Corporate Governance and Macro-environmental Influences in Sub-Sahara Africa: A literature Review

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This paper reviews the historical background of corporate governance and the emerging issues in development and practice of corporate governance in Ghana, Nigeria and South Africa. It compared the corporate governance in terms of institutions, politics, corruption, and economic factors of each country. We find that in Ghana institutional shareholders is very rare while in Nigeria and South Africa there are institutional shareholders. The shareholders associations in Ghana and South Africa are not as active as those in Nigeria. In South Africa there is a stronger institutional framework than Ghana and Nigeria, this provides an evidence to show that corporate governance practices in South Africa seems to be better than Ghana and Nigeria. Generally, corruption, bribery, politics, economic influences are the bane of effective corporate governance practice in each country. We recommend that the socio-political and economic culture in Sub-Saharan Africa Anglophone in particular Nigeria and Ghana require urgent re-orientation in order to restructure the National Institutions of each country. The corporate governance guideline should be tailored towards the politico-economic and cultural environment of those countries.

Keywords: Corporate governance, Institutional frameworks, Politics, Corruption, Economic factors and Ownership structure.

1.0. Background of the study

Since the 1970's the issue of corporate governance has been the subject of significant debate in the US and around the globe. There are reforms of corporate governance in developed and developing countries. Efforts to reform corporate governance have been driven in part by the needs and desires of shareholders to exercise their rights of corporate ownership and increase the value of their shares and wealth. Over the past three decades corporate directors' duties have expanded their traditional legal responsibility of duty of loyalty to corporate organisations and shareholders, especially in developed countries. In the mid-1990s the issue of corporate governance in the US and UK received considerable press attention due to the wave of corporate governance failure in some firms which led to the growth of institutional shareholder activism. The East Asian financial crisis occurred as a way of ensuring that corporate value would not be destroyed traditionally because of the relationship between the CEO and the board of directors such as unrestrained issuance of stock option.

In addition, in 1997 the East Asian financial crisis was seriously affected by the exit of foreign capital after the property assets collapse. This occurred as a result of lack of corporate governance mechanisms which highlighted the weakness of the institution in their economies. Finally in early 2000s the massive collapse of corporations such as Enron and WorldCom made shareholders and governments develop an interest in corporate governance. This brought the passage of the Sabaness-Oxly Act of 2002 (Sarbanes-Oxley Act 2002, World Bank 2002, OECD 1999). Furthermore, international organisations such as the Organisation for Economic Cooperation and Development (OECD), and the Economic Commission for Africa (ECA) introduced principles of corporate governance of firms. The developed and developing countries introduced codes of corporate governance to enhance the effectiveness of corporate governance practices in firms. Consequently, the impact of corporate governance has shown a positive effect on different stakeholders by strengthening the economy. Therefore, good corporate governance is a tool for socio-economic development and this happened to developed countries such as the US and the UK.

Moreover, the Securities Exchange Commission (2006) explained that in the Africa region despite the diversity of the 53 countries with different colonial legacies, some pattern can be discerned with regard to corporate governance. As a result, the need for corporate governance among the listed, non-listed, and state-owned enterprises cannot be over-emphasised. Thus, it is obvious that corporate governance can contribute to the economic success of firms and to long-term stability, which in turn will attract local and foreign investors. The Securities Exchange Commission (SEC, 2006) revealed that a survey conducted by Mckinsey consulting group in 2002, found that eight-five per cent of respondents consider corporate governance in Sub-Saharan Africa to be more important than financial issues in deciding which companies to invest. Also, Okeahalam and Akinboade (2003) explained that corporate governance has impact on economic development though increasing the flow of financial capital to firms in developing countries. The authors' further explained that this is essential for policy- makers in Africa who are concerned with attaining high long-term growth rates of seven per cent per annum from the policy of New Partnership for Africa (NEPAD).

This study covers the listed companies in Sub-Sahara African Anglophone countries which include Nigeria, Ghana, and South Africa. These are English speaking countries and their selection is based on regional approach which gives a wider scope. In addition, these countries have growing and strong economies with large markets. For instance Ghana have fastest growing economy in the sub-region after the discovery of crude oil, South Africa which is the strongest economy in the sub-region and Nigeria is the largest economy in Africa, having huge population, large markets, blessed with abundant natural resources such crude oil and land fertile for agriculture. The regulation, control and governance of business entities of these countries are largely contained within provision of company legislation which have their root from British colonies which is their source of political independence. Based on this, Ghanaian, Nigerian and South African legal systems and corporate governance mirror the United Kingdom pattern (Okike, 2007).

Thus, the contribution of this paper to literature is achieved in the following ways. Firstly, the study gives account of various theoretical backgrounds of corporate governance. Secondly, the study build on the academic research already conducted on the impact of socio-political

environment on corporate governance (Bakare, 2011). Finally, it compares the corporate governance practices in Ghana, Nigeria and South Africa using indicators such as institution bodies, agencies of corporate governance, politics, economic factors and corruption.

2.0. Corporate Governance and the Theoretical Framework

The term corporate governance is an amalgam of different disciplines, including accounting, economics, ethics, finance, law, management, organisational behaviour, and politics, among others, with no universally accepted definition (Rwegasira, 2000; Mallin, 2007; Solomon, 2007). There exists a large number of definitions of corporate governance (e.g., Cadbury Report, 1992; Shleifer and Vishny, 1997; Denis and McConnell, 2003; OECD, 1999, 2004; and Solomon, 2007, amongst others). The existence of heterogeneous definitions made researchers to often times classify the existing corporate governance definitions as either '*narrow*' or '*broad*'. The narrow-broad dichotomy is based on the extent to which a corporate governance regime focuses on satisfying the parochial interests' of shareholders (Sternberg, 2004; West, 2006) or meeting the broader interests of diverse societal stakeholder groups (Letza *et al*., 2004; Gillan, 2006).

The Cadbury Report (1992, s.2.5) narrowly defines corporate governance as being concerned with the "*system by which companies are directed and controlled"*. This suggests that corporate governance is a "*a system whereby directors are entrusted with responsibilities and duties in relation to the direction of a company's affairs*" (Sheikh and Chatterjee, 1995, p.5) or "*ways of ensuring that corporate actions, agents and assets are directed at achieving the corporate objective established by the corporation's shareholders*", (Sternberg, 2004, p.28). These definitions suggest that in order to maximise the wealth of owners, three key corporate governance structures of the corporation emerge, namely; a general assembly of shareholders, a board of directors, and an executive management (Letza *et al*., 2004, p.243; West, 2006, p.434). In this case, the corporation is primarily accountable to shareholders, and as such they have the power to appoint directors and to satisfy themselves that the right governance mechanisms have been instituted (Cadbury Report, 1992, s.2.5; Rossouw *et al*., 2002, p.290). Also, and at least in theory, the shareholders have the power to reject decisions of the board or remove them from office in a general meeting. By contrast,

the board of directors' has the responsibility to ensure that the company is properly governed. These responsibilities include setting the company's strategic aims, appointing or firing the management team, supervising the management team and reporting to the owners of the company on their stewardship (Cadbury Report, 1992, s.2.5; Rossouw *et al*., 2002, p.290). In short, a governance structure of a firm is considered as '*narrow*' if it mainly concentrates on how key internal governance mechanisms interact to maximise its value primarily for the benefit of shareholders instead of enhancing the interests of other potential stakeholder, like customers, employees, creditors, suppliers and the local community, amongst others.

In the World Bank Report (1999, p.vii), Sir Adrian Cadbury defines corporate governance broadly as being "…*concerned with holding the balance between economic and social goals and between individual and communal goals…the aim is to align as nearly as possible the interests of individuals, corporations, and society*". Similarly, the OECD (2004, p.11) broadly defines corporate governance as "…*a set of relationships between a company's board, its shareholders and other stakeholders. It also provides the structure through which the objectives of the company are set, and the means of attaining those objectives, and monitoring performance, are determined*" or "…*the system of checks and balances, both internal and external to companies, which ensures that companies discharge their accountability to all their stakeholders and act in a socially responsible way in all areas of their business activity*", (Solomon and Solomon, 2004, p.14). These definitions imply that corporate governance goes beyond the immediate internal corporate structures to include external corporate governance mechanisms and stakeholders (OECD, 2004, p.12; Gillan, 2006, p.382; Mallin, 2007, 11).

The necessity for corporate governance is often predicated on different motives business managers which to portray their organizations. These motives form the theoretical underpinning for embracing corporate governance. These have been summarized below:

Table 1.0. Summary of theoretical perspectives on corporate governance

Author	Nature of theoretical perspective	Key argument
Friedman (1970)	Agency theory	Corporate governance is a response to curb the excesses of the business managers (i.e. agents). The self-serving behaviours of managers may likely reduce the shareholders wealth, hence, the institution of corporate governance.
Freeman (1984)	Stakeholder theory	The need for business and its managers to tailor their policies to satisfy numerous constituents, not just shareholders. These stakeholders include, customers, suppliers, government, financiers and the community the business thrives.
Donaldson and Davis (1991)	Ethical theory	There is a moral imperative for managers to 'do the right thing', without regard to how such decisions affect firm performance.
Donaldson and Preston (1995)	Moral and ethics	Stressed the moral and ethical dimensions of stakeholder theory, as well as the business case for engaging in corporate governance.
Hart (1995)	Resource-based view of the firm	For certain companies, corporate governance culture that incorporate environmental and social responsibility can constitute a resource or capability that leads to a sustained firm competitive advantage.
Jennings and	Institutional theory	Institutions play an important role in shaping the

Zandbergen (1995)		consensus within a firm regarding the establishment of an 'ecologically sustainable' organisation
Baron (2001)	Instrumentality Theory	The use of corporate governance to attract good investors and business partners and not because the company is willing to do the right thing.
McWilliams and Siegel (2001)	Theory of the firm	Presents a supply/demand perspective on corporate governance. This implies that implies that the firm's ideal level of corporate governance can be determined by cost-benefit analysis.
Elkington (2004)	Triple bottom line	Need for social and environmental reporting along with the economic activities reporting.

Source: Adapted from Vincent, O. M. 2012 for the current study

3.0. The Evolution of Corporate Governance in Ghana, Nigeria and South Africa

Ghanaian government have not carried out major reform on corporate governance of firms. The legal framework for listed firms consist of the Companies Act 1963, the Ghana Stock Exchange listing rules and the Securities Industry Law of 1993 PNDCL 333 which was amended by Securities Industry Act of 2001. This act vested the Securities and Exchange Commission of Ghana with the function of creating an atmosphere for orderly growth and development of the capital market and protecting the integrity of the market (GSEC 2009).

GSEC (2009) further explained that the commission note the significant contribution for good corporate governance. In order to achieve this objective the Securities Exchange Commission in Ghana provided guidance on mechanisms which will contribute to the implementation of suitable corporate governance practices in corporate bodies. The Commission is licensed under the Securities Industry Law and the issuers of publicly traded securities particularly those firms

listed on Ghana Stock Exchange approved under law have formulated the following body of best practices. These best practices are based on principles originating from the Organisation for Economic Co-operation and Development (OECD), the Commonwealth Association for Corporate Governance and codes of corporate governance issued by regulatory authorities in emerging markets. There are various institutional bodies, and organisations that have responsibility for ensuring effective corporate governance practices of firms in Ghana, these includes the Securities Exchange Commission of Ghana, Ghana Stock Exchange (GSE), Registrar General Department (RGD) and Private Enterprises Foundation (PEF)

Furthermore, Mensah et.al (2003) explained that there is Ghana Stock Exchange's Listing Regulations 1990 (L.I1509) this consist rules on takeover and mergers and acquisition for listed firms in Ghana. Other duties such as investment advisors, securities dealers, and collective investment schemes are also function of Ghana Securities Exchange Commission. However, the London Business School's report (2003) revealed that the Ghana Companies' act 1963 is perceived as outdated and is currently under review by the Registrar General Office. The establishment of the above institutional bodies by the government indicates that the government of Ghana is serious in providing a sound legal framework for corporate governance in Ghana.

In Nigeria corporate governance can be traced to the colonial days through the independence that Nigeria obtained from Britain in 1960. Before the independent the British colonial government imposed an Anglo-Saxon base system of corporate law and regulations of the Securities and Exchange Commission (SEC, 2006). Despite all these provisions there are corporate failures in financial and non-financial sectors in the country. There are indications that banking industry and other firms were collapsing in their numbers, leaving a trail of woes for investors, shareholders, suppliers, depositors, employees and other stakeholders. This was a result of the messy state of the nation then that led the government to make a bold step in initiating the corporate governance evolution. In addition, in order to address the problem and to align with international best practices the SEC inaugurated a committee on corporate governance in June 2000 and the Code of Best Practices on corporate governance in Nigeria was submitted in November 2003. This Code of Corporate Governance Practices was based on unitary board structure (as in the UK and USA)

with emphasis on the identified triple constraints: the role of board of directors and management, shareholders rights and privileges, and the audit committee (Aganga 2011).

The Code of corporate governance best practice was issued in 2003 by Securities and Exchange Commission (SEC). In 2006 there was Code of corporate governance for banks post consolidation issued by Central Bank of Nigeria (CBN) and recently Securities and Exchange Commission issued another Code of corporate governance in 2011. It is obvious from the above that there is multiplicity of Code of corporate governance in Nigeria.

Moreover, in Nigeria there is legislation for financial and non-financial firms and this influences the operation of corporation enterprises in Nigeria. This includes the Companies and Allied Matter Act (CAMA) 1990, Investment and Securities Act (ISA) 1999 this act required the Securities and Exchange Commission (SEC) to regulate and develop the capital markets, maintains orderly conduct, transparency and protects the investors. In addition, there is Bank and Other Financial Institution Act 1991 (BOFIA). The act empowered the CBN to register and regulates Banks and Other financial Institutions. Also there is Insurance Act of 2003 for regulation of Insurance Companies through the National Insurance Commission (NAICOM) and the Nigerian Accounting Standard Board (NASB) Act 2003 (now called Financial Reporting Council of Nigeria -FRCN). This act empowered the board of the FRCNto enforce compliance with statement of Accounting Standard by all limited liability companies in Nigeria (Okike, 2007). The conduct and governance of Nigerian firms which contain within the provision of the company legislation was originated from Britain, as a result Nigeria inherited Anglo-Saxon framework of corporate governance (Okike, 2007). After independence, the Nigerian government replaced the Companies Ordinance of 1922 with the 1968 Companies Act which was modelled on the UK Companies Act of 1948. This implies all the reforms in law and legal system are fashioned toward the Anglo-Saxon model and Nigerian legal operating framework for corporations have not been developed based on the country business environment (Adegbite and Nakajima, 2011). Consequently, the government of Nigeria have traditionally failed to deal with the problem of company law and legal system from the perspective of the socio-political environment of the country (Okike, 2007). South Africa was totally isolated from the global economy from1961 to 1994 as a result of the political environment (apartheid) the United Nations excluded South Africa from involving in international

organisations, resulting in economic and trade sanction against South Africa (Vaughn and Ryan 2006). Consequently, this sanction affected the domestic market and not able to have interaction with foreign capital market. The corporate practices, laws and regulation does not conformed to international standard. This resulted in a situation where most of the South African firms are controlled by incompetent and entrenched managers (Vaughn and Ryan 2006). In order to compete in business with the rest of the world at that period the corporate governance of firms in South Africa needed reform. The Institute of Directors in South Africa lay the foundation of corporate governance in South Africa through the setting up of the first official committee on corporate governance and asked the retired Supreme Court of South Africa Judge M.E King to chair the committee. Like the corporate governance Codes of other Commonwealth countries, the King Code of corporate governance was tailored toward the principle approach, different from other Codes such as Sarbanes-Oxyle which is based on rule.

In 1994 the first King Report on corporate governance was published (King Report 1). This Report comprised a Code of corporate governance which is based on principle and practices. Rossouw et.al (2002) documented that the King Report on corporate governance was commissioned by the Institute of Directors in Southern African and this idea was supported by South African Chambers of Business (SACOB), the Institute of Chattered Secretaries and Administrators (ICSA), South Africa Institute of Chartered Accountants (SAICA) and the Johannesburg Stock Exchange (JSE).

In 2002 the second more comprehensive King Report (King II) was issued with the aim of promoting higher standards of corporate governance practices by focusing on stakeholders of firms in South Africa. The King Committee noticed seven key features of good corporate governance which include discipline, transparency, independence, accountability, responsibility, fairness and social responsibility (Vaughn and Ryan 2006). All these features were part of a minimum standard of corporate governance practices of firms in South Africa. This Report consists of new sections such as role and responsibilities of the board of directors, risk management, sustainability reporting, accountability and auditing. In March 2010 King III Report was published, this Report focuses on the move from a complied or explained approach to a principle based apply or explained approach. The existence of better corporate governance

practice in South Africa attracts more investors for strong economic development and King III Report on Code of corporate governance has been applicable to all listed firms (Moyo, 2010).

In recent time, South African firms faces challenges through constitutional and labour legislation with a common underlying theme of corporate governance reform that enhance the flow of foreign fund into the economy (Vaughn and Ryan, 2006). These corporate governance reforms such as the King I, II, III Reports on corporate governance, Insider Trading Act 1998, Stock Exchange Act of 1995, and Companies Act of 1973 (as amended Act 2008). Also South Africa Broad Based Black Economy Empowerment (BBBEE) Act 2003 all these reforms and Act promulgated for firms are tailored to enhance the growth of the economy of South Africa. In addition, there are deep equity cultures in South Africa to the extent that some of the assets of non-financial listed firms are funded from the proceeds of equity issues. More than half of the assets growths in technology, media and communication companies are funded from equity issues (Malhere and Segal, 2001).

4.0. Globalisation, Corruption, Economic factors and Corporate Governance

Corporate governance best practices may be link with neo-liberal, socio-political, and economic environment where domestic firms increasingly raise capital in equity markets and the need to protect the shareholders' interest (Bakare, 2011, Mehra, 2009). Neo-liberal rationalist school believe that the need to enthrone corporate governance has necessitated the changes to company law and the abolition of interventionist industrial policies (Friedman, 1967).

Beside this, neo-liberal rationalist concept of governance which mainly protects the shareholder interest has come under criticism of the human rights activists and environmental campaigners who posited that corporate governance best practices should considers other stakeholders interests(Filatotchev and Boyd, 2009; Bakare, 2011). However, various interests that involved in corporate governance posited that ideal concern is to hold the balance between economic and social goals. This also include between individual and community goal (Second Pan African Consultative Forum on Corporate Governance, 2003; Sternberg, 2000). Others such as transparency in decision taking (Cadbury Committee, 1992), managing risk, and engaging

stakeholders and making accountability real (Filatotchev and Boyd, 2009), promoting a framework for corporate social responsibility (EU Green Paper, 2001). Thus, all these views on corporate governance best practices can only be realistic in an environment where there is free internal socio-political system free from economic and cultural corruption, also free of trans-organised financial crime (Bakare, 2011)..

Developed countries may believe to have responded to challenges of enforcement of corporate governance best practices through adequate mechanism for implementation and effective legislation, the cases of financial crisis across the Europe, Asia and America seems to have challenged this claim (Wolf, 2008, Bakare 2011, Sikka, 2009). These cases of unethical conduct of the corporations may suggest that corporate governance legislation in the developed economies may not have been effective as been claimed (Livingstone, 2009).

In Sub-Saharan Africa Anglophone (SSAA) countries such as Nigeria, Ghana and South Africa socio-political corruption has been an obstacle to the economic development, this also affect the corporate governance best practices.

5.0 The Effect of Institutions, Corruption, Politics and Economics on Corporate Governance

The Ghanaian corporations and statutory entities are regulated and supervised by various bodies. The private companies that are not listed are regulated by the Registrar General's Office (established under ordinance 1950), listed firms are regulated by Company Codes 1963 (Act 179). . Also the Securities Industry Act 2001 (Act 590) as amended provides law, rules and regulation for firms listed in the Stock Exchange. Apart from the above bodies, the banking industry are supervised and regulated by Bank of Ghana and insurance firms are also under Ghana National Commission of Insurance. In addition, there are other agencies and bodies assisting the firms to make progress in their operational activities and corporate governance, they include, the Institute of Director (IoD), State Enterprises Commission, Africa Capital Market Forum, Institute of Economic Affairs, Institute of Chartered Accountants of Ghana, Chambers of Commerce Association of Ghana Industries, Ghana Centre for Democratic Development, Private

Enterprises Foundation (PEF), Ministry of Private Sector Development and Economic Commission for Africa (ECA 2004).

In Ghana the revolution that took place in 1979 by Flight Lieutenant J.J Rawling was as a result of corruption that was endemic in the system, however, the issue of corruption is still a major challenge of the country (ECA, 2004). Thus, Mensah et.al (2003) explained that President John Kufor who took office in January 2001, promised to adopt zero tolerant for corruption by developing a Code of Conduct for ministers, public and private officers of corporations to promote good conducts and government. The need rid the nation off corruption necessitated the setting up of the National Institutional Renewal Programme (NIRP), the aim and objective of setting up this organisation is to transform the public and private sectors from input-oriented, hierarchical systems and which are relatively inflexible. The National Institutional Renewal Programme (NIRP) participated in some institutional reforms and capacity building in Ghana.

Furthermore, ECA (2004) noted that there are political reforms in Ghana and both the economic and corporate governance have received attention. The Commission argues that the companies' Code of 1963 Act 179 needs to be reviewed and there should be enforcement of the provision to not to allow many companies to operate like sole proprietorships. World Bank report 2010 on the Observance of Standard and Codes (ROSC) on corporate governance in Ghana revealed that Ghanian capital market development have shown a potential for improvement because its capital markets are more dependent on institutional capacity of the regulators, administration, and judiciary than on reforming the legal framework. In addition, World Bank ROSC (2010) found that the overhaul of institutional framework is very important with introduction of a new set of law on Financial Services. . The draft law aims to establish a Financial Services Authority which will be part of Ghana Securities and Exchange Commission and Ghana National Insurance Commission. Also Bank of Ghana (BoG) will continue to service as regulators and supervisor for all banking and depository institution.

World Bank ROSC report (2010) revealed that the Ghana Stock Exchange (GSE) which was established for trading in 1990, is fairly illiquid and with low market turnover. The report shows that in 2004, market capitalization was about US$2.1 billion, which was 24 per cent of Ghana

GDP and in 2005 the report shows that the bond market is limited but Initial Public Offer (IPO) were increased with ownership concentration within local and foreign shareholders. The World Bank report (2008) found that the number of listed firms both local and foreign firms are 36. The reports also indicate that Ghana Stock Exchange (GSE) is one of the best performing in emerging markets in 2007. However, World Bank ROSC (2010) documented that retail investors are very low, institutional investors are not very involved and lager shareholders tend to control the board. Moreover, there is evidence from the World Bank ROSC (2010) that factors such as possible loss of control, cost of listing, transparency and accountability are factors that will likely discourage medium and large firms from listing in the Ghana Stock Exchange.

Furthermore, Prempeh (2002) argues that the undercapitalization of firms in Ghana is as a result of unwillingness on the parts of founding shareholders to share control of their firms and this seems to be cultural. Consequently, the authors explained that an average Ghanaian private firm remained a closed, thinly capitalised, debt-laden family business that is often under the control of the family patriarch. In addition, the author explained further that undercapitalization and excessive reliance on commercial credit bank debt is not only common to family-owned firms in Ghana, it can also be found among the multinationals and other foreign owned firms with substantial turnovers and asset value. These firms rely on domestic bank and commercial credit to finance their domestic operation. As a result, the author found that ensuring sound corporate governance in Ghanaian firms will also address the problem of lopsided higher-debt of corporate balance sheets. The authors found that the Ghanaian government has encouraged private firms to go public through the corporate tax structure. This implies that public firms are taxed at a corporate rate of 30 per cent, and private companies are taxed 32.5 per cent. This differential rate in tax is more favourable to public firms. The author recommend that the government should enact legislation requiring that certain categories of companies operate only as public companies; this legislation will certainly make sense in Ghana if it is implemented. Also any company that their annual turnover exceeds a certain benchmark or threshold should operate as a public firm.

In Nigeria the main regulators and enforcers of corporate governance are the Securities and Exchange Commission (SEC) and the Corporate Affairs Commission (which register all incorporated companies). The Companies Allied Matter Act 1990, (CAMA) and the Investment

Securities Act provide basic guidelines on company listing and more detailed regulations are covered in the Nigeria Stock Exchange Listing rules. The Banks and other Financial Institution Act 1991 as subsequently amended, the act empowered the Central Bank of Nigeria (CBN) to register and regulate bank and other financial institution. Also there is the Insurance Act of 2003 for regulation of insurance companies through National Insurance Commission (NAICOM).

Furthermore, other institutions such as Institute of Chartered Accountant of Nigeria (ICAN), the Association of Accountant of Nigeria (ANAN), and Institute of Directors (IoD) play various roles in promoting effective corporate governance systems in Nigeria. This occurs by enlightening their members through conferences, seminars and symposiums on compliance with the code of corporate governance practices for listed firms.

In Nigeria, Okike (2007) argues that the various measure taken by government to improve the investment climate and corporate governance, meant to help attract foreign investment, are commendable with the investment potential in Nigeria. However, the government effort cannot yield good results because of corruption in entire sectors in the county. The World Bank ROSC (2010) ranks Nigeria as the second most corrupt country in the world after Bangladesh. World Bank ROSC (2010) also revealed that corruption is the main obstacle to enforcement of standards and this affects the financial reporting when the auditors connive with management to defraud companies.

There are cases of corruption in both financial and non-financial firms in Nigeria. There are cases of abuses by the Board of Directors of some collapsed banks between 2009 and 2011 in Nigeria. Also, there are corrupt corporate behaviour in non-financial firms in Nigeria such as the scandal of Cadbury Plc and Halliburton. Business Codes of Ethics and Corporate Governance Code of Best Practice play an important role in driving transparency and accountability reforms, which can combat corruption. In addition, the type and quality of laws and regulations (including level of enforcement) of the countries in which the companies operate has a direct bearing to the level of corruption in a particular country (Obinatu 2006).

There are legal enforcement mechanisms established by the Federal Government to eradicate corruption in Nigeria. This include the Banks and other Financial Institutions Act 1991, the

Failed Banks (Recovery of Debts) and Financial Malpractices in Banks Act 1994. Others are the Money Laundering Act 1995 and the Money Laundering Act (Prohibition) 2004. In 1999 the president set up two anti-graft bodies such as Independent Corrupt Practices and Other Related Offences Commission (ICPC) and the Economic and Financial Crime Commission (EFCC) Act 2004 in order to eradicate corruption. However, as of today corruption has not being eradicated in the country. It is still persistent in every sector of the economy (SEC 2011).

The major factors affecting the economic growth and the flow of Foreign Direct Investment (FDI) in Nigeria include over-dependence on the oil sector, which accounts for 95 percent of foreign currency income and 80 per cent of the national budget. Also, the national deficit and foreign debt caused by free-spending, poor implementation of economic policies under past military regimes, and corruption. Other factors are unstable regulatory and institutional environments and insecurity in the country (Bala 2003). The latter author explained that in order to bring Nigerian investment into a more competitive position for foreign direct investment (FDI) and to ensure free transfer and repatriation from Nigeria, the Federal government has legislated two laws. These laws are the Nigerian Investment Promotion Commission (NIPC) Act 16 and the Foreign Exchange (Monitoring and Miscellaneous provision) Act 17 which were enacted in 1995. This is to allow foreigner have 100 per cent ownership of their business and repatriate their capital if they decide.

In South Africa there was need for sound corporate governance practices due to political and economic transition in 1990s, the government of South Africa carried out the following reform: forceful market pressure which was brought to bear on the mining finance houses; a new role for institutional investors and voluntary compliance with the King Codes of corporate governance. The reforms also include stringent rules and requirements by the Johannesburg Stock Exchange (JSE) as the self-regulators of the equity market; innovation in disclosure and transparency which is to solve conflicts of interest among the stakeholders of corporate governance; and the Insider Trading Act (Malherbe and Segal 2001).

The corporation and statutory entities are regulated and supervised by various institutional bodies such as Financial Service Board (FSB), the Johannesburg Stock Exchange (JSE), the South African Bureau of Standards (SABS), the South Africa National Accreditation System

(SANAS), the Institute of Chattered Secretaries and Administrators (ICSA), the South Africa Institute of Chartered Accountants (SAICA), and the South Africa Reserve Bank (Rossouw et al. 2002).

Nevertheless, South Africa has anti-corruption law in place, but still there are cases of corruption in both public and private enterprises. Vaughn and Ryan (2006) posited that there are cases of private funding of political parties in South Africa and the sources of such funding are undisclosed. As a result, the author suggested that there is need for regulation of private funding of political parties. In addition, Moyo (2010) documented that corruption leads to poor corporate governance in South Africa because Transparency International in 2009 positioned South Africa at 55th out of 180 countries that were surveyed. However, in 2008, index on African governance including Transparency Human Right and Corruption for Sub-Saharan African countries placed south Africa 5^{th} out of 48 countries surveyed (Moyo (2010).

South Africa was totally isolated from the global economy from1961 to 1994 because of its political environment (apartheid). The United Nations excluded South Africa from involvement in international organisations, this amounting to imposing economic and trade sanctions against South Africa (Vaughn and Ryan 2006). In 1986 there were political reforms which led to the collapse of apartheid in 1994. This led to the lifting of sanctions imposed by the international community on South Africa. Thus, there are market pressures and the global economy challenges made South Africa introduced key reform initiatives including a sound corporate governance so as to attract foreign investment. Such key initiatives are the King Reports on corporate governance, Insider Trading Act and revised listing requirements for the stock exchange (Vaughn and Ryan 2006).

6.0. The comparative analysis of corporate governance practices Ghana, Nigeria and South Africa.

The table below provides the comparative summary of the reflection of institution, politics, economic factors and corruption on the practices of corporate governance in the Sub-Saharan Africa Anglophone countries.

Table 1.1: summary of the corporate governance institutions, politics, and economy in Ghana, Nigeria and South Africa

Characteristic	Ghana	Nigeria	South Africa
Role of the government	Legislation is based on Companies code Act 1963 Act 179 There are no major reforms of corporate governance. There is Guideline of corporate governance practice	Legislation is based on Companies Allied Matter Act (CAMA) 1990 There are major reforms of corporate governance such Code of corporate governance by SEC in 2003, CBN 2004 for banks SEC 2011, and establishment of Financial Reporting Council of Nigeria (FRCN) There is Code of corporate governance best practices	Legislation is based on Companies Act 1973 There are major reforms such as King Report I, II, and III Code of corporate governance. There is Reform of JSE and Insider Trading Act 1998.
Institutional bodies/Agencies **Institutional bodies/Agencies**	Securities Exchange Commission (SEC), Bank of Ghana, Ghana Stock Exchange (GSE), Registrar General Department (GRD), and Private Enterprises Foundation (PEF)	Securities Exchange Commission (SEC), Nigeria Stock Exchange (NSE), Corporate Affair Commission (CAC), Central Bank of Nigeria (CBN), National Insurance Commission (NAICOM), Financial Reporting Council of Nigeria (FRCN)	Johannesburg Stock Exchange (JSE), Financial Services Board (FSB), South Africa Reserve Bank
Role of professional bodies	Institute of Directors (IoD), Ghana Institute of Chartered Accountants (GIA), Africa Capital Market Forum	Institute of Directors IoD), Association of Corporate Governance, Institute of Chartered Accountants of Nigeria (ICAN), Association of Shareholder of Nigeria (ASN)	Institute of Directors (IoD), South Africa Institute of Chartered Accountants (SAIC), South Africa Institute of Chartered Secretaries
Code or Guideline of Corporate governance on regulatory framework	The same as it explain in Corporate governance Guideline issued by SEC	The same as it explain in Code of best practices issued by SEC	The same as it explain in King I. II and III Report Code of corporate governance
Enforcement of	The same with other	The same with other	The same the same with

Corporate governance	countries	countries	other countries
Ownership structure	Ownership is concentrated	Ownership is concentrated	Ownership is concentrated
Number of Listed firms in Stock Exchange	Few firms (about 32) in number are listed because controlling owner of unlisted firms do not want to lose control	Many firms (206)	Many firms (620)
Code or guideline on board structure, management and role of the board of directors	The same with other countries	The same with other countries	The same with other countries
Code or Guideline of corporate governance on role of auditors and audit committees	The same with other countries	The same with other countries	The same with other countries
Code or Guideline on corporate governance on remuneration of the directors	The same with other countries	The same with other countries	The same with other countries
Institutional Investors	No	There are institutional investors	There are strong instructional investors
Shareholders association	No	Yes	Yes, but not active
Politics, government and corruption	Previously military rules, for the past two decade stable democratic government There is corruption	Previously military rule, for the past one decade stable democratic rule There is corruption	Previously apartheid for the past two decades stable democratic ruler There is corruption
Economy, markets and investments	Fastest growing economy, recently discover oil, capital market not strong	Largest market in Africa considering the GDP in excess of $350Billion,largest population, abundant natural resources such as oil and minerals	Strongest economy and capital market in the sub-region, depend on mining industry

7.0 Conclusion

We conclude that in terms of board structure, Ghana, Nigeria and South Africa are using a unitary type of board structure. South Africa board structure is in King I, II and III Reports that contain the Code of corporate governance. In Ghana and Nigeria the structure of the board is the same likewise the legislation and code guiding the board. In Nigeria there are codes of best practice of corporate governance while in Ghana there are guidelines for practices of corporate governance. The two documents are issued by the Securities Exchange Commission (SEC); it has the same contents on the structure, role and responsibility of the board of directors. The

companies' law and legal system are the same because Ghana, Nigeria and South Africa originated their common law from the British common law.

Furthermore, corruption is common in developing countries as a result; Sub-Saharan Africa Anglophone countries such as Ghana, Nigeria and South Africa cannot be excluded from corruption. One of the factors contributing to poor corporate governance of firms in South Africa is corruption although which South Africa is ranked low by Transparency International. In addition, for South African corporate governance to keep pace with the international standard there is need for the government to deal with their local challenges such as financial crime, xenophobic attacks, fraud within the private and public sector, and money laundering.

In Ghana, the Ghana Centre for Democracy and Development and the World Bank found that corruption is prevalent in both the private and public sectors in Ghana. The socio-political corruption has been an obstacle to economic development in Nigeria because corruption is being institutionalised and Nigeria is ranked high in the global corruption index. The global perception that corruption has a tacit support of the government ranks very high. This most likely accounts for the exodux of some of the 'decent'multinational companies from the country.

On account of the foregoing analysis and s evidence, it shows that corruption is common in Sub-Saharan Africa Anglophone countries. Moreover, we find Ghanaian firms lack institutional shareholders, while in Nigeria and South Africa there are institutional shareholders also shareholders association in Ghana and South Africa are not active compared with that of Nigeria. In addition, South Africa have a stronger institutional framework than Ghana and Nigeria, this really provide an evidence to show that corporate governance practices in South Africa seems to be better than Ghana and Nigeria. Generally, we find that corruption and bribery, politics, economic factors and ownership structure influence effective corporate governance in all the countries under focus in this study. Wwe recommend that the socio-political and economic culture in Sub-Saharan Africa Anglophone in particular Nigeria and Ghana requires need for urgent re-orientation in order to restructure the National Institutions of each of the country. We recommend that corporate governance guideline should be tailored towards the socio-political economic and cultural environment of the sub-region.

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