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## Corporate Governance and Mergers and Acquisitions in Ghana: the Example of Ecobank & the Trust Bank

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### **Abstract:**

*Organisations have generated strong attention in corporate governance codes which may reflect an understanding that equity investors, whether international or local, are considering in addition to factors such as financial performance in the case of investment decisions in an organisation. The study adopted a survey design where 50 employees of Ecobank Ghana were selected. The study first reveals that Ecobank has a corporate governance code. Majority of the respondents indicated that Ecobank complies with the code. From the responses, most of the respondents indicated that they are very satisfied with the accountability, transparency, responsibility, fairness and equity, clear monitoring structures as well as the issue of managerial and strategic guidance. On a whole Ecobank is performing creditably well based on the four significant factors namely the structure of the board, shareholder rights, compensation/remuneration and risk & audit oversight. The study again reveals that consolidated business's market share has increased significantly after acquisition though some respondents were indifferent. It is obvious that codes may help to offset shortcomings or flaws within the financial markets or in the law. When the codes are well drafted, stability and market confidence is created within the market. The codes are meant to ensure checks and balances and also transfer power amongst equity holders and non-executive directors of the company as disclosed by the respondents. It is recommended that disclosure requirements be adhered to limit or avoid the variations with respect to information available to investors. Corporate governance practices in recent times are increasing in terms of the amount of disclosures and there is the need to converge trend regarding the type of information to be disclosed to the public.*

**Keywords:** Acquisition, Corporate, Ghana, governance, mergers.

### **1. Introduction**

Studies have shown that there is always a conflict of interest between managers and shareholders of a company and corporate governance seeks to resolve these conflicts of interest between managers and shareholders of the company; between majority and minority shareholders. Corporate governance disclosures include relevant elements such as financial transparency and operational transparency and these disclosures are enormously significant. Information asymmetry implies that firms with weak corporate governance practices are usually linked with a weak quality of information disclosure, low level of financial and operational transparency in its operations. The theory of agency advocates that firms with improved corporate governance principles achieve more due to lower agency costs and other effective monitoring mechanisms. In the view of Botosan (1997) an improvement in corporate governance practices decreases information asymmetry among owners and managers. According to Lang and Lundholm (1999) a stronger form of transparency and higher value of disclosure are linked with lesser information risk.

Corporate governance worldwide is dependent on codes within the purview of laws, regulations, rules, and guidelines. Ghana like other nations across the globe has its corporate governance within similar context. In Ghana, the corporate governance basic framework is catered for primarily under the Companies Code of Ghana. The companies' code provides for the roles and responsibilities of directors, rights of stakeholders such as stockholders and debtors and many more. The Labour Act, 2003 (Act 651), the Environmental Protection Agency Act, 1994 (Act 490) and the Environmental Assessment Regulations, 1999 (L.I.1652) which serves as other relevant laws relates to the activities of companies and their employees and management of the entire environment. There are specific sector legislations within the economy such as the Banking Act of 2004 (Act 673) which enforces extra corporate governance responsibilities on banks in Ghana. On the other hand Securities Industry Act, 1993 (PNDCL 333) as amended, the SEC's Code on mergers and takeovers, and the Stock exchange's Listing Regulations which propose corporate governance principles for listed companies in Ghana.

Rules, principles, and codes additionally exist for firms to comply. It is a requirement for listed firms to comply with the Securities & Exchange Commission's voluntary Code of Best Practices on Corporate Governance. This is centered on values accepted by the Organisation of Economic Cooperation and Development (OECD) and the Commonwealth Association for Corporate Governance (CACG). As required by banks and listed firms for accounting purposes, the International Financial Reporting Standards (IFRS) is available to be followed. One hundred and twenty (120) companies since its publication in 2006, have adopted the Ghana business

code and this is dependent on the principles of the United Nations Compact's ten principles, relating to human rights, labour standards, the environment and anti-corruption. As far back as 1969, Ghana companies Act was in existence and yet to witness any form amendments in line with world-wide corporate developments and changing ideologies of better corporate governance to address such changes in the country due to its impact.

It is argued that the corporate governance practices of acquiring companies relatively impact on the purchase decision. One important instrument of corporate governance in recent times is mergers and acquisitions and it seeks to increase corporate efficiency of the firm. Undoubtedly, corporate governance ethics are tried over time with well-suited events such as mergers and acquisitions. Several studies with different context such as on corporate governance and firm value relationship records a stronger link between corporate governance and firm value (see Yermack, 1996; Cremers and Nair, 2005; Core et al., 2006; Gompers et al., 2003; Bebchuk et al., 2009). These papers literally looked at developed countries with developed structures and thus presenting opportunity for a study from a developing country context. This study therefore investigates the effect of corporate governance score on the performance of the firm. The main aim of the study is to offer some indication for the relationship between corporate governance score and performance of buying firms using the Eco bank TTB merger as a case.

## 2. Literature Review

More importantly, it appears most of the preceding studies on corporate governance viewed some areas such as corporate governance on factors including board size, (Yermack 1996; Lipton and Lorch 1992) board composition (Hermalin and Weisbach 1991; Bhagat and Black 2002); takeover defenses (Gompers et al. (2003); executive compensation (Cremers and Nair, 2005; Core et al. (1999); management entrenchment, (Bebchuk et al. 2005). Other research works have shown the impact of corporate governance across some countries. According to Klapper and Love (2004), the impact of corporate governance for 14 emerging markets, Durnev and Kim (2005) for 27 countries by using rating data from Credit Lyonnais Securities Asia (CLSA) shows corporate level corporate governance structure within a definite location and these studies relied on primary and survey based data. The study on German, Taiwan, Indian, Swiss and Korean public firms by Drobetz et al. (2004); Chen et al. (2007); Balasubramaniam et al. (2010); Beiner et al. (2006); Black et al. (2006); indicate a positive relationship between corporate governance practices and firm valuation. The study by Bebchuk et al., (2005) and Gompers et al., (2003), indicate that corporate governance is positively related with firm value or share earnings as seen in empirical studies utilizing various corporate governance guides. Examining relations between corporate governance features of buying firms and operating performance effects, Carline, Linn and Yadav (2009) utilised 81 domestic corporate mergers in the United Kingdom during 1985-94 to reveal that board ownership, board size and block-holders have an economically and statistically importance on after merger operating performance variations of these firms.

Investigating the unusual earnings linked to acquisitions declarations grounded on 294 acquisitions as a yardstick which happened between 1994 to 1998, Swanstrom (2006), revealed that acquiring companies have substantial two day unusual earnings. A multiple regression model was developed by Swanstrom (2006) to include corporate governance variables which has Adjusted R-squared of 14.2 per cent with board size, the sensitivity of CEO's wealth to changes in share price, method of payment, and acquiring firm size substantial illustrative variable in the model. In another study by Grinstein & Hribar (2004), it was apparent that bigger boards usually pay lesser bonuses on mergers and acquisition to managers. Similarly the composition of the board impacts the market responses to anti-takeover agreemental iterations (Malekzadeh, McWilliams & Sen 1998). Undesirable market reactions to anti-takeover statements were observed in the study by McWilliams & Sen (1997). When the board is controlled by people within the company and gray directors and the CEO is the head of the board, the reaction is more pronounced.

Executive reward of variations in states' anti-takeover regulation impact on corporate governance and was argued that the acceptance of anti-takeover regulation decreases the burden on upper managers, and pushes firms to resort to additional rigorous enticements somewhere (Bertrand & Mullainathan 1998). Further, a study by Datta, Iskandar-Datta & Raman (2001) revealed a robust optimistic relationship among the buying firm's stockholder wealth and the percentage of entire compensation given to buying firm's managers in the form of new share opportunity grant. The research further splits the acquisitions into high and small base managers' equity centered on the compensation.

Alternatively, when a firm buying the company has international background or international descent with improved governance increases investors' wealth, which presupposes that mergers between firms from different jurisdictions provide another mechanism for the predetermined transfer of corporate governance (Bris & Cabolis, 2002). A study by Rossi & Volpin (2004) indicated that, there are factors of mergers and acquisitions worldwide and these factors looks changes in laws and regulations across such countries. It was established that the quantum of mergers and acquisition activity is mostly greater in countries with better standards in accounting and provides shareholder shield which is stronger and better than those with low accounting standards. Also, Rossi & Volpin (2004) revealed in their study that the possibility of all cash offer decreases with the level of shareholder protection in the country of the buyer. It is indicative from their study that a more active market for mergers and acquisitions is the result of a corporate governance system with stronger investor shield. From the review of previous works in connection with corporate governance and firm value, it is worthy to note, that there exist an optimistic association between stronger corporate governance and firm valuation.

## 3. Data and Methods

This study adopted a quantitative approach. Quantitative research involves the use of numerical data to arrive at a conclusion (Robson, 2002). Primarily, the goal of quantitative study is to select a representative sample so as to generalize. There are numerous advantages for using quantitative approach. Bryman (2006) believes that quantitative methods are mostly reliable and has the ability to generalize. The survey design was adopted. The survey design provides a lot of information for researchers with a large number of research

participants. Surveys offer researchers opportunities to standardize information sought to address the study objectives. The population for the study was made up employees of Ecobank Ghana. In research, it may unreasonably expensive or relatively impossible to collect data from all the population which appears to be potential units of analysis covered by the study. Due to this challenge, the author of the study can draw accurate conclusions on all elements based on relatively small units when the units accurately represent the significant qualities of the whole unit as maintained by (Frankfort-Nachmias and Nachmias 1996). In view of that 50 respondents were selected to participate in the study. Primary data was collected through questionnaire. Both closed-ended questions and few open-ended questions was used in the data gathering. The questionnaires design took into consideration the aims of the research and the ability of a questionnaire to provide suitability and privacy to respondents for the study. The Statistical Package for Social Sciences (SPSS) was used in analyzing and interpreting the data collected for the study. The data was analysed and presented descriptively.

#### 4. Analysis and Discussion of Findings

##### 4.1. Demographics

The respondents were employees of Ecobank Ghana Ltd. In all 50 respondents were selected. Out of the 50 respondents selected, 26 (56%) representing the majority were males while the remaining 34% of the respondents were females. A significant number of the respondents fell between the ages of 31 – 39 years. From the responses, 40% of the respondents hold first degree, 38% have postgraduate degree, while the remaining 22% have professional qualifications. The finding implies that the respondents are well educated on the subject matter and therefore responded to the questions very well.

##### 4.2. Corporate Governance Practices

To appreciate the corporate governance practices of Ecobank, respondents were first asked whether Ecobank has a corporate governance code. The respondents unanimously agreed yes which implies that Ecobank has a corporate governance code. In view of that respondents were again asked to indicate whether the Bank complies with the provisions in the code. Most of the respondents (80%) indicated that Ecobank complies with the code. In view of that respondents were asked to indicate their level of satisfaction with respect to the certain features of their code.

Features of Corporate Governance codes	Very satisfied %	Satisfied %	Not Sure %	Dissatisfied %	Very dissatisfied %
Accountability	40	28	18	-	-
Transparency	30	40	20	10	-
Responsibility	38	52	10	-	-
Equity or fairness	26	28	26	12	8
Clear monitoring Structures	28	20	20	20	12
Managerial and strategic guidance	32	34	20	10	4

Table 1

Source: Field Data, 2016

From the table above, 40% of the respondents indicated that they are very satisfied with the accountability feature of their code, 28% said they are satisfied, 18% said they are not sure while the remaining 14% said they are dissatisfied. The findings are in line with the study by Shearer, (2002). According to the study, the vital concern in accountability is to define the degree to which investors have access to acceptable, truthful, reasonable, and current information's for relevant decision making. Accountability as noted from the responses above confirms the study by Epstein and Birchard, (2005). The study therefore revealed that accountability allows a firm to obtain an improved assessment from external and raises the investor's self-confidence. This in effect can increase the credibility, the reliability and the status of the firm in its immediate setting. Corporate governance codes recognise accountability as a strong pillar and have a positive consequence on the satisfaction of investors.

Majority of the respondents (40%) were satisfied with the transparency of the code, 30% were very satisfied, 20% were not sure while the remaining 100% were dissatisfied. According to Pahuja and Bhatia, (2010), firms offer suitable disclosure and well-time d facts to its investors concerning its operations and happenings as a result of transparency. Stakeholder's satisfaction is dependent on the reliability of the facts and the appropriateness of the message which are strong important motivators (Strong et al. 2001). The appropriateness of the connection between the company and its investors is disclosure which is seen as important by several scholars (Shafi, 2004; OECD, 2004; Walch and Wiedmann, 2004; Gaa, 2009).

From the responses also, 52% said they are satisfied with respect to responsibility, 38% were very satisfied while the remaining 10% were not sure. The rights of the stakeholders should be recognised as a responsibility. These rights may be recognised by law as provided and the advancement of active cooperation between main stakeholders and the company with the aim of creating prosperity and viable ventures for all parties (Sudarsono et al, 2006). Drawing inference from the definition above, respondents were questioned to show their level of satisfaction with respect to responsibility. Ensuring business acquiescence with laws and regulations is the responsibility of the board as it reflects the values of the society (OECD, 2004). It is important for businesses to appreciate their investor's desires better and to fulfill them competently. It was revealed that responsibility has a positive consequence on the investor's satisfaction in a market.

With respect to fairness and equity, 28% of the respondents representing the majority were satisfied, 26% were very satisfied, another 26% of the respondents were not sure, 12% were dissatisfied, 8% indicated that they are very dissatisfied. Equity or fairness ensures the safeguard of all the stockholders' concerns and making sure the stakeholders have fair treatment. It is important for boards to ensure fairness between the company and the resource providers in terms of the execution of contracts (Sudarsono et al. 2006; OECD, 2004). Studies have shown that treating shareholders with fairness in decision-making can increase satisfaction amongst the stakeholders. The findings directly oppose similar studies in other regions. For example, it is evident in the study by Herrmann et al. (2001). This study exhibited that consumer perception of price impartiality in the German market is positively correlated with their satisfaction, which is the reverse of this finding. Satisfaction of stakeholders is strongly influenced by the understanding and the readiness of the firm to treat the stakeholders honestly as indicated by Strong et al. (2001). Again, it was evident that fairness has a positive consequence on the investor's satisfaction.

As many as 28% of the respondents indicated that there exist clear monitoring structures, 20% were satisfied with existing structures, 20% were very dissatisfied, another 20% were not sure with only 12% indicating that they are very dissatisfied with the existing structures. Protecting stockholder interests by limiting the executive's preference is the main mission of a company's board (Fama and Jensen 2005). Managers are to be monitored by the board to give assurance to the stakeholders about how the resources provided are been put to proper use and the protection of the stakeholder legitimate interests. This is done by the board because it is one of the board's responsibilities. This monitoring role if clearly executed will encourage stakeholders to cooperate and to offer additional funds. When shareholders see that there is an sufficient monitoring and non-abuse of resources are reduced and a fair management is ensured, shareholders are eager to pay a premium to buy the shares as it is for well governed companies as noted by the McKinsey & Company (2002). In this study, it is evident there are weak monitoring structures if any.

With respect to the issue of managerial and strategic guidance, majority of the respondents (34%) indicated that they are satisfied, 32% were very satisfied, 20% were not sure, 10% were dissatisfied while 4% were very dissatisfied. Identifying growth opportunities is the strategic responsibility of business managers to their organisations. This helps them to make worthy planned selections that allow the firm to advance a viable competitive edge in the market it operates. Investor's satisfaction to the point that their influences will be appreciated and advanced through a suitable planned direction is enhanced by managerial and strategic guidance role provided by management. The existence of a clear strategic direction from management of the company and the board allows staff to become more involved to bring on board innovative ideas (Cortada and Woods, 2003). It is evident that when the board is pushing a strong dream of the company, it permits them to take openings and satisfies the stakeholders and this in effect will help to maximize value creation for shareholders. According Charreaux, (2000), the organisational directors' are to aid the managers to outline their dream and to shape the company through growth prospects as this is one distinct role of directors. Investor rights and investor responsibilities are best clarified by codes. It is important for investors to be involved in organisational activities and this is usually permitted by codes unlike regulation. The involvement of investors is critical to writing of codes. The anticipations of shareholder conduct under codes are to ensure participation in monitoring corporate responses to codes. This usually happens where investors' involvement is required.

#### 4.3. Corporate Governance Scores

Corporate governance codes for organisations have developed some interest in recent times. Corporate governance codes could echo an understanding that equity shareholders, whether international or local investors needs in deciding on the value of corporate governance with its effects on financial performance and other factors in relation to the investment. An often-quoted McKinsey survey of Investors world-wide perceives that a well-governed company requires investors to pay premium. There is the perception that indicates that investors are eager to pay additional money for a company's shares (McKinsey Investor Opinion Survey, 2000). Respondents were once again required to indicate the corporate governance score of Ecobank by ranking using a scale of 1-5 (poor to excellent) where 5 is the maximum, centered on four bases: Board Structure, Shareholder Rights, Compensation/Remuneration and Audit & Risk Oversight.

Pillars	Poor	Average	Good	Very Good	Excellent
<b>Board Structure</b>					
Board composition	-	2	18	32	48
Composition of committees	-	10	22	28	40
Board Practices	-	12	24	34	30
Board Policies	-	18	26	22	34
Related Party Transactions	8	16	24	16	36
<b>Compensation and remuneration</b>					
Pay for performance	-	10	22	28	40
Non-Performance based	-	22	14	30	34
Use of equity	4	18	28	28	22
Equity Risk Mitigation	10	14	20	22	34
Non-Executive pay	8	18	20	24	30
Communication and disclosure	-	10	28	30	32
Termination	-	16	28	24	32
Controversies	8	16	24	16	36
<b>Shareholder Rights</b>					

One share One vote	-	-	-	58	42
Voting issues	-	14	22	28	36
Voting formalities	-	12	16	28	44
Other Shareholder right issues	-	10	18	30	42
<b>Audit Practices</b>					
External Auditor	-	-	-	48	52
Audit and Accounting controversies	-	4	30	34	32
Other Audit issues	-	8	28	32	32

Table 2

Source: Field Data, 2016

On a whole Ecobank is performing creditably well centered on the four supports: board structure, compensation/remuneration, shareholder rights, and audit & risk oversight. Majority of the respondents (62%) were of the view that Ecobank has a very good board structure, compensation/remuneration, respects shareholder rights, as well as audit & risk oversight. For example, 48% of the respondents saw the board composition of Ecobank as excellent, 32% saw it as very good while 18% saw it as good. The findings are in line with literature position. The boards of companies are seeking for an opportunity to brag in terms of better or best corporate governance practices as indicated by (Brown and Rosenman, 2014). The coming into force of the Sarbanes-Oxley Act and Securities and Exchange Commission (SEC) and stock exchange rulemakings were meant to control the world's famous accounting failures. These controls have left directors, managers, their lawyers and accountants scrambling during the period to improve their procedures and processes to make them comply with regards to the new mandates relating governance, disclosure and accounting procedures. Corporate governance issues have increased intensely over the years. The reports on weakness and related issues of corporate governance are regularly in the media solely due to the investor interest in corporate governance issues. Empirical data from studies have shown that improved governance connects to improved investor worth. The issue of corporate governance has been extended to the public companies and this has brought about increase of available score schemes that rank on a complete basis. This rank is analysed and compared to corporate governance norms of listed firms. To this effect, there has been a recent development which is relevant for the company's directors to address. Most especially, the address should look at the consequences of the rating programmes and the standards they used in the rating so as to address issues effectively.

Bad ratings from rating agencies usually make good press due to the prevalent attention from the media on corporate governance in recent times. The publication of ratings by investment firms and available with their specialist reports has attracted attention from investors. The corporate governance ratings for firms which are usually connected echounfavorably on the worth of the boards on which the directors work. Further, though there is growing indication from research that decent governance relates with improved stockholder value and mostly bad governance is a strong sign for increased risk, such indication support the intention that ratings are a valued investment management tool for decision making. Several studies have confirmed this position. For example, a study conducted by Gompers, Ishii and Metrick, (2010; 2001) demonstrated "that firms with stronger shareholder rights had higher firm value, higher profits, higher sales growth, lower capital expenditures, and made fewer corporate acquisitions". Empirically, there was a study in US who looked at stock decision grants and investor returns of 1,500 largest US companies from 1992 to 2001, it was evident that firms providing meaningfully larger-than-average stock option grants to their top five executives produced lesser total returns to investors over the period than those providing fewer options (Biasi and Kruse, 2004). Similarly, a study by Institutional Shareholder Services (ISS) and Lawrence Brown and Marcus indicated that there was a correlation between corporate governance practices of a company and its performance. There is a strong correlation among tough corporate governance practices and greater normal annual total returns as revealed by GMI (2004). Weak corporate governance strongly undermines the creditworthiness in many ways as this seeks to serve as a strong warning to credit analysts.

#### 4.4. Post-Acquisition Performance

Respondents were again asked to indicate whether there has been any change with respect to increase, decline or indifference to a number of statements on performance after acquisition. From the responses, 68% of the respondents indicated that consolidated business's market share has increased significantly after acquisition while the remaining were indifferent. Majority of the respondents also noted that the consolidated business's sales changed even though some were indifferent. With respect to the firm's profitability (Profit/capital employed), 72% of the respondents indicated that it has increased significantly and therefore has affected the firm's profitability relative to industry average. The respondents again pointed to the fact that revenue and cost has changed as well as sustainability has changed. The respondents were again asked to indicate which factors they think have been most central after merger and acquisition process has taken place. Majority of the respondents indicated that the number one factor was the procedural factor. This was supported by 68% of the respondents. In order to harmonize and standardize work processes, there was the need for integration of systems and procedures as this is a procedural factor in the merger and acquisition process. This was followed by socio-cultural factor. Unlike the procedural factors, socio-cultural factors seek to bring together the people and organizational cultures and ensure that the new leadership culture is established. The last factor was the physical factor. To the respondents, it is important to bring together the product, its production lines, property, plant and equipments to achieve the organisational aim. The findings are not too surprising as a significant number of cases on M&A have indicated that the shareholders of the acquiring company stand to. This supports what literature has and that a study in Indian stock markets showed that the Indian companies take M&A as positive means of strategy. As it has been detailed in the study outcomes, the motive is for gratefulness in value enhancement of the merged company as

may be attributed to the anticipated rise in cash flows from the M&A process as revealed by Bebchuk et al, (2009). Shareholders always take into account anticipated increase in performance of M&A and this may be due to improved viability, new development projections, market leadership and cost efficiency. Corporate takeovers are driven by improved performance anticipation from investors and this may be due to synergistic benefits which may arise and this is often shown in the share prices (Kar, 2008).

## 5. Conclusion

Corporate governance codes in recent times have received global interest among organisations. This growing interest in corporate governance may give an understanding that investors in equity, be it international or local, are to consider. The corporate governance should be of high quality and often comes with financial performance and other factors which will aid investors in their decision making. All other things being equal, investor perception studies have it that investors are eager to pay additional money for a firm that is well-governed, (McKinsey Investor Opinion Survey, 2000). One of the important flaws that can be answerable for the presence of organizational disaster is poor corporate governance. Corporate governance necessarily implies adopting structures and practices aimed at enhancing the worth of shareholders as well as the performance of the organisation. Due to this, stakeholders need to be pushed to collaborate with the board or management to achieve organisational activities. Stakeholders may provide more resources if it realised that the board is undertaking adequate monitoring which comes with abuse reduction and fair-minded management towards organisational goals. Shortcomings in the financial markets or in law are curbed by codes. If the codes are well created, they can help increase market confidence and stability. It is evidently clear from the participants that corporate governance codes help to improve checks and balances within the organisation. Most importantly, it improves transfers of power amongst investors and non-executive directors.

## 6. Recommendations

The following recommendations have been made. First, disclosure requirements need to be adhered to or avoid the variations with respect to information available to investors. Corporate governance practices are on the rise due to the amount of disclosure. Modern trends indicate there is a meeting point concerning the type of facts revealed to stakeholders. The securities markets in its quest to promote better regulation in its activities, has resulted to extensive use of International Accounting Standards for better reporting. The increasing consciousness about the significance of disclosure to owners is due to the role played by the code. Eco bank's code needs to disclose relevant and more information with regards to corporate governance practices and structures than the few as it was done previously. Greater transparency will be enhanced through disclosures which will focus on all facets of corporate governance and, specifically director independence, executive and director compensation. Greater transparency as to share ownership and broader social concern issues are best dealt with through disclosure.

In order for corporate governance codes to achieve their objectives, there is the need for the company's board of directors to work within the existing laws and the motive behind these laws should be adhered to. Shareholders are directly represented by the board of directors. The role of the board is to make decisions that are of relevance to the firm and also in the best interests of the shareholders. Dominant shareholders interest must be upheld by board of Eco bank for shareholders to be assured of their investment in real terms. There is the need for significant reforms to make boards more responsible and more importantly effective in its work.

Again, there is the need to give some rights to employees of the bank. This advisory voice when granted to employees in relevant issues is one sure way of attracting employees in relation to governance issues of the bank. The voice given to employees will encourage employees to acquire stock through employee pension funds. There is similar employee stock ownership which grants employees with the participatory rights in corporate governance.

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