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RESEARCH TOPIC

THE IMPACT OF BOARD AND AUDIT COMMITTEE ON BANKS' PERFORMANCE: THE CASE OF SOME UNIVERSAL BANKS IN GHANA

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

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Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the Kwame Nkrumah University Of Science And Technology, Kumasi – Ghana.

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ABSTRACT

Following the extensive financial crises with its resultant collapse of some world leading businesses, the concept of corporate governance has received considerable attention in both industrial and academic circles. The role of board of directors and audit committee in the death and survival of corporate entities has become a key component of the corporate governance architecture. The study examines the composition of board of directors and audit committee and its effects on service delivery and firm performance in the Ghanaian banking industry. It also in addition explores how service delivery and firm performance differ with respect to ownership identities. Firm performance and service delivery was measured using Return on Assets (ROA), Return on Equity (ROE), and Net Interest Margin (NIM). Spearman findings indicate some validity and support for the relevance of corporate governance to firm performance in the Ghanaian banking industry. Using the GMM, fixed and random effect econometric models, board size and the presence of independent non-executive directors were observed to have significant positive effects on firm performance. The BoG and managers of the individual banks are advised, in light of the study's findings, to make sure that members of the audit committee are objective and constructively represented on the boards of the banks. Given that this significantly affects the bank's profitability, the BoG and leadership of the different universal banks are urged to make sure that the Board includes members with experience in accounting and finance.

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DEDICATION

To my parents Mr. William Kwesi Yeboah and Madam MagaretAbrokwahYeboah ,family and friends, the school of Business and the administration at the Kwame Nkrumah Science and Technology for being a strong pillar throughout my MSC program.

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CHAPTER ONE

INTRODUCTION

1.1 Background of The study

The practice of corporate authority has received much attention in modern times from both policy makers as well as academia owing to the important role it plays in safeguarding and protecting the assets of an organization. Corporate authority is the system and mechanism through which the operations as well as activities of an entity are controlled and directed (OECD,1999). The practice of corporate governance essentially results in the efficient running of firms while ensuring that shareholders of the firm gain appropriate yield on their investment (R. Magdi and C. Nadereh, 2002). The practice of corporate authority comes about as a result of the agency relationship that exists between shareholders of an entity as well as the managers of an organization. Shareholders are owners of a business entity but due to several reasons, these owners may not be able to run the business hence have to appoint persons known as managers to run the business. The shareholders employ these people known as managers to work in their interest. However, managers may end up not pursuing the goals or interests of shareholders but rather tend to pursue their personal interests as managers.

The board of trustees is elected by the company's shareholders at annual general meetings, and its main duty is to supervise the management team's operations in order to guarantee that the organization's strategic goals are carried out. Other key committees namely risk management committee, remuneration committee and audit committee may emerge. Among these sub committees, the audit committee stands out as an integral component of the corporate governance structure of a firm and represents an essential and challenging sub-component of the company's board (M. H., Chaudhry and Q. A. Malik, 2015). This committee is established to take charge of all accounting as well as auditing related issues of the entity including issues relating to the preparation of financial reports and internal and external auditing (Osei-Afoakwa, 2013). The audit committee's true goal is to advance corporate governance and provide assurance on issues regarding finances and compliance by enhancing monitoring, accountability, and the efficient use of organizational resources. In order to prevent agency conflict, the board's role is to oversee and supervise the managers' operations whilst, the audit committees particularly in the financial sector has become an issue of debate owing to the fact that they have been identified as a component of a board that play an important role as far as the well-being of these institutions are concerned (J. N. E. Baiden, 2020) and they also help a firm in achieving improved financial performance so as to achieve organizational goals as a whole.

1.2 Statement of the Problem

The board and audit committee of organizations help in controlling and monitoring management as far as accounting and auditing related issues of the entity is concerned (Ruzaidah and Takiah, 2004). According to Habibet al. (2020), a number of research studies have specifically suggested that consideration should be given to aspects related to corporate governance frameworks in order to obtain a more comprehensive understanding of the elements that impact financial hardship.

The business scams that have taken place throughout the time, have reechoed the need for organizations to have strong and sound board and audit committees and by extension, good corporate governance structures in place to prevent future scandals. Ghana has not been spared as far as these corporate scandals are concerned as empirical evidence has shown that several financial institutions are faced with financial scandals, financial reporting embezzlements, as well as unjustifiable operation of accounting practices (M. M. Ahlulbaitulaah, 2018). As a matter of fact, the foregoing scandals and challenges have been largely attributed to unfortunate board and audit committee practices of the entity (A.-J. Saani, 2017).The implication therefore is that, if these firms had had strong and sound board and audit committees, whose members had the appropriate expertise and experience and did their work very professionally and independent, such challenges would not have occurred since the members of the committee would have ensured that proper and functioning internal controls and audits as well as the external controls are monitored and carefully adhered to, to the latter. This clearly implies that if an organization will achieve its organizational goals and long-term goals, it is imperative for these organizations to have board and audit committees that are well constituted and have the appropriate skills and expertise to perform their task independently with honesty, confidentiality, professional due care and behavior.

Over the years, there have been several studies on corporate governance, but few of them have sought to determine how the board and audit committee's impact on banks' productivity (Osei E. B. 2016), evaluated the function and effectiveness of board and audit committees in a few chosen rural banks in Ghana, where data was collected through questionnaires and analyzed using descriptive statistics. All the studies above which considered bank performance were mainly focused on return on equity (ROE) and return on asset (ROA) but did not have their proxy for performance to be efficiency or net interest margin. The net interest margin is used as the proxy for bank performance for the present study particularly because it indicates how efficient the firm has been in using the deposits of customers in generating income and also an indicator of growth. Additionally, efficiency is important as it indicates how efficient the bank has been as far as management of expenditure in relation to total revenue is concerned and used as a proxy for the present study since it will indicate how cost efficient the banks have been. In essence, these proxies are used because, if the firm has internal controls as well as other safeguarding measures in place, it has to reflect in the cost efficiency enhanced net interest margin of the firm owing to the fact that the appropriate things would have been done in terms authorizations being done before any expenditure is made and proper assessment would have also be done in terms of loan granting which essentially leads to enhanced net interest margin. Hence the present study in order to fill the knowledge and methodology gap will look at performance of banks in terms of Net Interest Margin, efficiency and Return On Assets (ROA).

1.3 Objectives of the Study

The study's objective is to ascertain how board and audit characteristics relate to bank performance the following specific objectives:

i. To determine the effect of board and audit committee characteristics on net interest margin.

ii. To determine how the composition of the audit committee and board of directors affects effectiveness.

iii. To determine how the board and audit committee's attributes affect return on assets.

1.4 Research Questions

The research aims to provide answers to the following questions in order to fulfill its goals.

i. What is the impact of board and audit committee characteristics on net interest margin?

ii. What is the impact of board and audit committee characteristics on efficiency? iii. What is the impact of board and audit committee characteristics on return on assets?

1.5 Significance of the Study

The study's conclusions will largely highlight the value of the audit and board committees to banking activities in terms of their effectiveness and return on assets metrics like net interest margin. The research will specifically show how different audit elements affect different performance indicators of the banks in order to advise the board of directors as a whole on the best course of action for boosting the board's efficiency, particularly with regard to its composition. More so, the findings of the study will inform various stakeholders in the field of banking including the Ghana Bankers Association as well as the regulator (Bank of Ghana) in reviewing and formulating policies in relation to corporate governance particularly those relating to the audit board of board of directors in benefiting all stakeholders.

The study's findings will also be used by researchers who want to conduct a study on a topic connected to or similar to this one as a resource or a point of reference. Finally, the study is anticipated to increase the body of information already present in the area and to increase understanding among shareholders, about how board and audit committee performance affects shareholders and other stakeholders.

1.6 Scope of the Study

The objectives will be accomplished using both primary sources and secondary data from the financial reports of significant multinational banks. To ensure the efficient running of the financial system, the Central Bank of Ghana (BoG) was established. The Bank of Ghana has long enjoyed enforcing more stringent laws and controls. It now has additional control over how to handle irregularities in the industry. The BoG not only enacted regulations but also improved the banking sector. Thus, from 30 at the beginning of 2018 to 23 at the end of December 2018, the number of universal banks decreased.

1.7 Summary of Methodology

In order for the objectives of the study to be met, the descriptive research design will be employed. Its use is justified by the fact that the study will examine in-depth how board and audit committee effectiveness variables affect bank performance in Ghana and how this will help the author describe the numerous variables. In effect, the study will employ the descriptive method because it will help in describing the variables of interest which will be used for the study. Babbie (2002) asserts that descriptive studies depict variables by responding to the who, what, and how inquiries, and this study aims to accomplish just that. The target population for the study will be universal banks in Ghana. For purposes of analysis, the study will resort to descriptive statistics, Pearson correlation matrix and regression results in achieving the study objectives and the generation of the various statistics will be aided by STATA statistical software.

1.8 Organisation of the Study

The first chapter presents the study's background, the issue that prompted the study, its objectives, the questions it will attempt to address, its significance, and its limitations, as well as a brief review of related literature and a methodology summary. The theoretical and empirical reviews of the literature that support the study are presented in the second chapter.

The third chapter discusses the technique that will be used to accomplish the study's goals, and the fourth chapter gives the data that was collected along with an interpretation and analysis of it. The summary, conclusion, and suggestions related to the study are covered in the last chapter.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The scholarly research on the impact of the audit committee and board on bank performance is covered in this chapter.

2.1 Conceptual Literature Review

2.1.1 Board and Firm Performance

The Board of Directors has a responsibility to protect both shareholders' and stakeholders' rights and interests. The board supervises and controls operations and fires management whose actions are inconsistent with the interests of shareholders, making it the company's strategic decisionmaker(AL-Farooue et al., 2019). Results from earlier studies revealed there is no direct link between board composition and business success. For instance, Limpaphayom and Connelly (2006), Lefort and Urza (2008), and Krivogorsky (2006) discovered a favorable correlation between the number of board directors who are independent and corporate performance. According to return on assets, Hasnah (2009) showed a significant association between nonexecutive members and corporate success. In light of, Coles et al. (2001) shown that the inclusion of outside directors had a detrimental effect on a firm's performance. Additionally, increased independent directors and the value of the company were found to be negatively correlated by

Erickson et al. (2005). Smaller boards are related to improved monitoring quality, according to Jensen (1993). According to Lipton and Lorsch (1992), the board's ability to oversee management may decline as its size increases. They both suggested that the number of board members be kept to eight to nine, and that any additional benefits from increased involvement in growth monitoring would more than outweigh the costs of moderate decision-making.

2.1.2 CEO Duality and Firm Performance

When a person has two top positions, Jensen and Meckling (1976) hypothesized that there is a propensity for that individual to pursue self-preferences in a manner that might be detrimental to the business as a whole. The same concept is being made clear; Mallette (1992) It has been asserted that the board chairman's numerous responsibilities force him to make decisions that might result in a conflict of interest. However, with the dual roles, the CEO may set the agenda for the board and can affect (but not directly control) the preferences of the board's directors. In their analysis, they came to the conclusion that CEO duality may make it more difficult for the board to monitor executives. However, empirical investigations into how duality affects key corporate performance indicators have produced contradictory findings. Aminu and Taker (2005), and

Mustafa (2006) CEO duality was found to have a negative significant link with firm performance. Therefore, The CEO dualism and firm performance are negatively correlated.

2.1.3 Concept of Auditing

As per the International Standard on Auditing's ISA 300, the concept of auditing is explained as the assessment of a business entity's monetary information by an independent firm of certified public accountants. This process involves the investigation of accounting records as well as other documentations backing those financial statements or records. An assessment and study of an entity's internal control system, examination of records and documents, physical observation of assets, conducting investigations inside and outside the firm as well as investigating other auditing rules helps auditors to gather facts and information that is required in ascertaining whether the financial records that have been prepared provide a fair or accurate picture of the of the monetary state and operations of the business or not as at the time of auditing the records. The ISA 300 establishes the purpose of an audit in organisation and also explains the fundamental principles which governs the professional responsibilities of auditors which have to be adhered to in the conduction of a financial information audit. The present study will go by the definition as indicated in the International Standards on Auditing, ISA 300 which indicates that the term refers to the activities and processes undertaken by qualified corporations as well as individuals where the financial records as well as financial information of a business organisation are subjected to independent rigorous inspection and scrutiny. Essentially, audit processes are not static as such, they vary from one engagement to another (Lusztig et al., 2001). For instance, the audit procedures that may be used in a small business entity may not suit the auditing needs of a bigger corporation. Additionally, since there are different industries in an economy, the same procedures may not apply to all organisations.

2.1.4 The Concept on Audit Committees

The audit committee is established by the larger board of an organization, and it is tasked with overseeing the financial reporting procedure, choosing an unbiased external auditor, and receiving the audit results from both the business's external and internal auditors. Their primary goal is to ensure that a company's accounting and auditing procedures are followed and appropriately carried out in order to safeguard its resources (both financial and non-financial resources). They are frequently ongoing committees that work with management and internal auditors to strengthen and enhance an organization's financial reporting processes. Furthermore, they guarantee that commercial activities are conducted properly and ethically (Ayinde, 2002). The audit committee of an organization is typically composed of independent non-executive directors who have been given oversight responsibilities to assist the board of the organization as a whole in delivering and achieving financial monitoring, portfolio management, control, as well as accounting goals and duties (Marx, 2009). It is more beneficial for the capabilities of executive directors to be monitored since the committee is often made up of both non-executive and executive directors, especially when it comes to their responsibilities for accounting and financial reporting (Marx, 2009). According to the US Securities and Exchange Commission (2003), the primary function of audit committees is to advise and make recommendations to the board of directors in line with the charter of the organization.

2.1.5 An Adopted Definition of Corporate Governance

Corporate governance is a multi-faceted subject or term. The term has been defined in many ways by numerous researchers. However, all the definitions seem to focus on a view; and that is, corporate governance determines how a company is run. In Keasey et al. (1997) for examples, The structures, cultures, programs, procedures, and systems that foster the efficient and effective operation of corporations are referred to as corporate governance. Also, as defined by Kajola (2008) corporate governance is making sure the business is well managed and shareholders' interests are protected at all times. It is a concept that has explained by some authors as the various ways in which those who supply finance to businesses (e.g. shareholders) put managers of these businesses under control in ensuring that the capital of shareholders is not misused or mismanaged and to ensure that earnings are made on investments done (Vives, 2000; Oman, 2001). As far as the banking businesses is concerned, the broader dimension of corporate governance is to be employed owing to the contract type of banking business which requires that The shareholders and people who have deposited money with these institutions must be at the core of the corporate governance structure(Macey and O'Hara, 2001). Arguing in support of adopting a broader dimension of corporate governance, Arun and Turner (2002) indicated that owing to the unique way banking business works, it is imperative for the broader dimension of corporate governance is required but according to them, the intervention of governments will also be required in ensuring that the behavior of bank managers and management is restrained and put under control. A comprehensive perspective of corporate governance that takes into account both shareholders and depositors is also seen to be necessary for banking enterprises due to their particular character, regardless of the situation of a country, whether it developed or developing. Simply put, tight restrictions are necessary to protect consumer deposits and to defend the whole financial system due to the particular nature of the banking industry.

2.2 Theoretical Literature Review

2.2.1 The Stakeholder Theory

As modeled by Freeman (1984), this theory explains that, the conventional view of a company is in the point of view of an investor when the investor or owners of a company are very significant and the firm has a coupling guardian commitment to lay such necessities and increase the rewards which comes along.

Generally, the stakeholder model considers the broader organization and not a bird's eye view. The theory provides that, the company is highly responsible to a much wider group or parties of stakeholders other than the owners/investors or shareholders. Such stakeholders include the suppliers, creditors, government and law agencies, customers, employees, the community within which the company resides, and the society itself. The theory suggests that, the company ought to be socially responsible and ought to be managed with the interest of the public at heart. In this theory, performance is usually judged by many factors including market share, financial performance and the growth in trading relations with other parties of their stakeholders.

There are a number of set-backs for this particular theory. One such is it is very difficult to make sure the company achieves the wider objectives of ensuring that it fulfills the needs of all the stakeholders. In view of the above, many arguments have been raised against this theory which supports this particular challenge. A study by Blair (1995) explains that, the idea has not succeeded in providing a clear guidance to aid directors and other managers set their priorities in suiting the needs of the stakeholders and making use of available resources to ensure that, the company operate effectively to their social obligations. Hence, many research studies do not support this theory or do not consider it as very effective.

2.2.2 The Shareholder Theory

Corporate Governance is related to agency problem. The agency relationship is as a result of the fact the owner of a company is completely different from the one who manages the company. For instance, when shareholders invest their stake or moneys into a company and leave the managers or the board executives to run the corporation, it can remain well certain that, the shareholders who own the company are completely different from the parties that control or manage the company and hence agency problems could be brought up. The shareholders need the various parties or managers to employ their quality human capital to utilize resources to help the company generate more profit and to increase the shareholders' wealth. Also, managers do need the shareholders' capital resources such as funds to help the company run with enough money.

Clearly, the governance structure can affect all the aspects of a company and so does the corporate governance. This is what is being explained by The Shareholders Theory. the investors In the strictest sense, theory or model states that each company's primary goal is to maximize or increase shareholder value via the use of productive efficiency. The value the market places on the company is the only metric used to determine the performance of the business. In corporate governance, the major issue brought up in this theory is that of the agency problem which is birthed since the shareholders and the managers are separate in terms of decision making.

Furthermore, this separation also diverts the firm's corporate behavior from the profit making ideal. The cause of this is the fact that, the objectives of both parties, the shareholder (the principal) and the managers (the agent) are not the same and their interests too differ simply because there are the differences in the control and ownership. However, that could go wrong, the fact that, managers are not the owners implies that, the managers never bear the costs of their performance or actions and neither do they enjoy the benefits of their actions as those are translated into the shareholders returns. Hence the managers instead of maximizing the returns of the shareholders, will be thinking of increasing their salaries.

Additionally, the shareholders' theory has been influenced by three theories. In order words, the three theories are the essence of the theory and they are: the theory of property rights, which is reported by Alchian and Demestz (1972), the agency theory, as proposed by Jensen and Meckling (1976), the transaction cost theory as initiated by Williamson (1985). The Theory of property rights explains that, the firm is the nexus of contracts and it is the mission of every leader to make a clear definition of the tasks' nature and to make a choice of the people who will have to administer and make use of the nexus cooperative. In essence, the theory contends that in order to prevent conflicts between managers and shareholders in a principal-agent relationship, it is critical to put in place policies that would assist balance managers' and shareholders' interests.

2.2.3 The Agency Theory

Agency theory looks at conflicts of interest that exist between managers and shareholders due to different interests of companies. The contract calls for the appointment of management in order for the owners or shareholders to have decision-making ability. "There is no division of ownership and control when the management is the only equity owner of a company; as a result, there is no agency conflict between the manager and the owner. However, when several outside investors get common shares of a firm, the separation of ownership and power can lead to a conflict between the interests of owners and management. The managers are supposed to make decisions that are compatible with the company's main goal, which is to maximize shareholder wealth. Unfortunately, the managers do not operate differently in practice. They appear to be more concerned with choices that align with their own interests, which exacerbate the agency issue. Summary of the causes of the agency problems: Ownership and control differences: Shareholders, not the managers, are the ones who own the business, and Owners and managers have conflicting interests since they have different objectives. Possible management aspirations include expanding managerial power, establishing employment security, improving managerial pay and perks, and pursuing their own social goals or side initiatives. (Watson and Head, 2007). In order to reduce this agency issue, businesses work to have a solid and efficient Corporate Governance strategy to ensure fair management (Uwuigbe et al., 2018; Weerasinghe et al., 2017) The management' conduct is influenced by this, and compelled to act in the shareholders' best interests.

2.2.4 The Stewardship Theory

This is basically directly opposite of agency theory. Agency interprets the relationships that exist within a company and sees managers (agents) as logical and pragmatic. A variety of non-financial motivations for managerial operations are permitted by the stewardship, which extends beyond only economic activities as stated in Davidson and Davis (1991), including excellent performance, self-fulfillment, and intrinsic satisfaction requirements. The theory also emphasizes business strategy that aims to achieve a balance between the competing interests of all stakeholders. Customers are more likely to trust companies that can continue to deliver services for the foreseeable future and so help to boost the company's value. According to Davidson and Davis (1991),When appointed, stewards will act in the principal's best interests. A steward maximizes and preserves the value of the company's owners, which gives them satisfaction and a sense of fulfillment. According to this theory, managers are given the freedom and trust to make decisions that are consistent with the goals of the firm as well as those that maximize shareholder value. Since managers view themselves as stewards and receive intrinsic benefits or satisfaction from excellent performing enterprises, the issue of agency or transaction cost managing and monitoring the actions of directors or managers is minimal.

2.3 Empirical Literature Review

Despite extensive research on the issue, it is still difficult to show consistency in terms of the overall influence on the organization of governance and management structure on corporate performance. Even while quantitative administration studies frequently begin by investigating how important stakeholders affect the company's worth and profitability, a lot of recent research has concentrated on the topic of board composition and performance (G. Shleifer, and R. Vishny. 2015). Real-world data show that companies with more independent directors restructure their organizations more quickly in the wake of poor performance, encouraging recovery (Perry &Shivdasani, 2005). Aldamen, H., Duncan, K., Kelly, S., McNamara, R., and Nagel, S. (2012) evaluated audit committee factors and company performance. The report's results indicated that audit committees that are small but get more members with more experience and financial expertise are positively related to firm performance and growth, whereas chairs of audit committees who have been serving for a long time have an inverse impact on firm profitability. Whether the organization must first endure poor goal delivery is the key question. Due to the fact that some businesses experience both successes and failures on a regular basis, others constantly fall short of their objectives, and many others, who employ effective strategies, successfully reach their objectives on a regular basis, the literature is thus insufficient. Mohammed A.M., (2018) examined how factors related to audit committees influenced the performance of publicly listed non-financial corporations in a manner similar to this study. According to Rahman, M. M., Meah, M. R., and Chaudhory, N. U. (2019), investigation of how audit committee factors influenced business success, the size of the committee and the standard of the external audit indicated a significant and unfavorable connection with corporate performance. The study also showed how often occurring audit committee meetings greatly improve company performance. Maridha C.P., (2019) examined the relationship between the success of Indonesian companies and the attributes of the audit committee. The study of the data revealed a strong and favorable relationship between performance metrics including ROA, ROE, and ROCE and the size, independence, and experience of the audit committee. Zied, B., and Mohamed, T. (2013) assessed how the involvement of the audit committee affected the financial results of Tunisian enterprises used as case study organizations. Based on data analysis, the study discovered a strong and positive relationship between the financial performance of the companies and audit committee components such member independence, audit committee size, and member skill (ROA). Researchers looked into how corporate governance affected capital risk, credit risk, and liquidity in Vietnam (Trinh et al., 2015). No associations between board size and capital risk, credit quality, or liquidity were found by the study. Board independence had a lower capital, liquidity, and credit risk than audit committees while having no impact on banking risk.

2.3.1 Effect Of Board And Audit Committee Characteristics On Net Interest Margin

Aldamen, H., Duncan, K., Kelly, S., McNamara, R., and Nagel, S. (2012) evaluated audit committee factors and company performance. The report's results indicated that audit committees that are small but get more members with more experience and financial expertise are positively related to firm performance and growth, whereas chairs of audit committees who have been serving for a long time have an inverse impact on firm profitability. Gunes and Atilgan (2016) evaluated the performance of audit committees in Turkish and British banks. According to the study, net interest margin (NIM) of Turkish banks was negatively related to independent member directors and audit committee members' experience years, whereas net interest margin (NIM) of UK banks was positively related to independent member directors and audit committee members' experience years. M. T. Hassan, F. Khan, and M. S. Molla (2019) The empirical results show a significant relationship between profitability and the size of the audit committee, the experience of the board, return on assets (ROA), and return on equity (ROE). In contrast to UK banks, where net interest margin (NIM) was favorably related with independent member directors and experience years of audit committee members, the study found a negative association between independent member directors and NIM of Turkish banks. Hasan, M. T., F. Khan, and M. S. Molla (2019) Empirical findings from the study show a strong correlation between the size of the audit committee, the skill of the board, and the profitability indicators return on assets (ROA) and equity return (ROE). There was a research void regarding UK firms, which served as the study's inspiration. The study advances our knowledge of the characteristics of corporate governance that affect company performance, notably in the UK environment.

2.3.2 Impact Of Board And Audit Committee Characteristics On Efficiency

In 2016, Cheah, S. S., Kuan, T. C., Chew, S. C., Low, X. Y., and Poon, Z. H., conducted research following data analysis, the study discovered a substantial relationship between two factors—the independence and workload of the audit committee—and the performance of Malaysian publicly traded companies. However, research showed that, elements like business size and financial expertise are not particularly important for a company's profitability. The two qualities of independence and financial understanding demonstrated a favorable and high link with corporate performance, according to Aanu, O. S., and Odianonsen, I. F; and Foyeke, O. I (2014) investigation of the relationship between audit committee features and business success. Aspects like audit committee size, freedom, meetings, and financial expertise were significantly and positively correlated with the performance of the listed deposit money institutions under investigation. It was discovered that having audit committee members with knowledge in finance and accounting and who are independent non-executive members considerably improved the performance of the organization. Mohammed A.M., (2018) examined how factors related to audit committees influenced the performance of publicly listed non-financial corporations in a manner similar to this study. According to Rahman, M. M., Meah, M. R., and Chaudhory, N. U. (2019), investigation of how audit committee factors influenced business success, the size of the committee and the standard of the external audit indicated a significant and unfavorable connection with corporate performance. The study also showed how often occurring audit committee meetings greatly improve company performance. Orjinta, H. I., and Evelyn, I. N. (2018), investigated this matter in relation to Nigeria. The study found that while audit committee independence, committee size, and meetings were all favorably and substantially related to business performance, audit committee qualification was positively but not significantly connected. Furthermore, Olayinka O.M. (2019) discovered no proof of a substantial connection between Nigerian bank performance and audit committee parameters such committee size, frequency of meetings, and member financial competence. Businesses that adopt governance are more likely to lower their cost of capital, attracting a larger range of investors—the majority of whom are drawn to long-term investments, claim Agrawal and Ashwini (2012). Strong corporate governance practices help businesses become less vulnerable to various risks, and if they conduct their operations morally, they may build enduring relationships with important stakeholders including creditors, workers, clients, and suppliers. Hamdan et al. (2013) looked at how the audit committee's characteristics impacted the financial success of Jordanian banks. According to studies, audit committees support a company's financial success. Independent board members enhance bank performance, claim AlManaseer et al (2012).

2.3.3 Characteristics of the board and audit committee and return on assets

Maridha C.P., (2019) examined the relationship between the success of Indonesian companies and the attributes of the audit committee. The study of the data revealed a strong and favorable relationship between performance metrics including ROA, ROE, and ROCE and the size, independence, and experience of the audit committee. The size of the committee exhibited a positive but insignificant link with ROA but a positive significant relationship with share price, according to Zraiq M.A.A, and Fadzil F.H.B (2018) analysis of how audit committee features affected business profitability. Further investigation revealed that performance committee meetings were significantly and favorably connected to ROA, but committee size was negatively and favorably related to earnings per share. Zied, B., and Mohamed, T. (2013) assessed how the involvement of the audit committee affected the financial results of Tunisian enterprises used as case study organizations. Based on data analysis, the study discovered a strong and positive relationship between the financial performance of the companies and audit committee components such member independence, audit committee size, and member skill (ROA). Ibrahim, I.H., Ouma, C., and Koshal, J.(2019) examined the connection between the independence of the audit committee and the financial success of Kenyan insurance businesses. After analyzing primary data from 412 firm board members, CEOs, CFOs, audit committee members, and internal auditors, the study came to the conclusion that there is a positive and strong correlation between audit committee independence and financial success (ROE and ROA). Amer, M., Ragab, A. A., and Shehata, S. E. (2014) investigated the strong and favorable link between audit committee features and corporate success using publicly traded Egyptian companies. The board of directors and audit committees are viewed as crucial components in order to oversee management's operations, improve transparency, and reduce bank risks. Researchers looked into how corporate governance affected capital risk, credit risk, and liquidity in Vietnam (Trinh et al., 2015). No associations between board size and capital risk, credit quality, or liquidity were found by the study. Board independence had a lower capital, liquidity, and credit risk than audit committees while having no impact on banking risk. The importance of Yasser, Q. R., Entebang, H., &Mansor, S. A. (2011) finding that ROE, board composition, and audit committee all have a significant and positive link is shown.

2.4 Conceptual Framework

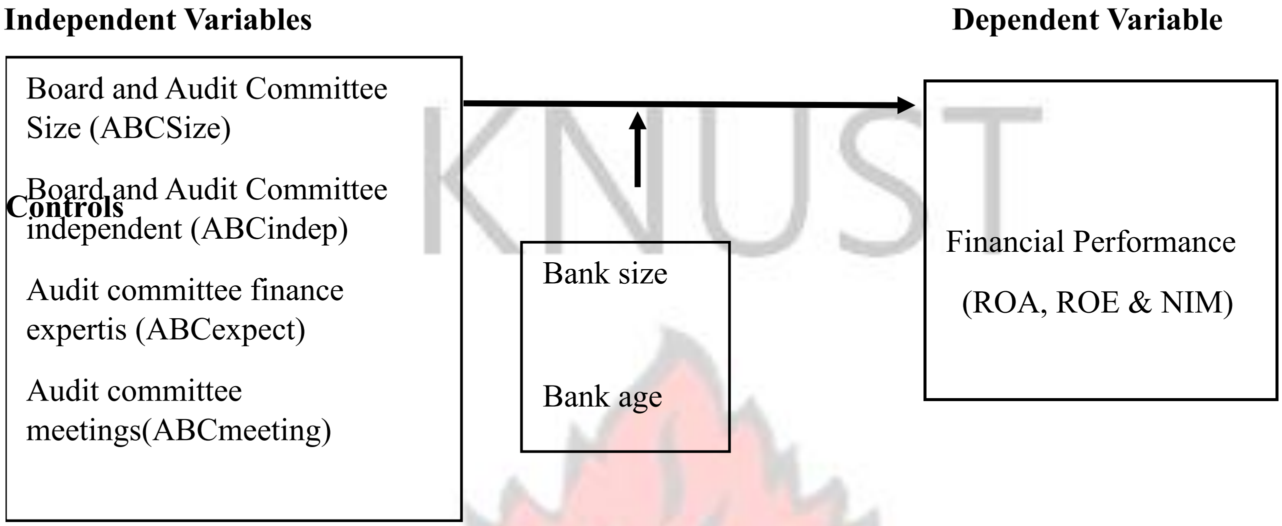

Figure 1. Board and Audit Committee characteristics and commercial banks financial performance in Ghana.

Source: Author's construct, 2022.

2.5 Summary of Chapter

This chapter looked at the theoretical concepts: stakeholder theory, shareholder theory, agency theory, transaction cost economics, and the behavioral agency model serve as the study's cornerstone. The empirical review reviewed the findings of numerous academics on the basis of return on equity and return on asset for financial success.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

The chapter contains explanations of the data types and sources used in the study, as well as sample criteria and definitions for the primary variables included in the model.

3.1 Research Approach

The research subjects were arranged using the descriptive survey design. The qualitative and quantitative methods were used to assess board members' comprehensive and in-depth understanding of the banks' growth and survival. Babbie, E. R., (2010) indicates that, the primary focus of quantitative techniques is on accurate numerical analysis of survey results and other data collecting procedures. They also involve the alteration of statistics that were previously obtained by computer technology. The objectives of quantitative research are to gather numerical data, apply it to the broader population, or offer an explanation for a particular phenomenon. Mixed methods research, as per Creswell and Plano Clark (2007), is a diverse and rebuilt multidimensional model that uses several methodologies to address different system levels. It is important to note that choosing a particular design is not determined by agreement on the best and most effective course of action, but rather by the obligation to take part in a thorough explanation of leadership and productivity challenges in the banking industry from a variety of viewpoints.

3.2 Population Of The Study

For this study, the target population comprised directors of universal banks based in Accra. According to the Bank of Ghana, there are 23 universal Banks in Ghana after the financial sector clean up exercise which was undertook in 2018. By the end of December 2018, these 23 universal banks had successfully complied with the GHS 400 million minimum capitalization criteria (BoG, MPC reports, 2018).

3.3 Sample Size and sampling Techniques

Since all universal banks in the Greater Accra Region were included in the study's sample, it was census-style sampling. The universal banks in Ghana provided the 23 respondents. All 23 companies were included in the analysis since there are a manageable number of universal Banks. As part of the census process, statistics are gathered on every target population unit that was surveyed. While the term "population" here refers to all of the observations related to a particular research subject, however, the sampling procedure chooses discrete sample entities from the target population. (Čiginas, A. 2020).

3.4. Data and Data Collection

Using a standardized questionnaire, the respondents' data was gathered. The poll had both closedended and open-ended questions. Appendix 1 contains all of the questionnaire's specifics. Compared to other methods of gathering data, questionnaires have the flexibility to yield significant findings, which improves the study's capacity for problem-solving. Among the most popular tools for gathering data when conducting surveys is the questionnaire (Saunders et al., 2007). To gather data about bank activities and records management, a questionnaire was created utilizing a Likert scale with a Strongly Agree (5) to Strongly Disagree (1) range. Additionally, inperson interviews were used to collect field data. Due to the time limitations on the part of these auditors, personal administration of the questionnaires was used. Prior to the distribution of the questionnaire, individual interviews and chats were conducted to get the respondents' opinions together and to look for inconsistencies. The questionnaire consists of three section: Section A, B and C.

3.4.1Variables Description and Measurement

Board and Audit Committee Size (ABCSize): According to available studies, the size of the board and audit committee is a significant factor that adds to their efficacy.

Board and Audit Committee independent members (ABCindep): Independent members of the board and audit committee, according to the theory of agency, go a long way in appropriately monitoring management's activity. The existence of neutral nonexecutive directors is used to assess this.

Audit committee finance expertise (ABCexpect): Monitoring a company's financial reporting processes is the major duty of the audit committee (Anderson et al., 2004; Musallam, 2020).

Audit committee meetings (ABCmeeting): Meeting frequency is viewed as a crucial component of effective monitoring since it shows the degree of audit committee activity (Vafeas, 1999). Total meetings held

Bank size: Bank size might signal that the firm is growing, and the market responds favorably. The higher a company's overall assets and revenues, the larger its size or scale. The entire asset log is used to calculate this.

Bank age: Bank age looks at how long the bank or firm has been in existence. Firm age (certificate of commencement)

The LDEPT Dept ratio: According to (Al-Saidi et al., 2013), Since debt financing reduces moral hazard behavior by restricting managers' access to free cash flow, which might eventually have an impact on firm performance, it may put greater pressure on management to perform effectively. all resources minus all obligations

Return on Investment: The amount of earnings a company can generate with a single asset is what Ongore and K'Obonyo (2011) define as the ROA. Depending on Earnings before interest and taxes as a percentage of total business assets

Return on Equity (ROE): assesses the profits made by shareholders' equity over a given time frame, often one year. earnings after taxes and interest/firm equity divided by the total amount of producing assets.

Net Interest Margin: Divide net interest income by the total earning assets to arrive at net interest margin (NIM).

The generic panel data model is represented by;

$Y = \alpha + \beta X + \varepsilon$ Where

the:

The dependent variable is represented by Y in the model while the α

stands for the constant term and

β represents parameters which are estimated on independent variables or parameters that represent parameter estimates for the explanatory variables while

X represents the vector of observations relating to the explanatory variables including the control variables and ε represents the error term in the model.

The following multiple regression models were formulated for the present study.

Bank Performance (ROA, ROE, NIM) $= \beta 0 + \beta 1(\text{ABCSize}) + \beta 2(\text{ABCindep}) + \beta 3(\text{ABCexpect}) + \beta 4(\text{ABCmeeting}) + \beta 5(\text{LAGE}) + \beta 6(\text{LDEPT}) + \beta 7(\text{BSIZE}) + \text{Error}$

3.4.2. Data collection instruments

The questionnaire measure is based on a five-point Likert scale. Due to the time limitations on the part of these auditors, personal administration of the questionnaires was used. Prior to the distribution of the questionnaire, individual interviews and chats were conducted to get the respondents' opinions together and to look for inconsistencies.

3.5. Validity and Reliability of Constructs

The reliability and accuracy of the questionnaire were evaluated by a pilot survey. First, nearly every sentence that was discovered to be unclear and irrelevant was restructured with the researcher's supervisor's professional opinions, advice, and correction in mind. 5 banks were therefore chosen to test the questionnaire. Prior to distributing the questionnaire to respondents, the test was designed to identify problems with understanding as well as other problems. Questions and directions must be phrased precisely and clearly to reduce confusion and distortions, as various persons may interpret them differently. Open-ended questions were used less frequently and fixed alternative questions were largely used to collect the data. 2 of the original 59 question items were thus dropped from the initial draft. This was done to make sure the words were clear and that the variables were assessed correctly. Examination of the remaining replies item-by-item revealed no indication that any respondents had misunderstood any of the items. As a result, it was determined that the instrument provided a guarantee of readability and usability.

3.6 Ethical Consideration

At any moment, participants can decide whether or not to participate in the study. Participants are not asked for any personally identifying information, and the data obtained is kept confidential and anonymized to prevent anybody from connecting it to other data. The results are reliable and the study contains no instances of plagiarism or other sorts of research dishonesty.

3.7 Chapter Summary

Finally, the descriptive design was used in this chapter to organize the subjects for the study. The Quantitative and Qualitative technique was also used to assess board members' extensive and indepth expertise. Primary data was collected through questionnaires and a field survey (interviews).

CHAPTER FOUR

DATA ANALYSES AND DISCUSSION OF FINDINGS

4.0 INTRODUCTION

The findings are discussed in this chapter along with the outcomes. Three goals and objectives are described in total, along with their outcomes.

4.1 Descriptive and demographic data

Table 4.1.1: Correlation Matrix of the Explanatory Variables on ROA

Variables	ABCindep	ABCsize	ABCexpect	ABCmeeting	LDept	Bsize	Lage
ABCindep	1						
ABCsize	0.024	1					
ABCexpect	0.096	-0.021	1				
ABCmeeting	-0.127	-0.293	-0.444	1			
LDept	-0.316	0.230	-0.093	-0.470	1		
Bsize	-0.267	0.268	-0.091	-0.224	0.338	1	
Lage	-0.279	0.272	-0.225	0.083	0.039	0.048	1

Source: Survey data, 2022

The correlation analysis of the independent variable, which illustrates how the numerous variables are connected to one another, is built using Table 4.1.2. The Table displays a marginally favorable relationship between the size (ABCsize) and independence of an audit and board committee (ABCindep). ABCexpect and ABCsize have a weakly negative association, but ABCindep and ABCexpect have a weakly positive correlation. ABCmeeting strongly negatively correlates with ABCsize, ABCexpect, and ABCindep in addition to other variables. The connection between ABCindep and ABCmeeting and LDept is very negative. It still maintains a tense adversarial relationship with ABCexpect despite this. However, LDept and ABCsize have a significant association. Regarding ABCexpect and ABCmeeting, Bsize has a weakly negative link and a very unfavorable association. Together, Bsize, ABCsize, and LDept work really well. When it comes to ABCmeeting, LDept, and Bsize, Lage has a strong negative relationship whereas she has a moderately negative association with ABCindep and ABCexpect. At work, Lage and ABCsize get along well.

Table 4.1.2: ROE Explanatory Variables Correlation Matrix

Variables	ABCindep	ABCsize	ABCexpect	ABCmeeting	LDept	Bsize	Lage
ABCindep	1						
ABCsize	0.037	1					
ABCexpect	0.088	-0.015	1				
ABCmeeting	-0.159	-0.281	-0.468	1			
LDept	-0.293	0.212	0.076	-0.439	1		
Bsize	-0.244	0.253	-0.077	-0.183	0.286	1	
Lage	-0.138	0.101	0.350	-0.103	-0.102	-0.043	1

Source: Survey data, 2022

Table 4.1.3 The Table demonstrates a weakly positive link between the size (ABCsize) and independence of an audit and board committee (ABCindep). The association between ABCexpect and ABCindep is slightly positive, whereas the correlation between ABCexpect and ABCsize is somewhat negative. ABCmeeting, ABCsize, ABCexpect, and ABCindep all have substantial inverse connections and has a marginally favorable correlation with ABCexpect but a significant antagonistic correlation with ABCindep and ABCmeeting with LDept.

Table 4.1.3: Explanatory Variables on NIM -Correlation Matrix

Variables	ABCindep	ABCsize	ABCexpect	ABCmeeting	LDept	Bsize	Lage
ABCindep	1						
ABCsize	-0.101	1					
ABCexpect	0.109	-0.163	1				
ABCmeeting	-0.057	-0.049	-0.519	1			
LDept	-0.358	0.102	-0.102	-0.702	1		
Bsize	-0.158	0.252	-0.161	-0.164	0.264	1	
Lage	-0.009	0.000	-0.271	0.325	-0.260	0.108	1

Source: Survey data, 2022

Table 4.1.4 The Table demonstrates a substantial inverse link between the size (ABCsize) and independence of an audit and board committee (ABCindep). ABCsize and ABCexpect, on the other hand, exhibit significant positive and negative relationships with ABCindep. With regard to ABCsize, ABCindep, and ABCexpect, ABCmeeting shows only weakly negative correlations and strongly unfavorable relationships, respectively. The effects of LDept on ABCindep, ABCexpect, and ABCmeeting are all quite negative. The correlation between LDept and ABCsize, however, is really helpful. The relationship between ABCexpect, ABCindep, and ABCmeeting is markedly adverse.

The study's correlation findings are in line with those of Mwangi I.N. (2021), who found that ROA was positively and substantially connected with the AC's independence, financial knowledge, and attendance at AC meetings at a 5% significant level with p values less than 0.05. By using p values greater than 0.05, the results further demonstrate that ROA is favorably but not significantly connected with AC tenure, AC multiple directorships, and AC size.

Table 4.2.1: Board Composition And Company Performance: Fixed Effects And GMM Multiple Regression (NIM)

Variable	Fixed Effects			Generalized Method of Moments		
	COEF	Rob. Std. Error	p-value	COEF	Robust. Std. Error	p-value
ABCindep	0.00	0.019	0.976	0.030	0.025	0.220
ABCsize	-0.048	0.030	0.129	-0.027***	0.011	0.010
ABCexpect	0.012	0.010	0.206	0.616*	0.367	0.093
ABCmeeting	0.053*	0.030	0.085	-0.662*	0.373	0.076
LDept	-0.129*	0.059	0.033	0.075	0.054	0.167
Bsize	-0.018*	0.009	0.058	-0.007	0.009	0.445
Cons	-0.348	0.183	0.063	0.364	0.183	0.047
P-value			0.097			0.000

Dependent variable: NIM ***p < 0.01, **p < 0.05, *p <0.10
Source: Survey data, 2022

Table 4.2.1 indicate that Bank Size (Bsize) has a significant negative impact on Net Interest Margin (β= -0.018, p > 0.10). As a result, a percentage increase in Bsize results in a 1.8% decrease in NIM. ABCmeeting has a substantial positive relationship with NIM (β= 0.053, p 0.10), but

LDept has a significant negative association with NIM (β= -0.129, p 0.10). Similar to how ABCsize had a significant negative association with NIM (β= -0.027, p 0.01) at the Fixed effect model, ABCmeeting also showed a negative relationship with NIM at the GMM level (β = -0.662, p 0.10). Nevertheless, ABCexpect did significantly improve NIM in the GMM model (β = 0.616, p 0.10). The p-values are less than 0.10 when the models' fitness is evaluated; it shows the best fit and that all the characteristics of the predictor variable have an impact on the criteria. This answer's the first research question: What effect do the qualities of the board and audit committee have on the net interest margin?

Hasan, M. T., F. Khan, and M. S. Molla (2019) Empirical findings from the study show a strong correlation between the size of the audit committee, the skill of the board, and the profitability indicators return on assets (ROA) and equity return (ROE). There was a research void regarding UK firms, which served as the study's inspiration. The study advances our knowledge of the characteristics of corporate governance that affect company performance, notably in the UK environment. This is also consistent empirically with those of Abdelrahman Al Ali, S.A.A., El Mokdad, and Hayek (2022), who claimed that the frequent meetings of the Etisalat Group Audit Committee had a positive and significant impact on the performance of the company's finances. This is due to the fact that the Audit Committee's independence, knowledge, and size are all constant while the number of sessions held each year is increasing. Due to the audit committee's frequent meetings, the financial performance improved (Aanu et al., 2014). This meets our first objective which sets to find out if board and audit committee as an effect on Net Interest Margin.

Table 4.2.2: The Board and Audit Committee's Relationship to Company Performance as Measured by the Spearman Correlation Test

Variables	r	p

Audit and Board Committee		
Return on Assets	0.052	0.430
Return on Equity	0.255	0.189
Net Interest Margin	0.041	0.445

Correlation is not significant at 0.05 level Source: Survey data, 2022

Table 4.2.2 above indicate that, there is no meaningful relationship between the performance of the firm and the Audit and Board Committee. The data show that none of the performance metrics significantly relate to the Audit and Board Committee: ROA [r = 0.052; 0.430 > 0.05, one-tailed], ROE [r = 0.255; 0.189 > 0.05, one-tailed], and NIM [r = 0.041; 0.445 > 0.05, one-tailed]. A closer look at the facts reveals that Ghanaian banks are aware of the crucial roles played by the board of directors, as well as its responsibilities, independence, and discipline. This answers the second research question, "How do board and audit committee characteristics influence effectiveness?" and also meets our second objective set out. According to Rahman, M. M., Meah, M. R., and Chaudhory, N. U. (2019), the size of the committee and the standard of the external audit indicated a significant and unfavorable connection with corporate performance. The study also showed how often occurring audit committee meetings greatly improve company performance.

This may be inferred from the study by Hussein and Hassan (2012), which revealed that UAE national banks adhere to strong corporate governance norms and are aware of the value of disclosure transparency, CEO pay, and relationships with shareholders and stakeholders. This information debunks the claim that there is a strong positive correlation between CG and bank performance. Regression analysis was used by Ongore and K'Obonyo (2011) to examine the connections between firm performance and management, board, and owner characteristics. They discovered strong connections between management talent, commercial success, and different ownership arrangements. The study's findings demonstrated that the board's involvement in corporate governance procedures had no appreciable influence on the banks' capacity to retain profitability. A concentration of shareholder interest in representation in the boardroom is one argument that may be given for this. Despite the fact that management discretion is essential for innovation and creativity (Ongore&K'Obonyo, 2011), it is crucial that their incentives and norms be based on maximizing value. The Basel Committee requirements for corporate governance appear to be met by at least three of the banks' annual reports, adding to the data proving that the banks are in compliance with CG norms. The main principles that guided the groupings' governance were that "effective governance enriches value for shareholders," "the distinct jobs of shareholders, the Board of Directors, and management in the governance architecture should be clearly defined," and "the Board of Directors should have a majority membership of independent directors, defined broadly as directors who are not employed by the Group or company or who are not affiliated with organizations with significant influence." Annual Report of the ADB (2011), page 15.

Given that CG and corporate ethics are evolving globally, Ghana and other Sub-Saharan African countries must develop, as must the rest of the world. Even though regional and consistent rules are being developed, there will undoubtedly be discrepancies in how they are implemented in different nations owing to economic, political, and cultural factors. Although on the surface, states are expected to uphold these principles, each country's governance ethics differ to some extent due to its unique cultural, historical, and political settings; as a result, comprehension of the national context is essential to comprehending the larger global macro-outlook.

Table 4.2.3: Board Composition And Firm-Level Random Effects With GMM Multiple

Regression Performance (ROA)

Variables	Generalized Method of Moments			Random Effects		
	COEF	Rob. Std. Error	p-value	COEF	Robust. Std. Error	p-value
ABCindep	0.024***	0.006	0.000	-0.000	0.009	0.986
ABCsize	-0.00	0.006	0.939	0.016**	0.00	0.027
ABCexpect	-0.00	0.001	0.749	-0.004***	0.007	0.000
ABCmeeting	0.011	0.022	0.631	0.009	0.011	0.396
LDept	-0.057	0.046	0.209	0.008	0.007	0.285
Bsize	-0.005	0.003	0.102	0.002	0.004	0.666
Constant	-0.016	0.155	0.916	-0.041	0.09	0.649
P – Value			0.00			0.000

Dependent variable: ROA ***p < 0.01, **p <0.05
Source: Survey data, 2022

Board Independence (ABCindep) was strongly positively correlated with ROA (β= 0.024, p 0.001), according to Table 4.2.3. According to the Random effects model, Audit and Board Committee Size (ABCsize) has a substantial positive link with ROA (β = 0.016, p 0.05), but ABCexpect has a significant negative relationship with ROA (β= -0.00, p 0.001). Accordingly, a 1% increase in ABCsize results in a 1. 6% rise in ROA, as opposed to a 1% increase in ABCindep, which increases ROA by 2.4%. As a consequence of comparing the findings, it can be said that board composition and company performance were strongly correlated (ROA). The p-values for both models are less than 0.001, showing that all the predictor variable's parameters have an impact on the criteria. This meets the third objective and also answers the third research question:

What effect do the features of the board and audit committee have on return on asset. Ibrahim, I.H., Ouma, C., and Koshal, J.(2019) there is a positive and strong correlation between audit committee independence and financial success (ROE and ROA).

Askar Garad, AlniRahmawati, and SuryoPratolo's (2021) research found that (Board Size, Board

Diligence, Board Composition, Board Independence, Board Meeting Frequency, Board Accountability, Female Directors on Board, and Board Characteristics) have a positive impact on financial performance and firm value. This conclusion is empirically supported by their findings. By actively contributing to the development of the company's strategy, providing the management with the necessary incentives, monitoring and analyzing its performance, and ultimately maximizing the company's value, the strong board of directors’ works to safeguard investments against theft.

4.3 Chapter Summary

When the models' fitness is evaluated, it showed the best fit and that all the characteristics of the predictor variable have an impact on the criteria. Also, a deeper look at the data using the Spearman's correlation test shows, universal banks seem to be aware of the significant functions of the board of directors, and board independence. Finally, the p-values for both models from the multiple regression are less than 0.001, showing that all the predictor variable's parameters have an impact on the criteria.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

A summary of the results concludes this chapter, which also wraps up the investigation. This chapter highlights the relevant recommendations and directions for further research while outlining the study limits and legitimate results.

5.1 Summary of Findings

The research looked at the make-up of the board executives and audit committees, as well as how these factors impacted the performance of the company and the quality of services provided in Ghana's banking sector, particularly for universal banks. The differences between service delivery and business success in terms of ownership identities were also investigated. Twenty-three (23) directors were selected for the study using the Quantitative and Qualitative technique to draw a purposively sample.

The report's objective is to ascertain the relationship between the audit and board's characteristics and bank profitability. However, the study's particular aims are to ascertain how the features of the board and audit committee impact net interest margin, how the makeup of the audit committee and board of directors affects their performance, and how return on assets are affected by these characteristics. The data were analyzed using the fixed, random, and econometric models Spearman and GMM. Results show some evidence for the significance of board composition and the audit committee to business performance in the Ghanaian banking sector, even though it is not statistically significant. While bank size and department ratio were discovered to have a large negative influence on performance, board composition, as proxied by the experience in financial issues and meetings, was seen to have a considerable favorable impact.

5.2 Conclusion

One of the fundamental principles of corporate governance has been the connection between the qualifications of the board, the audit committee, and the performance of the company. Indeed, the outcomes of earlier research were contradictory. Some researchers discovered a favorable association between board or audit committee qualities and business performance, while others found a negative relationship. However, some researchers found no relationship at all. Based on the foregoing, this study empirically examined the relationship between Ghanaian bank performance and the board's and audit's attributes. The board and audit committee have no appreciable relationship to return on assets, net interest margin, or return on equity. This implies that there is no meaningful connection between the performance of the company and the Audit and Board Committee. Net Interest Margin is significantly negatively impacted by Bank Size (Bsize). In the same model, ABCmeeting and LDept have substantial positive and negative relationships with NIM, respectively. ABCmeeting also generated a substantial negative association with NIM at the GMM model, much as ABCsize did at the Fixed effect model, where the link is strong and negative. However, in the GMM model, ABCexpect had a sizable favorable impact on NIM. The audit committee's independence and meeting frequency were shown to be negatively and significantly correlated, suggesting that fewer meetings and more independent members reduce credit risk. Our research suggests that in order to achieve an effective net interest margin (NIM), there should be fewer independent directors, more audit committee meetings, and more financial expectations on the audit committees.

5.3 Recommendations

The BoG and managers of the individual banks are advised, in light of the study's findings, to make sure that members of the audit committee are objective and constructively represented on the boards of the banks. Given that this significantly affects the bank's profitability, the BoG and leadership of the different universal banks are urged to make sure that the Board includes members with experience in accounting and finance.

5.4 Limitations

It was difficult for the researcher to get a legitimate and trustworthy conclusion because the majority of directors were not available. Several of the people contacted also permitted less seasoned, younger staff members to answer in their place.

However, despite the researcher's pledge to treat all material with the utmost confidentiality, the majority of the information was seen as being secret.

It is clear from this that the project has been somewhat hindered, which may have prevented the researcher from painting the whole picture as it would have been the case. This results in a significant scope constraint.

5.5 Suggestion for further research

Future research with additional rural banks in the financial sector should be conducted to see whether the fact that the sector is rural will have any impact on the study's findings.

This study solely took the board's financial knowledge into account. nonetheless, future studies may also take into account their knowledge of law and society.

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APPENDIX A

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI – GHANA

INSTITUTE OF DISTANCE LEARNING (IDL)

DEPARTMENT OF ACCOUNTING AND FINANCE

Questionnaire on finding out the Impact Of Board And Audit Committee On Banks' Performance: The Case Of Some Universal Banks In Ghana.

Sir,

The purpose of this instrument is for the solicitation of data for the facilitation of a dissertation production. This work intends to assess whether the potentials of Board and audit Committee functions are proactive enough to influence the performance of the Bank. The dissertation is in part a demand for the award of a Master of Accounting and Finance.

The data being requested for would only be used to produce the intended dissertation mentioned earlier. This exercise is under the regulation of the essential principles and benchmarks set on researchers' interactions with respondents. Every data gathered per this questionnaire is anonymously done, and would not be shared. Respondent should be rest assured of their privacy, since individual details do not form part of the data on solicitation.

Finally, be informed that, this research will not need to give out data received from respondents to lead to non-compliance with the confidential principles regulating research works. The data shall not be applied on issues except that, which is known to you.

Thanks in advance.

SECTION A PERSONAL PROFILE

1. Gender: Male { } Female { }

2. Age 20-29 { } 30-39 { } 40-49 { } 50-59 { } 60+ { }

3. Level of education Bachelors { } Masters/Professional-ACCA, etc. { } PhD { } Others…………………………

4. Position …………………………………

5. Name of bank …………………………………

SECTION B

This section contains series of statements that reflect different understandings and functions of board of directors in enhancing the performance of their companies. Please read each sentence carefully and check (√) the option that mostly describes your choice on the following anchor rating scale: Not at all Satisfied; Poor (NS) =1, Slightly Satisfied; Needs improvement (SS) =2, Satisfied; Meets requirements (S) =3, Moderately Satisfied; Exceeds requirements (MS) =4 and Very Satisfied/Outstanding (VS) = 5.

No.	ITEMS	NS	SS	S	MS	VS
		1	2	3	4	5
Board Structure						
6	The bank has a proper mix of directors with the appropriate skills, knowledge and experience to enable them to effectively participate in board deliberations.					
7	The board has a process of selection that ensures an optimum mix of directors and officers who can perform competently and professionally and add value to the company.					
8	The powers, roles, responsibilities and accountabilities between the board and management are clearly defined, segregated and understood.					
9	The board of the bank has the necessary committees in place to assist the board in the performance of its duties and responsibilities					
10	The board formulates and reviews, as well as updates, the company's corporate vision and mission, values and purpose, strategic objectives, policies and procedures that serves as a guide to the company's activities					

11	The board size is lesser than or equal 12					
Audit committee finance expertise		**1**	**2**	**3**	**4**	**5**
12	The bank has a mission statement that explicitly places priority on good governance					
13	The expected remuneration of top is managers tied to the value of firm shares					
14	The management sticks to clearly defined core businesses					
15	The management built up cash level over the past five years					
16	The company's annual report devotes a section to company's performance in governance implementation.					
17	The governing body adopts a formal code of conduct defining the standards of behaviour to which individual governing body members and all employees of the bank are required to subscribe and also periodically reviews adherence to such code of conduct.					
TRANSPARENCY – Timely and accurate disclosure		**1**	**2**	**3**	**4**	**5**
18	The bank publishes an objective, balanced and understandable annual reports within four months of the end of the financial year					
19	The company publishes results and announcements in English (or another major) language within one working day					
20	The board of the bank schedules and holds regular meetings and convenes special meetings when required by business exigencies					
21	There is active solicitation of views and opinions of the members of the board in the process of arriving at a decision					
22	The duties, terms of office, remuneration and the review thereof, of non-executive governing body members are clearly defined					
23	The governing body established an audit and finance committee, comprising non-executive members, with responsibility for the independent review of the framework of control and of the external audit process					
24	The finance and audit committee assists the board in performing oversight responsibilities in the selection and appointment process and performance of the internal and/or external auditors					

25	It assists the board in performing oversight responsibility over					
	management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation					
INDEPENDNCE - Board Independence						
26	The chairman is an independent non-executive director					
27	The bank has a management board that has more than twice its representation on the board of directors and not dominated by major stakeholders					
28	The bank has an audit committee and it is chaired by an independent director					
29	The company has a remuneration committee and is it chaired by an independent director					
30	The company has a nominating committee and is it chaired by an independent director					
31	The external auditors are unrelated to the bank					
32	The company has representatives of banks or other large creditors of the company					

SECTION C:

INTERVIEW SCHEDULE

This section seeks to elicit written information that explains your understandings and functions of board of directors in enhancing the performance of their companies. Kindly read each question carefully and provide your answers in the various spaces. Please note that there are no right or wrong answers.

1. How satisfied or dissatisfied are you with the board's governing scope?
2. Apart from your duties and responsibilities, what other tasks do you perform on the governing board?
3. How is the composition of the board of directors determined?
4. What is understood as the role of the board of directors vis-à-vis management, particularly with respect to setting strategy and vision and enhancing the overall performance of the company?
5. Have any member of the board ever been sanctioned for violating any of his/her duties? Yes/No. If yes, what are some of those penalties?

6. How often is the board of directors elected? Is there a maximum term a director can serve?
7. What is the required educational qualification for a board member?
8. Do they have varied educational qualifications? Yes/No. If yes, what are some of the qualifications of the board members?
9. What are the quorum requirements for the board……………………….and board committees............?
10. What type of board information can be disclosed to the public in pursuant to the information disclosure policy?
11. Are minutes of previous meetings approved at the following meeting? Yes/No 12. How is the performance of the board/subcommittees and management reviewed?
13. Are there performance indicators? Yes/No. What are they?
14. Who makes recommendations for the appointment of board of directors?
15. Are there formal process for application to the board? Yes/No. How does the nomination committee ensure that potential members are suitable to serve on the board?
16. How is it ensured that only individuals with the right skills and attitudes are selected?
17. Do any of your board members serve on any other boards? How does that affect their inputs on your governing board?
18. What factors do you personally regard as being the key drivers that impact service delivery and overall performance of the bank?
19. Do you or any of your board executives have some political affiliations with the ruling or the main opposition party? Yes/No. If yes how does that attachment affect the performance of the bank?
20. Do you think directors with business and economics competence contribute more to discussions hence enhance performance than their peers with no such backgrounds?
21. How do you think the board can better be structured so as to enhance performance of the firm?
22. What are some of the issues often leading to disagreements between the governing board and management of the bank?
23. To what extent do you think the diverse customers and shareholders are satisfied with the overall service delivery and performance of the bank?
24. Are there concentration of powers from the combination of positions in one person? Yes/No. Explain your choice
25. Do you believe the presence of the governing board is having significant impact on the overall performance and service delivery of the bank? Explain your choice.

THANK YOU SO VERY MUCH FOR YOUR CO-OPERATION BEST REGARDS