporate governance. These regulations would be put into effect through the implementation of regulations.

Furthermore, Aamanhyia et al. (2018) highlighted the fact that the presence of a dual chief executive officer does not have a statistically significant association with the financial difficulties that the company is experiencing on the Ghana Stock Exchange. This was a point that was brought up in the study. As a result of the findings of the study, the degree of independence that audit committees and boards possess is a significant factor that plays a role in determining whether or not a company is experiencing financial difficulties. According to the findings of the research, it was found that the size of the board of directors had a significant influence, albeit a negative one, on the future of companies that were listed on the stock exchange. This was discovered to be the case.

The concept of having two chief executive officers is supported by a number of different justifications within the organisation. One of these arguments is that having two chief executives leads to increased effectiveness, which in turn will result in improved corporate performance. This is one of the arguments. Specifically, it is believed that CEO duality leads to a situation in which there is a clear leader of the company and where there is no room for question as to who has authority or responsibility for a particular subject (Nasir & Mazurina, 2018). This is the situation that happens when there is a clear leader of the company. The occurrence of this occurs when there is a distinct leader within the organisation. In the event that this takes place, it is a clear indication that there is a distinct leader within the organisation. It has been argued that the separation of the duties of board chair and CEO is likely to result in instability not only within the organisation but also in the interactions with the board. This is because the board chair and CEO are responsible for different tasks. This is because the individual who chairs the board of directors and the chief executive officer are responsible for different things. Chenchehene (2019) and Kukah (2015) say that In the event that this kind of "chaos" were to take place, it would almost certainly have a negative impact on the process of formulating corporate strategy as well as the way in which the organisation responds to changes in the external environment. Due to the close relationship that exists between the two, this would be the best possible outcome. Taking into consideration the possibility that the pandemonium would take place, this would be the circumstance.

Majority shareholding and Financial Distress

An empirical investigation into the dynamics of corporate financial distress among public firms (non-financial corporations) in Indonesia was carried out by Paranowo (2010). The time period covered by the investigation was from 2004 to 2008. A survey was distributed to public companies in Indonesia for the purpose of investigation. Using panel data regression, he conducted an investigation into the internal and external factors that contribute to the financial crises of organisations. There were both internal and external factors that contributed to the crisis. As a proxy for financial hardship, the findings indicate that the current ratio, efficiency, equity, and the dummy variable of the status of good financial condition all have positive and strong impacts on debt service coverage. This is because debt service coverage is a measure of how well a company is doing financially. Each of these elements contributes to the overall improvement of the quality of the coverage for the debt service. However, there is a significant connection between leverage and DSC that is not in people's best interests. This connection is discussed in more detail below. Other factors, such as profit, retain earnings, competent corporate governance, and macroeconomic factors, do not have a significant impact on the situation when it comes to the position of the company's financial crisis. This is because the situation is primarily influenced by the situation. Furthermore, the fact that the arrangements in the ownership of the company have an influence on the success that the company is making or, on the other hand, the challenges that the company is facing was revealed by the data. The findings of the study indicate that authorities have a tendency to scrutinise the cash flow of a company when the majority of its shareholders are from companies that are not affiliated with the firm and when the company is listed on the market. This is the case when the company is listed on the market. Therefore, the level of the company's position in terms of profits and managements improves in proportion to the number of owners that come from outside the organisation. This is because the number of managements and profits increases. As a consequence of the fact that the number of owners continues to rise, this is the result.

For the purpose of determining whether or not there is a correlation between corporate governance and the state of the economy in Taiwan, Lee and Yeh (2014) carried out a study. It was in Taiwan that the research was conducted. The findings suggest that there is a positive connection between the likelihood of experiencing financial difficulties in the coming year and three factors that serve as proxies for corporate governance. Also, the findings indicate that this connection is positive. The existence of this correlation was demonstrated within each of the three variables. A few examples of these factors include the percentage of directors that are held by the controlling shareholder, the percentage of controlling shareholders that own shares that have been pledged for bank loans (also known as the pledge ratio), and the divergence in control away from the cash flow rights. These are just a few examples. In addition, they came to the realisation that businesses that have poor corporate governance are more likely to experience economic downturns, and the likelihood of these businesses experiencing financial difficulties is at a higher level. Among the conclusions that they arrived at, this was one of them.

Rahmat and Iskandar (2008) conducted a study in Malaysia with the objective of determining the influence that audit committee characteristics have on businesses that are going through a financial crisis as well as on organisations that are not going through a financial difficulty. The study was carried out with the intention of determining those characteristics. This association is associated with businesses that are experiencing financial difficulties. There is a negative inverse linkage between the qualities of internal auditors and the qualities of external auditors, and this association is associated with them. Based on their findings, they came to the conclusion that this association is connected to organisations that are going through difficult financial times.

In order to determine the extent to which publicly traded companies in Ghana are facing a variety of financial challenges, Mahama (2016) conducted an investigation with the purpose of determining the extent of the problem. Altman's Z-Score is applied to the financial accounts of ten companies that are listed on the Ghana Stock Exchange (GSE) in order to determine the degree of financial soundness that each of these various companies contains. This is done in order to determine the overall financial health of the companies. The purpose of this is to ascertain the degree to which each of these businesses meets their financial obligations. For the purpose of this particular investigation, the data that was analysed was obtained from the website of the ARG, and it covered the years 2007 through 2013. According to the findings of the analysis, there are six companies that are found to be financially stable and are not in danger of experiencing financial distress. Following the completion of the analysis, it was discovered that two businesses are currently going through a period of financial distress, and that two additional businesses are currently in a state of degradation and are potential candidates for financial distress. On the other hand, it is essential to point out that the two businesses that were discovered to be experiencing a condition of financial difficulty did not file for bankruptcy during the time period that the study was carried out. This is something that should be emphasised.

In order for any organisation to function properly, it is essential to address issues that are related to finances. It is possible for an individual or a company to be going through a variety of challenging circumstances, and the term "financial distress" is a broad term that can be used to refer to these kinds of situations. In the world of business, instances of financial hardship typically result in instances of near-insolvency, bankruptcy, emergency-scenario borrowings, and efforts to turn around the situation. These are all examples of situations that can occur. During the course of the last few decades, a significant number of empirical researchers have shown a greater interest in this subject matter. This interest has been centred on the influence that financial difficulties have on the financial performance of organisations. In spite of the fact that a thorough literature review has been carried out, the academic community has not yet arrived at a conclusion regarding the matter that is accepted by all of them. There are a few of these studies that have produced results that are in direct opposition to one another.

In addition, Chenchehene (2019) asserted that the ownership structure of a company frequently operates in opposition to the actions taken by a board of directors or other members of the company's internal staff. This is a common occurrence. The majority of the time, when a company or organisation has multiple owners, those owners will look for ways to restrict the responsibilities that members of the management or board of directors may play within the company. This is due to the fact that they are concerned about the company's overall stability. As a result of the fact that the other owners will demand that the management of the company or organisation disclose any and all information that is pertinent to the enterprise, there is also an open and honest disclosure of information. Due to the fact that the other owners will demand that the information be disclosed, this is the situation.

Outside directorship and Financial Distress

An investigation was carried out by Sitati and Odipo in 2009 with the purpose of determining whether or not the financial distress prediction model that was developed by Edward Altman could be utilised as a useful instrument for predicting the failure of businesses and organisations in Kenya. For the purpose of this investigation, the population that was taken into consideration consisted of all of the businesses that were listed on the Nairobi Stock Exchange between the years 1989 and 2008. It was decided to carry out the research with twenty different companies as the participants. Ten of these companies are currently listed on the Nairobi stock exchange, while the remaining ten companies were delisted from the stock exchange between the years 1989 and

2008. The Nairobi stock exchange is located in Nairobi, Kenya. Based on the findings of the research study that was carried out, it was determined that Edward Altman's financial distress prediction model was applicable in eight out of the ten failed businesses that were examined. Based on this information, one can reach the conclusion that the model was successful in predicting eighty percent of the businesses that were unsuccessful. It is indicative of the fact that the model has a validity rate of ninety percent that nine of the ten businesses that were not in the process of failing were able to demonstrate that Edward Altman's financial distress prediction model was effective. This gives the model a validity rate of ninety percent.

The Edward Altman model, which is used to forecast the likelihood of a company's financial collapse, takes into account a number of characteristics. These characteristics are incorporated into the model. A few examples of these variables are the existence of a board, the degree to which the board is autonomous, and the presence of members of the management team from outside the organisation on the governing board. It is essential for any successful organisation to have at least two of them, if not all of them together, in order to prevent the mishandling of financial resources and the theft of those resources. This is because it is possible for those resources to be stolen. The findings of the study suggest that the Edward Altman model, which is employed to forecast the financial collapse of businesses, is a tool that is of great value to investors who are operating in the Kenyan market. This is because the model is used to predict the collapse of businesses' financial systems.

Hui and Jing-Jing (2014) carried out a research project with the objective of determining whether or not there is a connection between corporate governance and the financial crisis. This was done while they were conducting their investigation. They discovered that the indirect costs of the financial crisis were reduced when ownership was balanced at the governance level after the crisis had occurred. Certainly, this was a noteworthy discovery. On the other hand, the indirect costs of financial distress were increased by each of the following three aspects of corporate governance: the percentage of the company's shares that were held by the state, the percentage of independent directors on the board, and the percentage of total costs that were overhead costs. All of these factors contributed to an increase in the indirect costs experienced by the company. A rise in the company's indirect costs was brought about by the accumulation of all of these factors, which contributed to the rise. Enhanced corporate governance has the potential to play a role in assisting businesses in achieving their goal of achieving financial health, as indicated by the findings, which indicate that firms stand to benefit from corporate governance enhancements.

The authors of the study, Donker (2019), conducted an investigation into the impact that ownership structure has on the likelihood of a company experiencing financial difficulties on the Amsterdam Stock Exchange (Euronext) and the Ghana Stock Exchange between the years 1995 and 2006. The research was published in 2019. They came to the conclusion that businesses that had a greater number of management shareholdings were associated with a lower probability of being in a position where they were experiencing financial difficulties. They came to this conclusion as well, which was another one. The alignment hypothesis claims that managers who have larger ownership holdings are more likely to avoid financial difficulties. This study lends credence to the alignment hypothesis by providing evidence that supports the hypothesis. The hypothesis is supported by this study, which means that it is consistent with the hypothesis and provides support for the concept. Furthermore, they discovered concrete evidence that substantial owners who are not affiliated with the company reduce the likelihood of the company experiencing financial difficulties. This was a significant finding. For the purpose of preventing suboptimal managerial conduct and reducing the likelihood of a financial catastrophe, it is possible that major shareholders from outside the firm could watch the management of the company that is currently in place. This would be done in order to achieve the previously mentioned goals. They came to the conclusion that they did not find any evidence to support the premise that higher levels of institutional shareholdings are associated with a decreased chance of experiencing a financial crisis. This was the conclusion that they reached.

A similar approach was taken by Li (2008), who carried out research with the purpose of determining the impact that various aspects of governance, including ownership, independent directors, and agency expenses, have on the occurrence of financial difficulties. It was the most significant finding that came out of their investigation that there is a negative correlation between financial stress and ownership concentration, state ownership, ultimate owner, independent directors, and auditors' view. This was the most important discovery that emerged from their investigation. The opinions of auditors and the findings of independent directors were among the other discoveries that became available. The findings of the research, on the other hand, indicate that there is a positive association between the ratio of administrative expenditures and the likelihood of having to deal with financial difficulties. This is as a result of the fact that there is a correlation between the two. Simpson and Gleason (2009) conducted an investigation into the board structure, ownership, and financial difficulties that are currently being experienced by companies operating in the banking industry. The data indicates that when a single person holds the position of both chief executive officer and chairman of the board, there is a decreased likelihood of the company experiencing financial difficulties. On the other hand, with regard to the possibility of an organisation experiencing financial difficulties, the other characteristics did not have a significant influence.

In addition, Ali and Mohamadreza (2012) conducted research to investigate the impact that various aspects of corporate governance, such as ownership concentration and non-executive boards, have on the likelihood of a company in the process of filing for bankruptcy court. To be more specific, they were interested in determining the extent to which these aspects had an associated influence. To provide a more specific example, the companies that are listed on the Tehran Stock Exchange have been the primary focus of the investigation with regard to this matter. According to the findings of the study, there appears to be a significant negative correlation between the ratio of companies that declare bankruptcy and the number of independent nonexecutive board members. This correlation appears to be significant. The significance of this association seems to be greater than the fact that it was found to be positive. As more people participate in this process, the likelihood of a company having to declare bankruptcy will decrease. This is because more people will be involved in the process. It is also important to note that the likelihood of a company filing for bankruptcy decreases in direct proportion to the degree of ownership concentration, which suggests that there is a positive correlation between the two variables. The fact that this is the case is evidence that the two factors are connected to with one another. Furthermore, additional study indicated that the ratio of non-executive board members was higher than sixty percent in more than sixty-five percent of Iranian enterprises. In a number of Iranian companies, this was the situation that prevailed. To add insult to injury, the vast majority of Iranian companies exhibited a relatively low level of shareholder dispersion and a very high level of ownership concentration.

A study was conducted by Wang and Deng (2014) with the purpose of determining the nature of the relationship that exists between the characteristics of corporate governance and the possibility of experiencing financial hardship in the context of the Chinese economy that is in the process of transitioning. More specifically, the researchers were interested in figuring out the nature of the connection between the two. The findings of the study led the researchers to the conclusion that the likelihood of distress is inversely proportional to the ownership of large shareholders, the ownership of the state, and the percentage of independent directors. It was through the utilisation of a sample that included ninety-six businesses that were experiencing financial difficulties as well as ninety-six businesses that were in a healthy state that the discovery was made. Furthermore, the costs that are associated with managing agencies are particularly detrimental to the financial status of a company. This issue is especially prevalent in the United States.

According to the findings of Yussif (2013), there was no significant correlation between the decisions made by the managerial staff regarding the organization's finances and the ownership, development, and size of the organisation. Company characteristics that are associated with companies that are listed on the Ghana Stock Exchange include a greater number of directors from outside the company, a larger board size, and a higher percentage of institutional shareholdings. Each and every one of these characteristics is associated with the businesses. It is evident from the findings that these companies intend to continue pursuing a strategy that involves a high level of debt. While a lower level of debt is associated with a smaller number of oversight committees and a leadership style that is based on a single layer, a higher level of debt is associated with a higher level of debt. The reason for this is that there are fewer oversight committees this time around. Because of this, the findings of this study provide additional evidence that corporate governance plays a role in the decisions regarding funding that are made by Ghanaian companies that are listed on the stock market. A larger board size, a two-tier leadership structure, and an average of two board committees are some of the distinguishing characteristics of the board structure of companies that are listed on the Ghana Stock Exchange, according to the findings of the study. Additionally, the presence of non-executive directors is another noteworthy characteristic of these companies' board structures. All of these characteristics are characteristics that are characteristics that are characteristic of the board structure.

Conceptual framework

Figure 1 provides a visual representation of the theoretical foundations upon which the inquiry is based. This paradigm provided evidence that there is a correlation between inadequate corporate governance and the severity of the financial crisis that a company could be experiencing. Following the model that is shown in Figure 1, the concept of corporate governance will be split down into four areas. These categories will include board size, CEO duality, non-executive directorship, and shares held by the majority of shareholders. The model showed that there are other intervening variables, such as the size of the business and the age of the firm, which moderated the relationship between the variables. These variables include the age of the firm and any other intervening variables.

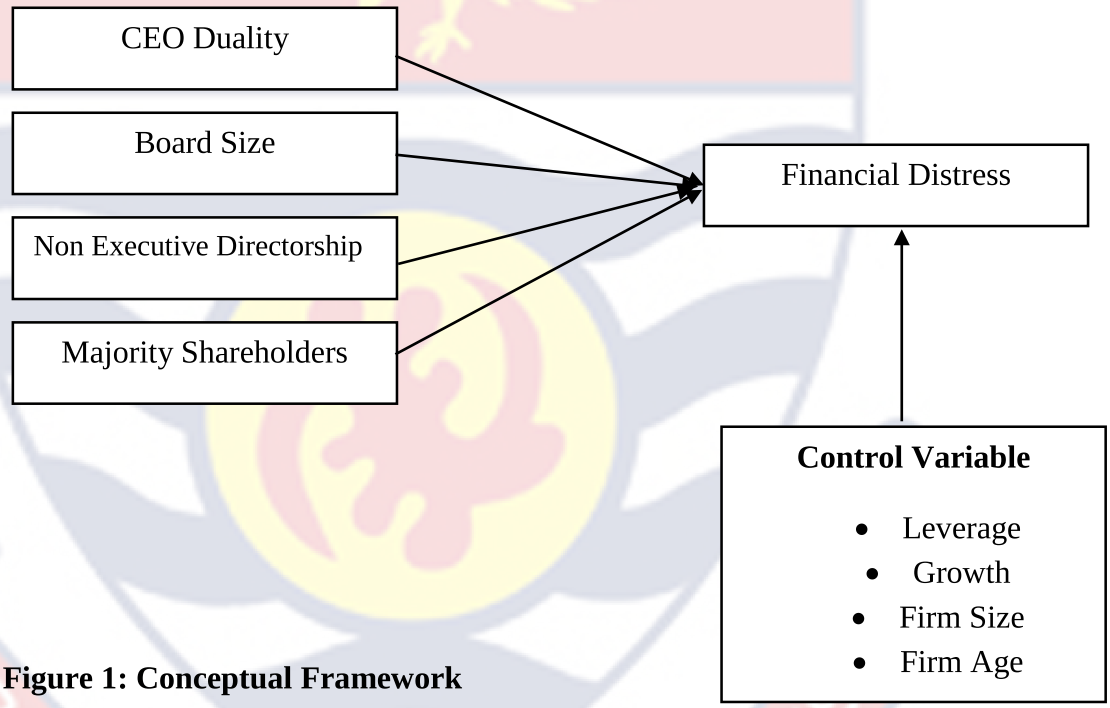

Figure 1: Conceptual Framework

Source: Author's Construct (2019)

Furthermore, the framework that pertains to the procedures of corporate governance, which is depicted in Figure 1, is in harmony with the theories that are currently available. This is seen in the fact that the framework is depicted in the figure. In terms of board size, board composition, and CEO duality, for example, the agency theory asserts that for the purpose of monitoring, a smaller board may be necessary, a board must include more external members, and a board chair must not double as the CEO of the firm. In addition, the agency theory stresses that a board chair should not become the CEO of the company. The purpose of these rules is to guarantee that the board of directors is able to exercise effective control over the company. Additionally, in accordance with the agency theory, a board chair should not be able to simultaneously fulfil the responsibilities of two different groups. To a degree that is comparable to the stakeholder theory, the stakeholder theory proposes that the size of the board ought to be increased in order to incorporate the numerous stakeholder groups in a manner that is more accurate. Continuing along the same lines, the idea proposes that a company ought to have a greater number of owners for its operations within the company. The framework also stated that, in addition to the aspects of corporate governance, the company-specific characteristics, such as the size of the firm and the age of the organisation, were also taken into consideration. This was stated in addition to the fact that the framework was a framework.

Chapter Summary

This chapter includes a complete review of the relevant literature about the effect of corporate governance on the financial distress of non-financial enterprises that are listed on the Ghana Stock Exchange. The analysis was conducted in order to provide relevant information. In particular, the Agency theory and the Shareholders theory were the two concepts that were utilised as the basis for the research that was in fact carried out. In terms of the empirical data, additional variables include the framework for corporate governance, the processes of corporate governance, and the sort of corporate governance that is being implemented. Additionally, the chapter explored the development of the notion by examining the link between each corporate governance system and financial hardship. This was done in order to better understand the evolution of the concept. Lastly, but certainly not least, a conceptual framework was developed, and it demonstrates that the corporate governance process, in addition to other factors that are special to the company, are also significant.

CHAPTER THREE

RESEARCH METHODS

Introduction

The purpose of this chapter is to offer an overview of the research techniques or the methodology that was utilised for the analysis. To be more precise, it provides a comprehensive study of the research design, the model definition, the categorization and assessment of variables contained within the model, estimation procedures, data sources, and data analysis methods.

Research approach

The qualitative technique, the quantitative method, and the combination method are the three approaches that can be utilised in research. In general, there are three approaches that can be used by researchers. Each of these methods serves a unique purpose and offers a unique set of benefits. For the purpose of this particular research endeavour, the quantitative research approach is utilised. In his article from 1998, Levin asserts that the quantitative technique is distinguished by the fact that it is both systematic and formal. Due to the fact that the quantitative approach is suitable for the purpose of this research and that the strategy could be applied to the environment of Ghanaian banks, the scientific investigation made use of this methodology. This investigation was successful in part due to the contributions of both of these factors. The descriptive design is an appropriate choice for the quantitative approach, taking into consideration the results of the investigations. In particular, this is because it makes it possible to collect numerical or quantitative data as well as to carry out analysis. This is the reason why it is so useful. The primary reason why the quantitative method is preferred over the qualitative approach is due to the dynamic nature of the quantitative approach, which makes it easier to carry out modelling. This is the fundamental reason why the quantitative method is preferred. In spite of the fact that the quantitative approach might potentially present its own set of challenges that the qualitative approach does not, this is the situation that has arisen.

Study design

For the purpose of achieving the objectives of this investigation, the explanatory design was put into action. An explanatory design is one that analyses the causes for the existence of inter-variable linkages with the purpose of providing an explanation for the phenomenon. This definition comes from Crotty (2015). In a design of this kind, hypotheses are developed and put to the test in order to gain an understanding of the correlations that exist between the variables. This kind of design is for the purpose of providing information to the audience. According to Punch (2019), the purpose of the explanatory design is to identify the most significant factors that provide an explanation for the connection between other variables. This is the objective of the design. This hypothesis is completely in line with the findings that were discovered, taking into consideration the findings that were discovered during this investigation. There were a number of factors that had an effect on the design of the study. One of these factors was the fact that the purpose of this study is to evaluate the influence that corporate governance has on the financial crisis that a company goes through. In addition, it is completely in line with the theory that served as the basis for the research that was conducted. Not only is this style adaptable in terms of technique, but it also encompasses both qualitative and quantitative approaches to research.

As a result of the numerous advantageous qualities that this design possesses, the decision to go with this design was influenced by those aspects. The versatility of this design, which also includes its capacity to make predictions regarding variables, is the first advantage that can be derived from it. The design of this study has a number of advantages, one of which is that it is simple to replicate and generalise the results of this study to the greatest extent that is feasible. This is one of the characteristics that contributes to the overall benefits of this study. To put it another way, the possibility of drawing broad conclusions based on the findings of the study is not completely out of the question. When taking into consideration the fact that the purpose of the research is to assess the influence that corporate governance has on the profitability or distress of a company, it is abundantly clear that the method that would be the most appropriate would be to make use of an explanatory design within the context of a panel study.

Target Population

The businesses that are a part of the Ghana Stock Exchange (GSE) but do not fall under the category of the financial sector make up the population of the study. The objective of the study is to determine the characteristics of the businesses. Twenty-three companies are included on the list of companies that have been received from the GSE. The list contains all of these companies. A list of companies that are not involved in the financial industry can be found in Appendix D of the report. If you scroll down to that section, you will find there.

Sampling Methods

There were a total of 23 companies that were included in the research. These companies included all of the non-financial companies that were listed on the GSE and had the largest market share, as well as those that had a very modest market share. Furthermore, the study included all of these companies. The research was carried out in the United States of America. Each and every non-financial company that was listed on the GES between the years 2005 and 2016 was taken into consideration as a result of this. The purpose of this was to find the most effective solution that could be found. Sampling is one of the aspects of statistical practice that is concerned with selecting an objective subset of individual observations from a population of individuals in order to acquire information about the population of interest, particularly for the purpose of making rational generalisations of findings back to the population from which they were selected. This is done in order to acquire information about the population of interest.

Given that the research makes use of panel data, it is of the utmost importance to determine whether the analysis should be carried out using fixed effects models or random effects models. This is because the study makes use of panel data. According to Reyna (2006), the fixed effects model is utilised within an organisation to investigate the connection that exists between the variables that serve as predictors and those that serve as results. This is done in order to determine whether or not there is a correlation between the two. Furthermore, the model takes into consideration the fact that every organisation possesses its own set of distinctive characteristics, which may or may not have an impact on the variables that play a role in the prediction process. This is something that the model takes into consideration, so it is important to note. One of the assumptions that random effects are based on is the idea that differences between companies are random and unrelated to the predictor or independent variables in the model. This is the assumption that random effects are based on. On the other hand, random effects are founded on the assumption that random effects are founded on (Reyna, 2006). What is the basis for random effects? As an immediate consequence of this decision, the development of the static panel models that are described in the following paragraphs will now take place.

Model Specification

The functional form of a panel study is given below;

$$Y_{it} = F(X_{it}, Z_{it}) + U_{it} \quad (1)$$

Where; Y_{it} represent financial distress of a non-financial firm (i) at time (t). X_{it} and Z_{it} also represent determinants or factors of corporate governance. U_{it} is the stochastic error term. Now following from equation (1), the reduced form would be equation (2).

$$FD_{it} = \alpha + \beta_1 BSIZE_{it} + \beta_2 CD_{it} + \beta_3 NED_{it} + \beta_4 OWNS_{it} + \beta_5 FSIZE_{it} + \varepsilon_{it} \quad (2)$$

When referring to the following, the abbreviations FD, BSIZE, CD, NED, and OWNS are those that are utilised: The abbreviations FD, BSIZE, CD, NED, and OWNS are used to refer to the following: FD stands for financial distress for the individual firm at the time, BSIZE stands for board size for the individual firm at the time, CD stands for CEO Duality at time t for the individual firm, NED stands for the number of outside directors on the board at the time for each firm, and OWNS stands for ownership at the time for each firm.

Measurement of the variables

Financial Distress (FD)

In this study, financial distress is the dependent variable. Altman's z-value was used as a proxy, and it is measured as;

$$Z = 1.2X_1 + 1.4X_2 + 3.3X_3 + 0.6X_4 + 1X_5$$

$$X_1 = \frac{Working\ Capital}{Total\ Assets}$$

$$X_2 = \frac{Retained\ Earnings}{Total\ Assets}$$

$$X_3 = \frac{Earnings\ Before\ Interest\ and\ Tax\ (EBIT)}{Total\ Assets}$$

$$X_4 = \frac{Market\ Capitalization}{Total\ Liabilities}$$

$$X_5 = \frac{Sales}{Total\ Assets}$$

This has been used by series of studies including (Lu, 2017; Tin et al. 2018).

Board Size

A determination was made regarding the size of the board by taking into account the total number of members who were present on the board. A number that was considered to be small was considered to be five or less, a number that was considered to be medium was considered to be ten or more, and a number that was considered to be large was considered to be ten or more. According to the predictions of observers, a company that has a smaller board size is more likely to fail than a company that has a larger board size. This is the case even though the board size of the former is greater. When it comes to making strategic decisions that are not regulated by directors who have some degree of impartiality, the chief executive officer and/or other executives will have more leeway to make decisions without being subject to any oversight. This is due to the fact that they will have a greater degree of control over the decisions that are made. According to the findings of the study, there is a negative correlation between the size of the board of directors and the degree of financial hardship that the organisation is experiencing. This was found to be the case. As a consequence of this, companies that have larger board sizes are in a better position to incorporate the ideas and viewpoints of each and every one of their members, which in turn increases the likelihood that the company will not fail. According to Akpaloo (2017) and Chenchehene (2019), the majority of the studies that incorporate board size into their model only use a count of the members who are actively serving on the board. This is the case throughout the majority of the studies. The vast majority of the studies have found this to be the case. One key distinction lies in the categorization of this particular example into three distinct categories: low, medium, and large. This classification is being done with the intention of determining whether or not there are variations in the structure of the categorization.

CEO Duality

As a result of the findings of this investigation, the term "CEO duality" is used to describe the situation in which an individual serves as a member of the board of directors of a company in addition to being the chief executive officer of that particular organisation. For the purpose of determining the degree to which the situation is dualistic, the research makes use of a dummy consisting of the numbers 0 and 1. The procedure is carried out in such a way that one (1) represents the situation in which the chief executive officer of the company is also the chairman of the board, and zero (0) represents the situation in which the opposite is true. This is done in order to ensure complete consistency throughout the process. It is believed that when a chief executive officer simultaneously serves as chair, the information that is revealed is transparent and coincides with the flow of information. This is according to the findings of the study that was conducted. The fact that the information is made public also contributes to the formation of this belief. When there is only one person involved, there is no additional compensation paid to anyone, and there is also no loss of money (i.e., payments made to the chair and the CEO). The fact that there is only one person involved is the reason for this. The financial performance of the company is improved when there is a greater number of chief executive officers who also hold the position of chair of the board. This is because of the reason stated above. An increase in the number of chief executive officers who also hold the position of board chair would be beneficial for all parties involved. To determine whether or not there is a negative association between the dual role of the Chief Executive Officer and the risk position of the organisation, the purpose of the study is to determine whether or not the hypothesis is correct.

Outside Directors

The measure that is utilised for this variable is the number of non-executive directors who are currently serving on the board of directors. This is done in order to achieve the objectives that have been set for this study. It is generally accepted that the greater the number of non-executive directors and outside executives that a company has, the more effective it will be in reducing the amount of financial pressure that it is under. This is because the number of non-executive directors and executives is directly proportional to the amount of pressure that a company is under. The findings of this study led the researchers to the conclusion that the quantification of non-executive directors consisted of the actual counts or the total number of non-executive directors who were serving on the board. After conducting an analysis of the data, this was the conclusion that was reached. According to the findings of a number of researchers, including Chen (2014) and Donker (2019), among others, these measurements are in agreement with the findings of their respective studies. A greater number of non-executive directors are expected to demonstrate a negative link with the financial issues of the companies, according to the findings of the study, which led to the prediction that this will occur. Because of the data, this is the conclusion that can be drawn from them.

Ownership (OWNS)

Within the context of this discussion on ownership, the ownership variable was defined as the proportion of managerial ownership in comparison to the proportion of institutional or public ownership. This was done according to the definition of the ownership variable. Using a dummy, the value zero (0) represents a greater amount of managerial ownership, whereas the value one (1) reflects a greater level of institutional or public ownership. Both of these values signify a higher level of ownership. The table that follows displays both of these values for your perusal. Furthermore, the findings of the research indicate that there is a connection between ownership and the risk position of the organisation which was investigated. In addition, they provide evidence that this association is present. To put it another way, the amount of institutional ownership that an organisation possesses is directly proportional to the likelihood that the company will experience financial difficulties. It was determined by Donker (2019) and Yussif (2013) that this particular measurement of the variable was consistent with their findings. Both of these researchers came to this conclusion.

Firm size (FSIZE)

The objective of this investigation was to ascertain the variable size of the organisation, and the natural logarithm of the total assets of the company was utilised in order to acquire this information. To put it another way, the process of tracking the cash allows for the entire cash flow of the company to be linearized with the help of the tracking process. The assumption that the number is exceptionally large and includes a great number of different denominations is a reasonable one; consequently, linearization is a possibility that ought to be taken into consideration. Due to the fact that this particular method of computation is utilised in the majority of research (Akpaloo, 2017; Brédart, 2018), it is highly probable that it is not too far from the best practices. This is due to the fact that the specific method of calculation is utilised by the majority of the studies. This formula has been used more frequently in studies to propose that as organisations grow in size, they attract the attention of stakeholders and more investments, which helps the company to position itself financially. This conclusion has been supported by the findings of these studies. This formula has been utilised to imply that the occurrence of this circumstance takes place. This can be attributed to the fact that the substantial size of the organisation serves as an incentive for additional investments. The expectation is that there is a negative association between the size of a corporation and the financial challenges that a company is experiencing. This is the expectation that has been taken into consideration.

Firm Age

It is common practice to use the term "firm age" to refer to the amount of time that a company or business has been in operation since it was first established because this is the term that is most commonly used. This is due to the fact that the phrase "firm age" is prevalent in everyday speech. To be more specific, it is a measurement of the amount of time that a company has been actively doing business activities. In other words, it is a measurement of how long a company has been doing business. It is possible that the age of the organisation is a significant factor to take into consideration when it comes to gaining an understanding of the stability, experience, and potential for development of a company. It is possible for the age of a company to have an effect on a number of different aspects of the business, such as its reputation, clientele, financial stability, and the level of expertise that it has accumulated over the course of its history. The number of years that the company has been in business is one of these aspects. In spite of the fact that there are situations in which more mature businesses might have a well-established position in the market and a clientele that is loyal to them, there are also situations in which more recent businesses might be more creative and adaptable to shifting trends. Whenever investors, analysts, and researchers are conducting an analysis of a company's performance, potential risks, and future prospects, they typically take into consideration the age of the organisation in addition to other variables that are pertinent to the analysis. One of the most essential things to keep in mind is that the age of a company is not the only factor that determines whether or not it will be successful. This is something that should be kept in mind at all times. Management, the conditions of the market, and the dynamics of the industry are some of the other factors that play important roles. Other factors include the dynamics of the industry. The age of the company was determined by counting the number of years that it has been listed on the market. This was the method that was used.

Leverage

The leverage percentage of a corporation is the extent to which the company is able to keep its operations and investments going through the utilisation of debt or cash that has been borrowed. In the context of the organisation, this particular percentage is known as the leverage ratio. One method of enhancing a company's potential return on investment is through the utilisation of leverage, which is a financial strategy that involves the utilisation of borrowed funds, which typically take the form of loans or bonds. As a result of employing a leverage financial approach, this objective is successfully accomplished. A suitable replacement for this variable was found to be the Debt-to-Equity Ratio, which is derived by dividing the total debt by the shareholders' equity. This ratio was found to be an appropriate representation of the situation.

Sources of Data

For the purpose of carrying out the study, annual series data were collected from 2005 until 2018. This was done between the years 2005 and 2018. The financial statements of the Ghana Stock Exchange were utilised in order to compile the series on leverage, board size, audit committee, CEO duality, outside directors, firm size, and leverage. This was done in order to fulfil the purpose of the compilation. The series on leverage served as a stand-in for the numerous financial challenges that the company encountered as a result of its utilisation of leverage. We will be using the websites of each individual company as a source of data in order to obtain information on the ownership structure of the company. The financial distress (FD) of businesses, which is exemplified by leverage, will serve as the dependent variable that will be utilised for the purpose of this investigation. In contrast, the independent variables are comprised of all of the other corporate and governance components that were discussed earlier in the paragraph. These components are referred to as the "independent variables."

Data Analysis

A suggestion was made by Kothari (2004) that the data obtained from the study ought to be processed and evaluated in a manner that is in accordance with the goals of the research. This recommendation was made in accordance with the proposal that was presented. In order to determine whether or not the information that was gathered from the two banks was sufficient, appropriate, accurate, and trustworthy, each and every piece of information that was gathered was examined. For the purpose of determining the extent to which corporate governance has an effect on financial hardship, both descriptive and econometric models were utilised in the process of evaluating the panel data that was gathered from 2005 to 2018. This was done in order to determine the influence that corporate governance has on financial hardship.

The data that was acquired was prepared for analysis by entering the information that was obtained from the companies that were listed on GSE into Microsoft Excel. This was done in order to make the data that was acquired ready for analysis. It was necessary to do this in order to get the data ready for critical examination. Both the software programme STATA version 15 and the Statistical Programme for Social Science (SPSS) were utilised in order to accomplish the objective of conducting the analysis of the data that was gathered after that particular point in time. It was necessary to make use of a variety of tools in order to demonstrate and provide a description of the characteristics of the variables that were the focus of the investigation. These instruments included the mean, the highest possible value, and the lowest possible value.

The data were subjected to a number of diagnostic tests, such as multicollinearity and heteroscedasticity, in order to ascertain the degree to which the data were robust. In order to fulfil the prerequisites of the traditional linear regression model, this was carried out. Through the utilisation of correlation analysis and the variance inflation factor (VIF), which served as the foundation for the determination, it was possible to ascertain the extent to which the variables were collinear with one another. An explanation was provided for each parameter, and the results of the regression analysis were presented in a tabular format. This explanation was in accordance with the findings from previous research. According to the results of previous research, this presentation was given in accordance with those findings.

For the purpose of conducting an analysis of the objectives of the study, the researchers made use of a combination of the random effects statistical approach and the fixed effects statistical approach. When using the fixed effects model, it is possible to have a unique intercept for each cross-sectional unit. Furthermore, the model is time invariant, which basically means that it does not change over the course of time. This model is considered to be a time invariant model due to the combination of these two characteristics. On the other hand, the random effect model is not affected by the passage of time and employs different intercepts for various cross-sectional units. This model is characterised by its ability to ignore the passage of time. This model functions without regard to the passage of time during its operation. As a consequence of this phenomenon, it would appear to be a model that has fixed effects. The fixed effect model is differentiated from the random effect model, as stated by Brooks (2014), by the fact that the random effect model establishes a common mean for the various units of the intercepts that they originate from. In contrast, the fixed effect model does not have this common mean. The fixed effect model, on the other hand, does not adhere to the concept of a common mean. Consequently, the difference between the two models became more obvious as a consequence of this.

Utilising the Hausman-Test was done with the intention of determining whether the fixed effect model or the random effect model should be utilised for the purpose of gathering information. In the article by Brooks (2014), it is stated that the Hausman Test is taken into consideration in order to ascertain whether or not the random effects model is successful. It is because of this that it becomes possible to determine whether or not switching from the random effect model to the fixed effects model is the most suitable alternative. In the event that the p-value for the Hausman Test is calculated to be statistically significant, the fixed effects model would be utilised as the appropriate method of analysis. The random effects model, on the other hand, would be utilised in the event that the p-value indicates that the results are not statistically significant.

Diagnostic Tests

Diagnostic tests were performed on the variables, including tests for multicollinearity and heteroscedasticity, amongst others. These tests were among the many that were performed. Both correlation and the variance inflation factor (VIF) were utilised in the analysis that was carried out in order to determine the presence of multicollinearity. A metric known as multicollinearity can be utilised in order to accomplish the task of determining the extent to which the independent variables and the explanatory variables are connected with one another. When there is a correlation coefficient between two variables that is equal to 0.8, which indicates that the variables are substantially collinear, one of the variables in question is eliminated from the regression analysis. The fact that this is the case suggests that the variables have a strong relationship with one another. After using correlation with the intention of determining whether or not there was multicollinearity, the Variance Inflation Factor (VIF) was utilised in order to identify whether or not there was collinearity in the variables. In accordance with the consensus reached, the research will not incorporate any and all variables that have a VIF value of ten or higher.

It was determined through an investigation into heteroscedasticity whether or not the disturbance terms had a variance that was comparable to one another. This was done in order to determine whether or not the variance was comparable. In order to determine whether or not heteroscedasticity was present in the collection of data that was analysed, a Breusch-Pagan test was carried out. This test indicates that there is a problem with heteroscedasticity among the data set if the p-value is significant (that is, if it is less than 0.05) at a confidence level of 95%. If the p-value is higher than 0.05, then the test is not significant. If, on the other hand, the p-value is not significant, then there is no problem with heteroscedasticity being present within the data set even if it is present.

Chapter Summary

An examination of the methodology that will be utilised in the research project was included in the presentation that was included in this chapter. As a means of providing further clarification, the investigation was carried out using the explanatory research design. In the course of this investigation, the information that was supplied by publicly traded non-financial companies was utilised. We retrieved the annual reports of companies that were published between the years 2005 and 2018, which was the time period that our research focused on. This decision was made in order to carry out an analysis of the objectives of the study, and it was decided that the POLS, FE, and RE would be utilised.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

In this chapter, an analysis of the results is presented, along with explanations of the respective outcomes and their implications. The chapter is mostly broken up into three sections: first, descriptive statistics were provided, then model diagnostics were discussed, and finally, the model itself was discussed.

Descriptive Statistics

The significance of the observation, the mean, the median, and the standard deviation, as well as the lowest and maximum values of the variables that supported the research, were all examined in this section. Additionally, the evaluation included the standard deviation. In accordance with the descriptive statistics, the characteristics of the variables that were employed in the research are specified. According to Table 1, the results of the descriptive statistics have been made available for the general public to make use of.

Table 1: Descriptive Statistics

Variables	Obs	Mean	Std. Dev.	Minimum	Maximum
FD	201	2.50	0.482	1.4312	7.12
CD	201	0.0684	0.1258	0	1
NED	201	.107321	.1236	1	7
OWNS	201	.708917	.068624	0	1
BSIZE	201	.062517	.101806	5	13
FSIZE	201	1.54113	.172003	17.5431	22.25

Lev	201	3.721	1.344	0.702	7.923
Fage	201	8	0.321	4	26

Source: Bentum (2019)

Table 1 presents an overview of the statistics that pertain to each of the factors that were investigated throughout the course of the research. These statistics are presented in the finding section of the table. In these statistics, the components that make up the mean, the standard deviation, the minimum value, and the maximum value are all taken into consideration. The vast majority of the time, variables that have large standard deviations are indicative of the fact that they include a greater degree of variation and are, as a result, not distributed in a regular manner. This is in contrast to variables that have smaller standard deviations. According to Atosh (2016), the utilisation of descriptive statistics serves the purpose of demonstrating the distribution of the variables that are being investigated. This is true regardless of whether the variables in question are positive or negative. Once again, standard deviations are utilised in order to quantify the dispersion of information concerning the centre (mean), and smaller values indicate that the data is sufficiently spread out. As a result of the fact that the mean is the centre of the distribution, this is the case. Furthermore, the data demonstrated that individuals from the general public hold up to seventy percent of the shares of the companies that are publicly listed between the years 2005 and 2018, as demonstrated by a mean value of 0.708%. This was one of the findings that emerged from the survey. Due to the fact that the shares were owned by individuals, this was demonstrated to be that. By contrast, the standard deviation value of.068 indicates that the proportion of ownership held by the general population exhibited only a moderate level of variation. This is the case because the value of the standard deviation was.068.

With a standard deviation of 0.125, the CEO duality (CD) displayed a range that extended from a high of one to a low of zero. The range was determined by the standard deviation. This range was best demonstrated by the fact that the CD exhibited variance. It is possible to draw the conclusion that the distribution of duality is balanced, and that the degree of variance is quite low, based on this information. At this point in time, the Board Size (BSIZE) of the organisation is comprised of approximately eight different individuals. It is possible to see that there is a significant amount of variation between the various companies with regard to this characteristic. This is because the minimum number of members on the board is five, and the maximum number of members is thirteen. Due to the fact that the board can have a maximum of thirteen members, the minimum number of members is five, and the maximum number of members is thirteen. When one examines the firm size (FSIZE), which is one of the control variables, it is possible to observe that the mean firm size is GHC 15,541,130, with a minimum value of GHC 17,543,100 and a maximum value of GHC 22,251,000. This is the case regardless of whether the firm size is positive or negative. In the course of the investigation into the size of the company, this is something that can be observed. This discovery is correct, if we take the average into consideration. In addition to this, the distribution was well-balanced, and the amount of variation was relatively low in comparison to the other factors.

Correlations

This section also analysed the correlation between the variables underpinning the study.

Table 2: Correlation

	FD	CD	NED	OWNS	BSIZE	FSIZE	LEV	Fage
FD	1							
CD	-0.0963	1						
NED	-0.0216	-0.0479	1					
OWNS	0.0045	-0.0728	0.4293*	1				
BSIZE	-0.2513*	-0.0842	0.1567*	0.0636	1			
FSIZE	0.0012	0.0363	0.4679*	0.5787*	0.1499*	1		
LEV	-0.0728	-0.1353*	0.6364*	0.592*	0.0158	0.3752*	1	
Fage	-0.078	-0.0035	0.6477*	0.4252*	0.0993	0.5179*	0.5242*	1

Source: Bentum (2019)

There are each and every one of the variables that were utilised in the empirical investigation, and they are all included in the pairwise correlation matrix that is presented in Table 2. After conducting an exhaustive analysis of the correlation matrix, it has been concluded that the empirical specification does not display any problems that are associated with multicollinearity in any way, shape, or form. This is due to the fact that none of the independent variables have correlation coefficients that are greater than 0.80 (Adam, 2015). This is the reason why situations are the way they are.

Empirical Estimation and Discussion

Before the variables of interest were subjected to any estimation, a Variance Inflation Factor (VIF) was done to test for multicollinearity. The result of the VIF is presented in Table 4.

Table 3: Variance Inflation Factor

Variable	VIF	1/VIF
FD	2.39	0.418823
CD	2.26	0.442712
NED	2.02	0.496086
OWNS	1.86	0.538398
BSIZE	1.23	0.812992
FSIZE	1.2	0.831935
Lev	1.2	0.8323
Fage	1.16	0.859935

Source: Field survey (2023)

Within the context of this particular scenario, the VIF was the multicollinearity test that was taken into consideration. As a result of the fact that the mean VIF was 1.75, which is not equal to 10, it is possible to arrive at the conclusion that there is no multicollinearity among the variables. The fact that the VIF is negative confirms the validity of the assumption, which is the reason why this is the case.

In this section, the estimated findings of the variables that explain the phenomenon are presented. These findings are obtained by employing both the fixed effects regression model and the random effect regression model. The findings presented here are a consequence of the multicollinearity test that was carried out. This table presents the results of both the random effect regression and the fixed effect regression. Both sets of results are presented in Table 5. There is a presentation of both versions of the results. In addition to the presence of non-executive directors, the majority of the board, the size of the board, and dual leadership of the CEO are all important factors. A regression analysis was carried out within the context of a difficult financial situation. The factors that were taken into consideration included shareholders, leverage, growth, the size of the business, and the age of the company. In accordance with what is presented in Table 5, the researchers have reported the results of the OLS, FE, and RE respective studies.

Table 4: Regression Results

Dependent Variables =	(1)	(2)	(3)
FD	OLS	Fixed	Random
CD	-.0006679**	-0.0003421	-0.0006828
	(.0002924)	(.0002968)	(.0002938)**
NED	.2267608*	0.2871124	0.245569
	(.1220339)	(.2503592)	(.1366223)*
OWNS	.0616709	-0.2525756**	0.0288957
	(.0720685)	(.1126745)	(.0783402)
BSIZE	.0206347***	0.0217365***	0.0207231
	(.0040121)	(.0040731)	(.004006)***
FSIZE	.0031691	0.0012884	0.0040583
	(.0033879)	(.0041858)	(.0035984)
Lev	-.8068114**	-1.193289**	-0.7800468
	(.3607226)	(.5816368)	(.4035251)*
Fage	-.0077345	-0.0311062***	-0.010777
	(.0054494)	(.0079202)	(.0059244)*
Constant	.0863792	4.013849***	0.3579492
	(.3851178)	(1.113033)	(.0448578)***
R^2	0.10.84	0.1573	0.1092

Source: Bentum (2019)

Post Estimation Tests

Omitted Variable Test: F(3, 301) = 34.62 Prob > F = 0.000

Because the data is a short panel (small "N" with big "t") and, as a consequence, has a tendency to exhibit the pooling effect during the estimation process, it was estimated using a method known as ordinary least squares. This was done because the pooling effect frequently occurs during the estimation process. It was determined that the OLS was not suitable for interpretation after post-estimation tests, most notably the omitted variable test, were carried out. This was due to the fact that the OLS contained variables that were not incorporated into the analysis. Because of this, it was necessary to estimate the static panel and determine the model that is included in the estimation of the static panel in order to comprehend it with the assistance of the Hausman test. This was done in order to gain an understanding of the static panel.

Hausman test to choose between fixed and random effect

On the basis of the null hypothesis, which states that individual effects are not associated with any model regressor, the methodology that is utilised in the Hausman specification test is established. This hypothesis will serve as the basis for the methodology that will be performed. The alternative hypothesis, which asserts that the fixed effect model is preferred in comparison to the random effect model, is able to refute the null hypothesis, which asserts that the random effect model is the one that is preferred. This is because the alternative hypothesis is able to demonstrate that the random effect model is not preferred.

Table 5: Hausman Test

Test summary	Chi-squared Stat.	Chi-Square d.f	Probability
Model 1	3.16	8	0.9774

Source: Field Survey (2023)

For this test, a Chi-Square distribution is utilised, and the degrees of freedom are proportional to the number of regressors that are incorporated into the model. In the process of carrying out this test, the assumption that orthogonality is accurate is taken into consideration. In the process of determining the standard level of significance, a p-value that is lower than 0.05

is considered to be acceptable. In the event that you are interested, the Chi-Square probabilities applicable to the regression analysis are presented in Table 8. When the results of the regression analysis are taken into consideration, the p-values are discovered to be 0.9774. Because the conventional significance criteria is $p > 0.05$, we are unable to reject the null hypothesis for any of the model regressions. This is because the null hypothesis is not supported by the data. Because of this, the significance of the null hypothesis is demonstrated. Due to this particular reason, the random effect model is favoured over the fixed effect model for all of the various types of regression analysed. You can find the complete table of random effects in Table 7, which can be found below. This table has been provided for your convenience.

Table 6: Random Effects Regression Results

	Coef.	Std. Err.	z	P>|z|
BSIZE	-0.06828	0.02938	-2.32	0.020
OWNS	-0.245569	0.1366223	-1.80	0.072
Firm Size	0.0288957	0.0783402	0.37	0.712
NED	0.0207231	0.0040062	5.17	0.000
Lev	0.0040583	0.0035984	1.13	0.259
Fage	-0.7800468	0.4035251	-1.93	0.053
Lending Rate	-0.010777	0.0059244	-1.82	0.069
CD	0.0148491	0.0021135	7.03	0.000
Constant	-0.3579492	0.0448578	-7.98	0.000

Source: Bentum (2019)

A few of the components were found to be significant at a threshold of significance equal to five percent, as can be seen in Table 5. This level of significance was determined to be significant. The findings of the research led the researchers to this conclusion. Every single variable, with the exception of outside directors (NED) and CEO duality (CD), had a positive connection with the occurrence of financial challenges, as was stated earlier. The only variables that did not have a positive connection were other than those mentioned above. This was true for each and every variable at play. On the other hand, when there is a negative link, which indicates that distress is more likely to occur, the opposite is true. This is due to the fact that the positive sign indicates that the likelihood of experiencing discomfort increases in proportion to the amount of different elements that are present. On the other hand, the negative connection demonstrates that the likelihood of experiencing distress significantly increases.

Effect of Board Size on financial distress of Listed Non-financial institutions on Ghana Stock Exchange

The primary objective of the study was to conduct an investigation into the relationship between the size of the board of directors and the degree of financial difficulty that non-financial organisations that are listed on the Ghana Stock Exchanged Market are experiencing. This was the primary objective of the study. According to the findings presented in Table 5, it was discovered that the size of a company's board of directors has a statistically significant influence on the amount of financial hardship that the company is experiencing. The findings of the research led to this conclusion. It was decided that a board with fewer than five members was considered to be small, a board with six to ten members was considered to be medium, and a board with more than ten members was considered to be enormous. This was the conclusion reached when it came to the size of the board. In Table 5, the reference group was presented. This group was comprised of the smaller group that had been discussed earlier in the conversation. It has been demonstrated that there is a negative correlation between a group of medium size and the financial difficulties that a company is experiencing, and this correlation is significant at a level of five percent with regard to the level of correlation. Put another way, when it comes to situations that are financially stressful, a board that is medium-sized, as opposed to a board that is small-sized, has a negative influence. This is because of the size difference between the two boards. Therefore, this is due to the fact that boards of a medium size are more likely to have a negative impact.

Furthermore, it was found that a large number of board members does have a negative influence on the financial distress of an organisation that is not in the banking business. This was discovered through research. The conclusion that was arrived at was found to be this. Every unit increase in the board size that is greater than ten results in a reduction of 0.06828 units in the amount of financial hardship experienced by the organisation. This is the case at a significance level of five percent. This holds true regardless of the magnitude of the variance, which can be either small or large. On the other hand, this reduction is only accomplished for each and every unit increment that is accomplished. There is a direct correlation between the size of a company's board of directors and the likelihood that the company will be able to avoid a financial crisis. This is indicated by the data. To phrase it another way, the evidence seems to indicate that the likelihood of this happening is increasing. Companies that have boards of directors that are significantly smaller in size are more likely to experience financial failure. This is in contrast to organisations that have boards that range in size from medium to large. This is due to the fact that boards of directors that are smaller in size are more likely to have a smaller number of members. Taking into consideration the results of earlier empirical studies, such as Akpaloo (2017) and Miglani et al (2015), it would appear that the conclusion might not constitute a significant departure from the standard that has been established. The findings of these investigations indicate that this is the direction that should be pursued, as demonstrated by the case.

It was made abundantly clear in the research that was carried out by Akpaloo (2017), for example, that a small board size member is considered to imply an inability or diminished ability on the part of a corporation to co-opt resources from its surroundings that are necessary for existence. This was one of the findings that emerged from the research. In light of the findings of the study, this was made abundantly clear. There is a greater likelihood that the company will fail financially as a consequence of this happening. This is due to the fact that this places a pressure on the corporation to financially rise above the tide. The likelihood of the company experiencing a financial failure is increased as a result of this. When everything is said and done, the greater the number of board members, the better the company is able to weather the storms that it encounters in terms of its finances. This is because the board members are more powerful. On the other hand, when there are a relatively large number of board members, this authority is severely constrained (Miglani et al., 2015). To a similar extent, it is generally accepted that a board of directors that is relatively small provides the management or the chief executive officer with the authority to make decisions or to assume control of the organisation. This authority, on the other hand, is severely constrained any time there is a restriction placed on the strength of the board.

The findings that were obtained were in stark contrast to the findings that were acquired by any of these other researchers, so when compared to the findings that were obtained by Brédart (2018), Chen et al (2013), and Wang and Deng (2014), the findings that were obtained were in stark contrast. Although Chen et al. (2013) and Wang and Deng (2014) discovered that there is a connection between board size and financial distresses, Zhang and Deng (2014) discovered that there is a correlation between board size and financial distresses. This is in contrast to the findings of Chen et al. (2013) and Wang and Deng (2014), who discovered that the association is not statistically significant. According to the findings of Brédart (2018), the size of the board of directors has a positive influence on the degree of financial difficulty that a company is experiencing. It was found that the size of the board of directors had a positive impact on the severity of financial difficulties suffered by the organisation. Companies that have larger board sizes are more likely to experience financial difficulties than those that have smaller board sizes, according to a perception that is widely held by the general public. For those who are opposed to increasing the size of boards of directors, there are a number of significant points of contention. Both the bureaucracies that are involved in the process of decision-making and the expenditures that are made by the company in the form of allowances or remunerations are included in this category.

Effect of CEO duality on financial distress on listed non-financial institutions on the Ghana Stock Exchange Market

The second objective of the study was to investigate the connection between the presence of a dual chief executive officer and the degree of financial difficulty experienced by non-financial organisations that are listed on the Ghana Stock Exchange Market. This was the second goal that the study aimed to accomplish. The findings are presented in Table 8, which can be accessed by clicking on the link provided before. It has been found that the presence of a dual chief executive officer is not only significant but also has a positive influence on the status of any company or organisation that is going through a difficult time on the business front. This information was uncovered as a result of an investigation. It has been determined that the likelihood of the company experiencing instances of financial hardship has increased by 0.0148491 percent as a result of the findings. Specifically, this is due to the fact that the likelihood that a chief executive officer (CEO) will serve as the chairman of the board of directors has resulted in the likelihood that the company will experience instances of financial hardship. Additionally, the positive indicator suggests that there is a positive connection between the dual position of the CEO and the fact that the company is experiencing financial difficulties. This is a positive relationship. In light of this, it can be deduced that there is a constructive relationship between the two roles. As a consequence of this, the likelihood that these businesses will experience financial difficulties is directly proportional to the number of chief executive officers who also hold the position of chairman of the boards of directors in the respective businesses. This is due to the fact that the combination of these two roles makes it more likely that one will experience difficulties with one's finances. To phrase it another way, the degree to which the chief executive officer of a company also serves as the head of the board of directors is directly proportionate to the likelihood that the company would incur a financial catastrophe. Two distinct lines of reasoning can be found in the empirical literature regarding the connection between CEO dualism and the financial difficulties of companies. Both of these lines of reasoning are discussed below. The relationship between the two is evaluated through the use of these lines of reasoning. Within the scope of this article, both of these ways of thinking are the subject of discussion. The findings of the study that Chenchehene (2019) carried out suggest that duality is a factor that contributes to increased levels of productivity in the workplace. Consequently, this will result in an improvement in the financial situations or performance of the company.

This is the first of the arguments that lends credibility to the concept of having a dual chief executive officer, and it is in accordance with the findings of the research that Chenchehene herself conducted. To be more specific, it is believed that having a dual chief executive officer (CEO) result in a situation in which there is a distinct head of the organisation and where there is no room for debate regarding who is in charge of a particular issue or who is responsible for it. This is because there is no competition for the position of chief executive officer. This is due to the fact that there is no room for misunderstanding. The fact that this is the case is due to the fact that there is no room for misunderstanding the situation. It has been stated that the separation of the roles of board chair and CEO is certain to result in turbulence not only within the company but also with regard to the board. This is something that has been mentioned. The reason for this is that the separation of these positions is something that is virtually certain to take place. Taking into consideration the fact that the scenario is directly responsible for the separation of these two points of view, this is the reason. According to Kukah (2015), in the event that such a "chaos" does take place, it is highly probable that this will have a negative influence on the development of corporate strategy as well as the organization's ability to respond to changes in the many aspects of the external environment. This is because the "chaos" will impact the ability of the organisation to respond to changes in the external environment. The "chaos" will have a detrimental effect on both of these aspects, which is the reason why this is the case. As a consequence of this, the organisation will have a diminished capacity to adapt to the changes that are taking place. According to Ming and Akhtar (2014), one of the reasons for dualism is simply for the purpose of achieving the goal of maximising efficiency or minimising the amount of time spent making evaluations. This is one of the reasons for dualism. The fact that this is the case is one of the arguments that can be made in support of dualism.

In addition, the conclusion is in direct opposition to the findings of the research that was carried out by Nasir and Mazurina (2018). This is an additional point of interest. The presence of a dual CEO, according to their statement, only serves to contribute to conflicts of interest, which in turn disrupt the flow of decision making and may ultimately lead to the financial failure of the company. There is either a contradiction between the findings of the study and the conclusion, or the findings themselves contradict the conclusion. As a result of the investigation that Aamanhyia et al (2018) carried out on the Ghana Stock Exchange, there was an additional contributor that cast doubt on the findings of the study, and that contributor was the outcome. According to the findings of the research that was conducted by Aamanhyia et al. (2018), it was found that there is no statistically significant connection between the presence of a dual primary executive officer and the financial issues that are experienced by companies that are listed on the Ghana Stock Exchange. This was one of the findings that was discovered. On the other hand, the presence of audit committees and the independence of the board were the most important factors to consider when determining whether or not the company was experiencing a financial crisis.

Effect of non-executive directorship on financial distress on listed non-financial institutions on the Ghana Stock Exchange Market

One of the objectives of the study was to investigate the influence that non-executive directorship has on the degree of financial difficulty that non-financial institutions that are listed on the Ghana Stock Exchange Market are experiencing. According to the findings that were presented in Table 5, any increases in the non-executive directorship (NED) of corporations result in a 0.0207231 percentage point rise in the financial distress situation of the company. This was determined by analysing the data at a significance level of 5%. Despite the fact that the significance level was set at 5%, this was demonstrated to be true. According to the viewpoint, there was a positive connection between the inclusion of more outside directors or an increasing number of them and the occurrence of financial difficulties. This was the conclusion reached by the viewpoint. When the point of view was utilised, this was the conclusion that was arrived at. The term "non-executive members of the board or director" refers to those individuals who serve on the board or director of the company but do not hold executive positions within the company. For the purpose of this phrase, the presence of individuals who are not executives of the company is what is being referred to. Individuals who are not a part of the group are considered to be impartial and independent. Additionally, they are beneficial to a company because they offer a variety of perspectives and contribute to the expansion of directors' knowledge in general. This makes them advantageous to the directors of the company. The sign that was anticipated by the study as well as other empirical findings is directly contradicted by this, which is a direct contradiction.

According to Chen (2014), who cites Sheppard (1994) on page 81, the presence of outside directors in a company "provides an indicator of the board's orientation towards its external environment and, as a result, its ability to respond to change." Chen's statement is based on the interpretation of Sheppard's work. The statement made by Chen is in reference to the capacity of the board to successfully adjust to alterations in the external environment. Additionally, one of the primary contributors to the ultimate demise of these organisations is the incapacity of businesses to adapt to the new circumstances that they are confronted with. It is therefore reasonable to assert that organisations that have a smaller number of outside directors will be slower to react to changes in the external environment, and as a result, they will be more likely to be in a state of financial crisis. This is because of the fact that the external environment is constantly changing. This is due to the fact that the external environment is constantly transitioning from one state to another. The ownership or majority shareholding ratio of a company was another factor that was shown to have a negative and significant influence on the financial distress of a company. This was demonstrated by the fact that it was a significant factor. One of the things that was discovered to have an effect was this particular thing.

Effect of majority shareholdings on financial distress on listed non-financial institutions on the Ghana Stock Exchange Market

The fourth objective of the research that was intended to investigate this phenomenon was to carry out an investigation into the impact that majority shareholdings have on the financial challenges that non-financial companies that are listed on the Ghana Stock Exchange Market are facing with regard to their financial situation. At a significance level of 10%, the findings that are presented in Table 5 have led to the conclusion that a decrease of 0.06828 units of financial hardship was brought about as a result of an increase in the number of shares of a company that are held by individuals who are not affiliated with the company or member of the general public. This conclusion was arrived at as a consequence of the data that is displayed in the table containing the information. The conclusion that was reached was arrived at after taking into consideration the facts that were presented. If, on the other hand, management or the institution makes the decision to increase the amount or number of shares, there is a 0.0055 percentage point increase in the likelihood that the company will experience financial difficulties. This is as a result of the fact that the likelihood of coming across difficult financial circumstances is on the rise. The findings of this investigation, which were in agreement with the theory, offered evidence in support of the hypothesis that was being investigated at the time. The number of shares that the general public holds in a company is directly proportional to the public's power to exert influence over other decisions that are not directly related to the company's operations and to make the company robust enough to withstand other financial challenges, according to Yussif (2013). Along the same lines, Yussif (2013) arrived at the same conclusion, which offered support for the initial discovery.

One of the many ways in which managers can advance their own personal interests is through the development of conglomerates. This is just one of the many ways that managers can do this. In light of the fact that the distribution of ownership shares is becoming more fragmented, the most significant conclusion that can be drawn from this is that the discretion of managers will decrease. The conclusion that can be reached is the most important one that can be reached. However, when the majority of a company's shareholders are members of the general public, the management of the company has less leeway to exercise their discretion with regard to the operations of the company. This is because the general public have a greater stake in the company. This is due to the fact that the general public has a more robust connection to the corporation than the general public does. In addition, the fact that the company is better prepared for achieving success or making a profit When there are limitations placed on the manager's ability to exercise discretion, the organisation is better positioned to achieve success. This is due to the fact that the company has improved its readiness for success. In 2019, Donker presented a viewpoint that was in direct opposition to the findings that were revealed in the study when it was presented. This viewpoint was presented in 2019. Based on the findings of the study, it appears that companies that have higher levels of management shareholdings are more likely to experience financial difficulties. This is the overarching conclusion that can be derived from examination of the details. The fact of the matter is that the businesses that are most likely to be confronted with financial challenges are the ones that are impacted by this.

Control Variables

It has been discovered that the size of the company, which is also known as the FSIZE, has a significant influence on the degree of financial distress that a company is experiencing. This is in addition to the factors that have already been discussed. This influence, on the other hand, does not point in a constructive direction. According to Table 5, the probability of a company experiencing financial difficulties decreases by 0.3830 for every increase in the size of the company, which is determined by the amount of capital that the company possesses. This is the case regardless of whether the company goes public or not. It makes no difference whether the company in question is a small or a large business; this is always the case. The fact that the size of the company was included in the model as a control variable gives the impression that it does not have a direct influence on the degree of financial difficulty that the company is going through at the moment.

The results of this study were supported by the findings of Arthur (2015), who found that the size of a company had a positive impact on the reduction of financial hardship. This finding was supported by the findings of this study. In light of the findings of this study, this conclusion was found to be legitimate. Additional evidence that supported this conclusion was provided by these data that were obtained from this investigation. When there is an increase in the amount of cash capital or money that a company possesses, the financial pressure that the company is experiencing is alleviated. The company's viability is increased as a result of this, which in turn makes the company more competitive. To put it another way, this is the premise upon which the argument would be constructed. The research that was carried out by Belkhir (2019) came to the conclusion that the size of the company was a significant factor in determining whether or not the company would continue to exist or survive. This conclusion was reached based on the findings of the research. In addition, the results of the study offered evidence that supported the assertion that was first made. In the realm of quantitative research, post estimation tests are considered to be of the utmost significance, as stated by Torres-Reyna (2014). The importance of this is emphasised throughout the entirety of the article. These tests, which provide information on both the degree to which the model is consistent with the data and the question of whether or not the model is accurately defined, address both of these questions. More specifically, they provide information on both of these questions. To determine whether or not the coefficients of the model are significant when taken into consideration as a whole, the Wald test is the method that is utilised in Table 5. The objective of this test is to determine whether or not the model is significant. In the event that the evaluation (p-value) is found to be significant, the model is regarded as being accurate at the conclusion of the evaluation process.

It is possible to determine whether or not all of the coefficients in the model are different from zero by using the Wald test, which is an F-test, as stated by McManus (2011). Taking this into consideration, it is a significant discovery. Performing a comparison between the values of all of the coefficients and zero is one method that can be utilised to arrive at this result. It is reasonable to draw the conclusion that the coefficients in the model were statistically distinct from zero, which indicates that the model was excellent. This conclusion can be reached because the test was significant [(5, 210) = 17.19; p=0.000]. Due to the fact that the test was significantly significant, this conclusion may be reached. It is possible to arrive at this conclusion as a result of the fact that the test produced very significant results. The results of an omitted variable test that was carried out with the assistance of the "ovtest" function that was incorporated into the model are presented in Appendix B. The test was carried out before the model was constructed. Furthermore, in accordance with the null hypothesis (H0), which states that all variables are present, the model does not include any variables that are not present. The conclusion that the model does not support the null hypothesis (H0), which asserts that the model does not include any variables that have been left out, is one that can be reached. It is possible to reach this conclusion. When the results of the test are taken into consideration, which were [F(3, 99) = 1.105; p=0.867], it is possible to arrive at this conclusion. Furthermore, according to Baltagi (2008), the primary purpose of this examination was to determine whether or not the model was successfully stated in relation to the characteristics that it possessed. In the event that this test is unsuccessful, it would suggest that the coefficients of the model are characterised by a particular degree of skewness. This is what would happen in the event that the test was unsuccessful. The robust estimate of the fixed effect model was given careful attention to a significant degree in order to take into account the heteroskedasticity that was incorporated into the model. This was done in order to ensure that the desired outcome was achieved. For the purpose of ensuring that the model accurately reflected the facts, it was necessary to carry out this step. Based on the value of R2, it was determined that the factors that were independent of the dependency could account for approximately 73 percent of the swings that occurred in the variable that was dependent on the independent variables. This was determined by analysing the correlation between the two variables.

Heteroscedasticity Test

Given that the homoskedasticity test is one of the most important requirements of the CLRM, it is necessary for the data to be able to pass it in order to fulfil this requirement. According to the assumption, the disturbance term, which is denoted by the symbol Ui, and the probability distribution that corresponds to it ought to be identical for each and every one of the variables or observations that are being carried out in the investigation. In other words, it is essential that the variance of the independent variables be the same for each and every disturbance term within the model. When there are different values for Ui, heteroscedasticity between variables occurs, according to Bedru and Seid (2005), which is an explanation for the phenomenon. Because of this phenomenon, heteroscedasticity between variables is considered to be a possibility. For the purpose of determining whether or not heteroscedasticity was present in the data, the Breusch-Pagan test was utilised whenever this study was being carried out. Indicative of the presence of a heteroscedasticity problem is the presence of a significant p-value (p-value less than 0.05) at the 95% confidence level. At the other end of the spectrum, if the p-value is not significant, this suggests that the issue does not exist.

Table 7: Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Chi-Square	3.22
Prob.	0.073

Source: Bentum (2019)

According to the presentation in Table 4, the p-value of 0.073 (7.3%) is more than 0.05 (5%), which indicates that there is no heteroscedasticity problem in the variables that were investigated in this study.

Autocorrelation test

In order to determine whether or not there is autocorrelation, also referred to as sequential correlation, the "Woodridge test for serial correlation" was carried out with the assistance of STATA. Another name for this test is sequential correlation. The data showed that the presence of serial correlation is not harmless and has the potential to cause harm, which would lead to the rejection of the null hypothesis. The p-value for this was approximately 5%, and it was demonstrated that the data demonstrated this. What follows is the outcome, which can be observed in the following:

In panel data, the Wooldridge test for autocorrelation is performed.

H0: no first order autocorrelation

F = 0.892

Prob > F = 0.813

Model diagnostics

An estimation of the degree to which the model and the response variables are connected to one another can be obtained through the utilisation of the "R-square" statistic. Utilising the statistic is the way to acquire this knowledge. According to the initial impression, it appears to be a straightforward method for determining the degree to which the linear model that was developed is suitable for the sets of observations. As a result of the fact that the R-square statistic generates a within-mean percentage of 80, it is possible to draw the conclusion that the coefficient of determination of the overall model is quite significant in terms of its ability to make accurate predictions of the outcome. Regardless of the specifics of the situation, the fact remains that it does not offer any kind of rigorous hypothesis test for the connections. Using the F-Test of overall significance, one can ascertain whether or not this connection is statistically significant. This is the purpose of the test. The F-test value of 0000 is significantly lower than the threshold of 1%, which indicates that the variables have a better chance of explaining the outcome of the model collectively. This is because the threshold is 1%. The two values are very different from one another when compared to one another.

Test of normality of residuals

The Shapiro-Wilk test is applied to normal data in order to ascertain whether or not the residuals are indicative of a normal distribution. This is done in order to determine whether or not the data are normal. Given that the probability is greater than the criterion level of 5%, the results of the test, which are presented in table 3, indicate that the null hypothesis, which asserts that the data is normal, cannot be rejected. This is because the null hypothesis indicates that the data is normal. The reason for this is that the null hypothesis cannot be rejected because of this. It is possible to draw the conclusion that the significance of regressors in the models that were utilised in this research does not exhibit any bias, which is essential for the purpose of hypothesis testing. This conclusion can be inferred from the fact that this study was conducted. The inference that can be drawn from this is that this is the conclusion.

Table 8: Shapiro-Wilk W test for Normal Data

Variable	W	V	Z	Prob>z
R	0.83133	2.594	1.672	0.09732

Source: Bentum (2019)

Chapter Summary

In this chapter, we covered the parts of the study that dealt with the discussion as well as the findings of the study. Beginning with the descriptive statistics of the variables, the findings showed that the research did not contain a significant amount of variance, despite the fact that the distribution was also reasonably distributed. This was the beginning of the process. On the other hand, these findings were disregarded because a significant amount of individual heterogeneity was found to be associated with the errors in the model. It was decided that the OLS results on the model should not be published; however, this study went ahead and published them anyway. Through the utilisation of the correlation matrix, it was discovered that the model did not contain any instances of multicollinearity. There was a Hausman selection test that was carried out prior to the development of the model, and the results indicated that the random effect model was the one that ought to be recommended. It was found that each of the components made a significant contribution to the explanation of the variations in the financial difficulties that a company encounters. This was discovered within the framework of the model. On the other hand, contrary to the a priori or predicted indicators, it was discovered that the presence of CDO duality and non-executive directorship had a significant and favourable impact on the financial crisis of a company. This was a significant finding. In spite of the fact that the indicators were supposed to be the opposite, this was an actual occurrence.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents the summary, conclusions and the recommendations flowing from the conclusion of the study.

Summary of the study

Using this research, an inquiry was carried out to determine whether or not there is a connection between corporate governance and the financial difficulties that non-financial firms that are listed on the Ghana Stock Exchange are experiencing. For the aim of this research, the random effect estimation technique was employed, and the data that was brought from the Ghana Stock Exchange between the years 2005 and 2016 was utilised. It was the availability of data that was the primary factor in both the selection of those data and the selection of those for the timeframe. Specifically, the random effect approach, which is a component of the generalised least square (GLS) technique, was selected to be utilised. This was done in order to address the issue at hand. When building the model, some of the characteristics that were taken into consideration were the size of the board, the presence of dual board members, the presence of non-executive board members, ownership of the company, and large business size.

A number of diagnostic tests were performed on the data series, and in addition to that, a post estimation test was carried out. There are several tests that are very significant, including the heteroskedasticity test, the multicollinearity test, the omitted variable test, the normality test, and the autocorrelation test. All of the post-estimation evaluations were satisfactory, indicating that the research was effective. It was determined via the use of the Hausman selection test that the random effect model should be given more priority than the fixed effect model. All of this was done in order to ensure that the outcomes would be of the highest possible quality. When attempting to characterise the discomfort that a corporation is experiencing, nearly all of the components that were incorporated into the model were found to be statistically significant.

According to the findings of the study, there is a negative and substantial correlation which exists between the size of a firm's board of directors and the degree of financial hardship that the company is now facing. The size of the board was divided into three categories: small, medium, and giant. Additionally, it was demonstrated that the presence of a dual CEO was a key element that was positively related with financial issues. This was in accordance with the findings of the study. The risk of a firm encountering financial issues is proportional to the number of times its chief executive officer (CEO) fulfils a dual job. To put it another way, the likelihood of a company experiencing financial troubles grows. Furthermore, it was shown that the presence of non-executive directors has a positive and significant influence on the degree to which a firm is experiencing financial trouble or distress. It was also shown that ownership (OWNS) has a negative influence on the distress of a firm, and that the chance of a company collapsing financially increases in proportion to the quantity of public ownership that the company owns. Both of these findings were observed. Last but not least, there is an inverse relationship between the size of the firm and the difficulties that the organisation is experiencing.

Conclusions

When it comes to the financial difficulties that a company is experiencing, it is feasible to reach the conclusion that corporate governance plays a key part in the situation. This conclusion was arrived at as a result of the fact that each of the factors that were incorporated into the corporate governance model that was being investigated were important. The presence of two chief executive officers (CEOs) speeds up decision-making and increases the economic value contributed; however, it also increases the amount of turmoil that occurs in the relationship between the board of directors and management. This, in turn, lowers the market value of the company's shareholders and further contributes to the financial crisis. In addition, the size of a company's board of directors played a crucial part in the company's ability to continue existing, and it was demonstrated that larger board sizes helped to avoid financial difficulties.

According to the findings of the study, the length of time a firm has been experiencing financial issues is determined by the size of the company. This was another conclusion that was reached as a result of the data. As a consequence of this, the power of the firm to alleviate financial hardship rises in proportion to the size of the company or the assets that it possesses. Additionally, it is feasible to arrive at the conclusion that businesses should be encouraged to include non-executive or external personnel who are competent or experienced on their boards of directors in order to provide both expertise and diversity to the process of decision-making. The ownership or shareholder composition of the majority of the firm was found to be another component that had a negative influence on the financial problems of companies. This was discovered to be responsible for the negative impact. The findings indicate that the chance of a firm encountering financial issues is lowered in proportion to the amount of shares that are owned by the general people. This is the conclusion that can be drawn from the findings.

Recommendations

Based on the conclusions and findings of the study, the following recommendations were made;

1. The study recommends that firms do well to increase their board sizes. Since the larger the board size the better the firm is placed against financial distress.
2. Firms must try to include other non-executive members on their boards in a bid to increase the board size. Moreover, they maintain that non-executive directors have the requisite expertise and experience, as this is critical in the development of sound governance structures.
3. Moreover, since CEO duality increases the chances of financial distress, firms must do everything practicable to disassociate the role of CEOs from that of board chairs in order to avoid rift in decision implementations.
4. The study also recommends that since an increase in management concentration in terms of shares owned by the public reduces the risk of financial distress by companies, there should be concerted effort by management to float more shares on the stock to get more of the public.
5. Finally, firms are advised to grow in assets by investing more in capital or productive ventures, since that may be an insurance against possible financial distress if any.

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APPENDIX A

The variance inflation factor

Variable	VIF	1/VIF
BSIZE	1.41	0.709064
CD	1.37	0.731117
NED	1.07	0.938052
OWNS	1.06	0.947767
FSIZE	1.01	0.990099
Mean VIF	1.184	

APPENDIX B

Wooldridge test for autocorrelation in panel data

H_0: No first-order autocorrelation

$F(4, 299) = 1.646$

Prob > F = 02307

Shapiro-Wilk test for normal data

Variable	Observations	W	V	z	P value
Residual	65	0.97859	1.24	0.468	0.73125

Ramsey RESET test using powers of the fitted values of FD

Ho: model has no omitted variables

$F(3, 99) =$ 1.105

Prob > F = 0.867

APPENDIX C

Hausman selection test

	---- Coefficients ----			
	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
	fixed	random	Difference	S.E.
BSIZE	-.1502775	-.1591609	.0088833	.0221781
CD	-.4397066	-.3722205	-.0674862	.0779105
NED	-.4357704	-.4251315	-.0106389	.0211376
OWNS	-.0009482	-.0025892	.0016411	.001989
FSIZE	0.57540	1.246170	1.239198	6.4184367

b = consistent under Ho and Ha; obtained from xtreg

B = inconsistent under Ha, efficient under Ho; obtained from xtreg

Test: Ho: difference in coefficients not systematic

chi2(5) = (b-B)'[(V_b-V_B)^(-1)](b-B)

= 0.8902

Prob>chi2 = 0.7912

APPENDIX D

The Non-financial institutions listed on the Ghana Stock Exchange

ABL	Accra Brewery Limited
ADSL	Ayrton Dannex Starwin Limited
AGAL	Anglo Gold Ashanti Limited
ALW	Aluworks Limited
BOPP	Benso Oil Palm Plantation Limited
CGL	Camelot Ghana Limited
CLYD	Clydestone Ghana Limited
CPCL	Cocoa Processing Company Limited
DPA	Digicut Production and Advertisements
FML	Fanmilk Ghana Limited
GGBL	Guinness Ghana Breweries Limited
GOIL	Ghana Oil Company Limited
GSRL	Golden Star Resource Limited
ITF	Intravenous Infusion Plc
MLC	Mechanical Lloyd Company Plc.
MMH	Meridian-Marshalls Holdings
PBCL	Producer Buying Company Limited
PZC	PZ Cussons Ghana Limited
SFL	Samba Foods Limited
SWL	Sam Wood Limited
TLW	Tullow Oil Ghana Plc
TPGL	Total Petroleum Ghana Limited
UNIL	Unilever Ghana Limited