SELINUS UNIVERSITY
OF SCIENCES AND LITERATURE

FINANCIAL ACCOUNTING AND CORPORATE GOVERNANCE PIVOTAL TO A SUCCESSFUL ORGANISATION

(A CASE STUDY OF THE COMMERCIAL BANKS IN THE GAMBIA)

BY OZIRIGBO BENJAMIN EBERE

A DISSERTATION

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university

03/09/2020

Signed______________ Date__________________

OZIRIGBO BENJAMIN EBERE

DEDICATION

To my family members and Friends.

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CHAPTER 1

INTRODUCTION

1.0 BACKGROUND OF STUDY

This research is based on the role Financial Accounting and Corporate Governance is playing toward the success of an organization.The research is also aimed to established whether there is relationship between Financial and corporate Governance to the success of an orgainsation.Also, to establish both Financial Accounting and Corporate play a similar role to the success of an organization.Organisation in this context means the limited liability organization. The importance of Financial Accounting has continued to be on the increase and often demanded by all the stakeholders before taking a major investment decision while carrying on their major day to day task. The Shareholders, Employees, Banks, Government, Suppliers, Competitors and the Community are stakeholders whose need for financial accounting has continued to be on the rise and the importance of Financial Accounting to them cannot be overemphasized. Financial Accounting is the process of systematically recording, measuring and communicating information about financial transactions (Meriam Webster,1928). Financial accounting is the recording and communication of economic information in accordance with Generally Accepted Accounting Principles and is primarily for external users (Meriam Webster,1928).Financial Accounting is pivotal to any successful organization that is seeking to grow and expand beyond it major boundary. Financial accounting is a specialized

branch of accounting that keeps track of a company's financial transactions. Using standardized guidelines, the transactions are recorded, summarized, and presented in a financial report or financial statement such as an income statement or a Statement of Financial Position. Financial accounting is the field of accounting concerned with the summary, analysis and reporting of financial transactions related to a business (Johnny Jackson).The American Accounting Association defined accounting in 1966 as "The process of identifying, measuring and communicating economic information to permit informed judgments and decisions by the users of the information. Accounting is the classification and recording of monetary transactions; the presentation and interpretation of the results of those transactions in order to assess performance over a period and the financial position at a given date; the monetary projection of future activities arising from alternative planned courses of action (Chartered Institute of Management Accountant).Accounting is a collection of systems and processes used to record, report and interpret business transaction of an organization (Paul M,Collier).Financial Accounting improves the confident of level of an organization by assisting the all the stakeholders take an informed decision. It gives the stakeholders some since direction of the organization in the future. It provides the performance of the organization to various stakeholders who has direct and indirect link with organization, thereby assisting to informed decisions. Financial Statement are prepared to provide useful information in making business and economic decision (Dogan,Coskun & Celik,2007). The Information on the Financial Statement is important for the users, as they use the statements to assess the financial condition and performance of related companies (Ahmed & Hossain ,2010).

In order to improve the reliability and success of an organisation, the principle of corporate Governance should align with a good financial accounting report. However, must company has continued to fail because must companies and managers lack the accounting knowledge and resources to create a suitable financial statement (Koh,Choi & Woo,2014). In fact, many companies rely on the auditor to make the financial statement and take advice from the auditor before make any accounting. Therefore Auditors indirectly financial statement prior to their real job (Ilaboya andOhiokha,2014). In the world of financial accounting, there are many different rules, concepts, and guidelines that govern how companies should account for financial transactions and present their financial statements. The International Financial Reporting Standards (IFRS) are standards for the Profit making Organisation and the while the International Public Sector Accounting Standards is for the Not for Profit Making organisation. This is useful because it maintains accounting consistency through years and across companies. This way it easy for industry comparison of one account to the other. The numbers and ratios will be meaningful because both companies used the same methods and techniques to prepare and present their statement of financial statement (AAA,1966).

The International Public Sector Accounting Standards Board (IPSASB) issues accounting standards and other guidance relating to the financial reporting needs of national, regional and local governments, governmental agencies, and the constituencies they serve. The International Public Sector Accounting Standards (IPSASs) and Recommended Practice Guidelines (RPGs) issued by the IPSASB form a comprehensive set of authoritative international financial reporting standards and guidance for governments and other public sector entities. IPSASs exist to improve the quality of general purpose financial reporting by

public sector entities, leading to better informed assessments of resource allocation decisions made by governments and other agencies, thereby increasing transparency and accountability. Many IPSASs are largely consistent with International Financial Reporting Standards (IFRSs), which are issued by the International Accounting Standards Board (IASB). The IPSASB adapts IFRS to a public sector context when appropriate.

1.2 CONCEPT OF CORPORATE GOVERNANCE

Corporate governance has been with us since the use of the corporate form created the possibility of conflict between investors and managers (wells 2010: 1251). The topic corporate governance is a vast subject that enjoys a long and rich history.It's a topic that incorporate managerial accountability, board structure and shareholder rights. The issue of corporate governance began with the beginning of corpoarations, dating back to the East India Company, the Hudson's Bay Company,the Levant Company and other major chartered companies during the 16th and 17th centuries(Nicholas J.Price,2018). Debates on corporate governance focused on a new project called the principles of Corporate Governance by the American law Institute in 1981. By 2007, banks had been taking excessive risks and there was growing concern about a possible collapse of the world financial system. Governments sought to prevent fallout by offering massive bailouts and other financial measures. The collapse of the Lehman Brothers bank developed into major international banking crisis, which became the worst financial crisis since the Great Depression in the 1930s. Congress passed the Dodd Frank Wall Street Reform and Consumer Act in 2010

to promote financial stability in the United States. The fallout from the financial crisis has placed a heavier focus on best practices for corporate governance principles. Board of directors feel more pressure than ever before to be transparent and accountable. Strong governance principles encourage corporations to have a majority of independent directors and to encourage well composed, diverse boards (Nicholas J.Price,2018) . The law and economics scholars of the early 1980s who critique the berle and Means – inspired pro regulatory orthodoxy maintained that the widely acknowleged tendency of sharesholdrers to enshew active involvement in corporate governance posed few dangers for investors because the market for corporate combined with other market mechanisms align substantially the interests of managers and shareholders (Brian R. Cheffin.)

The principle of Corporate Governance as pivotal to success of Organisation according to Alexandrea Roman,2019 has three important pillars: Transparency, Accountability and Security. All three are critical are critical in successfully running a company a company and forming a solid professional relationships among its stakeholders which include board directors,managers,employees, and most impotantly ,shareholders.

According to Alexandrea Roman, 2019, in simplest terms, transparency means having nothing to hide. For a company, this means it allows its processes and transactions observable to outsiders. It takes more than transparency to build integrity as a company.it also takes accountability, which means answerability or liability. A company is expected to make their processes transparent and their people accountable while their enterprise data secure from unauthorized access.

Corporate Governace as a principle is the structure and processes for the direction and control of companies. Which can be eluded that a well- built structure with a well-defined processes can lead to the success of a company. To avoid mismanagement, good corporate governance is necessary to enable companies operate more efficiently, to improve access to capital, mitigate risk and safeguard stakeholders. It also makes companies more accountable and transparent to investors so as to minimize expropriation and unfairness for shareholders.

Corporate governance makes companies more accountable and transparent to investors and gives them the tools to respond to legitimate stakeholder concerns such as environmental and social development. It contributes to development and increased access to capital encourages new investments boosts economics growth ,and provide employment opportunity.

A lack of corporate governance can lead to profit loss, corruption and a tarnished image, not only to the corporation, but to the society, or even worse will influence global as a whole. The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long term success of the company.

Corporate governance is the system by which companies are directed and controlled (Cadbury Report). Boards of directors are responsible for the governance of their companies. The responsibility of the board include setting the company's strategic aim, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. Corporate "Governance is a set of relationship between a company's directors, its shareholders. It also provides the structure through which the objectives of the company are set, and the means of achieving

those objective and monitoring performance, are determined (OECD)”. Corporate Governance is an wholly system, process and methods that is based on a number of concepts including transparency, Independency, accountability, fairness, integrity and responsibility (ACCA). Pimm (1994:69) offered a more comprehensive description: ‘Corporate governance is about the way businesses are run. It is about the processes by which enterprises are directed and controlled in response to the rights and wishes of shareholders and other stakeholders (Laura F. Spira,2002). However, evidence have shown that Systems of corporate governance vary internationally, reflecting the differing cultural contexts of the development of business enterprise (Laura F. Spira,2002).Corporate governance is therefore about what the board of a company does and how its sets the values of the company, and it is to be distinguished from the day to management of the company by full time executives.

1.6 CONCEPT OF FINANCIAL REPORTING

Financial statements are a structured representation of the financial position and financial performance of an entity. The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management’s stewardship of the resources entrusted to it. To meet this objective, financial statements provide information about an entity’s; assets, liabilities, equity, income and expenses, contributions by and distributions to owners in their capacity as owners, and cash flows. This information, along with other information in the notes, assists users of financial statements in

predicting the entity's future cash flows and, in particular, their timing and certainty.For the financial reports to assist users to take an informed the standard has specified how the financial statement should be presented and the information to be disclosed on the financial statements.

The financial statement is a complete set of account that will continually assist users of accounting information to take an informed decision and thereby leading to the success of an organization. With the users are mind, the financial statement must there possess the following qualitative features:

- Relevance
- Reliability
- Comparability
- Understandability

1.8. STATEMENT OF RESEARCH PROBLEM

Despite the positive contribution of Financial Accounting and Corporate Governance to the success of organization most entity in Africa are yet to recognize the importance of Financial Accounting and Corporate toward the success of an organization and also in the public sector. This is as result of the fact that most organisations in Africa is owned and control by

a single a individual there making it very difficult to dilute control and also lack problem understanding of the concept called Corporate Governance.

Also where the proper understanding of the exist most of the employee finds it very difficult to implement this concept, the reason is as a result of loss Job, Loss of Position and loss of Authority of by superior over subordinate.

The lack of clarity in the organization structure is a major bottleneck in the Africa is also major reason why the impact of corporate governance is realized both in the private and Public sector.Finacial Accounting Accounting which should be an effective tool in realizing and achieving the goals, objectives and ultimately lead to the success of organization is been subjected to falsification, window dressing and creative accounting with the view to misleading members of the public. Many organisations are failing because of the shorteminism of the owners of the owners and lack proper under of the important and value of the Financial Accounting all this is to deceive the government, the investors, the providers of fund, Suppliers, Customers and sometime even the competitors and thereby distorting the future success of the company which could as result of loss of Credibity,loss of goodwill, loss of future of benefit, loss of market share and eventual loss of custmers loyalty and the bottom the profitability of the organization and thereby leading to the future failure of the organization.The Problem is also common among the big corporation in Western countries and has lead the collapse of big corporation.

1.9 OBJECTIVES OF STUDY

The primary objective of this study is to examine the effect of Financial Accounting and Corporate Governance on the success of an Organisation.The Specific Objectives of this study is as follows:

1. Establish the relationship between corporate governance and financial performance of Commercial Banks in the Gambia
2. Determine the challenges facing Commercial Banks in implementation of corporate governance principles
3. To determine the extent good financial reporting is contributing to the success of commercial banks in the Gambia
4. To determine the effect of the relationship of Financial Accounting and Corporate Governance on the success of an organization

1.10 RESEARCH QUESTION

The study seeks to answer the following questions:

1. To what extent does the relationship between financial Accounting and Corporate Governance determine the success of Commercial Banks?

2. To what extent Corporate Governance is contributing toward the success of an Organisation?

3. How to address the challenges facing the implementation of Corporate Governance Principles

4. What is the extent of relationship between corporate governance and financial performance of Commercial banks in the Gambia?

1.11 SIGNIFICANCE OF STUDY

The findings of this study will redound to the benefit of organization and it stakeholders considering the important role Financial Accounting and Corporate Governance is playing in modern in ensuring the success of organization while ensuring investor confidence on the organization. The study will also draw the relationship between financial Accounting and Corporate. The study will also assist in determine the role Financial Accounting and Corporate Governance is playing in the success of an organisation. The Study also help to determine how full compliance of corporate governance principle can lead to a success organization.The policy makers will find the study useful as a basis of formulating policies, which can be effectively implemented for better and easier regulation of Commercial Banks. The government could use the study so as to come up with clear criteria of promoting Commercial Banks in the Gambia. The management of the Commercials Banks will find the study invaluable in making decisions regarding corporate governanc

CHAPTER 2

LITERATURE REVIEW

2.0 INTRODUCTION

The causes of the collapse of The Gambia Commercial and Development Bank may be classified into weaknesses of management, poor financial performance and external factors (Seeku A.K,2017). The Gambia Commercial and Development Bank was the first failed bank in the Gambia. The failure was a result poor Corporate Governance structure and poor financial system frame work. The importance of good corporate governance and Reporting will continue to be an important factor toward the success and performance of organization especially the financially institutions in the Gambia. The Collapse of GCDB brought about a revolutionary in the way bank is done in the Gambia. The Concept of Corporate Governance is still at the infancy stage Africa especially the west Africa where most business or organization are one owned by one person and there making it difficult to dilute ownership. However, the banking sector is leading the change agenda instituting the principles of good corporate governance and good reporting frame work and policies. The financial sector is highly regulated through the various central banks. In the Gambia, the central bank of the Gambia is playing active role in setting the right governance structure to ensure further collapse of banks by ensuring the strict adherence to the principle of Corporate Governance and also ensuring strict compliance to the International Financial Reporting Standards in banks financial report and accounts. All these is to engender stronger financial institution that would boost customers confidence and stronger economy. However, the

banking sector in the Gambia is dominated by foreign banks. Currently, there 12 commercial banks in the Gambia and 11 (eleven) of the banks are foreign owned and only one is a fully an indigenous bank

2.1 **CORPORATE GOVERNANCE PRACTICES**

Corporate Governance is broad concept and it is not easy to describe due to continuously expanding the boundaries of the concept. The definition may vary based on the different perspective of researchers. In literature, the basic definition of Corporate Governance can be defined as “the system by which companies are directed and controlled” (Cadbury, 1992). OECD (1999) states“this structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs”. However some of definitions of Corporate Governance are generally classified into value creation and value protection which is accomplished through corporate governance (Heenetigala, 2011). According to Heenetigala (2011), Value creation indicates that developing the long term goals for sustainable performance by focusing on the shareholders of the company. Value protection based on accountability of managers and protects the interest of both shareholders and stakeholders (Rezaee, 2009).Stone & Andrew et al. (1998) state that “making such set of laws and motivation through which administration of company is bounded and administered for profit maximization which ultimately adds the value for shareholders as well as for management”. Hermalin (2005) and Lee (2008) indicate that “the concept of

corporate governance lies in between all these aspects and management of organizational resources fairly while concerning the interests of all stakeholders.

Rajan and Zingales (1998) define a governance system as "the complex set of constraints that shape the ex post bargaining over the quasi rent registered by the firm". The concept of Corporate reporting and Corporate governace to the success of an organization cannot be over emphasises and will continue to remain relevant and contribute to success of an organization as new meaning of these two words keep changing in meeting the needs of a particular organization and countries around the globe. In Mayer (1997), corporate governance is seen as concerned with ways of bringing the interests of (investors and managers) into line and ensuring that firms are run for the benefit of investors. Again, corporate governance is concerned with the relationship between the internal governance mechanisms of corporations and society's conception of the scope of corporate accountability (Deakin and Hughes, 1997). It has also been defined by Keasy et al. (1997) to include "the structure, processes, cultures and systems that engender the successful operation of organizations". Corporate governance has gained an increasingly high profile in the last decade. The interest in corporate governance spans countries and continents, and applies not only to large public corporations but also to a wider range of business forms including state-owned enterprises, family-owned firms and not-for-profit organizations (Christine A. Mallin). Sir Adrian Cadbury, who chaired the UK's Committee on the Financial Aspects of Corporate Governance which reported in 1992, stated that corporate governance was 'the system by which companies are directed and controlled' (Cadbury 1992, p. 15). This definition clearly brings out the

important of corporate governance in organization in which modern organization has continued to align itself and toward the attainment of success and growth. Corporate can also be 'a set of relationships between a company's management, its board, its shareholders and other stakeholders ((OECD 2004). This definition provided a wider scope to the meaning of Corporate Governance. [It] also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined' this definition views corporate governance from a much wider perspective and takes account of the various stakeholder groups, not just the shareholders. It also emphasizes the importance of corporate governance as an enabling device for setting, achieving and monitoring corporate objectives and performance (Christine A. Mallin). Adekoya (2011) suggests that without good corporate governance, corporate performance cannot be measured, corporate governance aims at promoting corporate transparency and accountability. Mellahi (2005) further argues that the failure of organisations is caused by the negligence of the top management in providing good governance.

2.2 AGENCY THEORY

Agency theory suggests that the company can be viewed as relations hip of contracts between company executives or managers and shareholders, and it has its roots in economic theory (Jensen &Meckling, 1976). Principals who are the owners of the company hire the agents to do the work. Work is delegated by the owners who are the shareholders, to the directors or managers, who are the shareholders' agents (Clarke, 2004). Daily, Dalton and Canella (2003) give prominence to two issues

and point out that the company is reduced to two major players, the management team and shareholders. Self-interest by management is one issue that has always been a source of conflict as a result of lack of congruence between the aspirations of the principals and the agents' pursuits (Bhimani, 2008). The theory basically separates ownership and control, although it does very little to eradicate misconduct.

2.3 STEWARDSHIP THEORY

Davis, Schoorman and Donaldson (1997) observe that the stewards who are the management team protect and miximises shareholder profits through firm performance and in the process, the stewards' value is maximized as well. The theory stresses on integrating goals of management, as stewards with that of the organisation. Management in this perspective is satisfied and motivated by the attainment of success by the organisation. According to Daily, et al (2003) management is likely to maximize financial position of the firm and shareholders' profits as it is given autonomy based on trust and as a way of improving personal careers. In this regard accountability and transparency is enhanced.

2.4 STAKEHOLDERS THEORY

Stakeholder theory is a further development on the concept of stakeholders and its relationship to any business corporation. Freeman (1984) offers a traditional definition of a stakeholder and says it is any group or individual who can affect or is affected by the achievement of the organization's objectives. The general idea of stakeholder theory is a redefinition of the organisation. The theory as noted by Friedman (2006) states that the organisation itself should be thought of as a grouping of stakeholders and the purpose of the organization should be to manage their interests, needs and viewpoints. The managers should manage the corporation for the benefit of its stakeholders to safeguard the long-term stakes of each group. There is an emphasis on stakeholders and the governance structure of the company may provide for some direct representation of the stakeholders' groups. According to Friedman (2006), the main groups of stakeholders are: customers, employees, local communities, suppliers and distributors, shareholders, the media, general public, business partners, future generations, past generations' academics, competitors, non-governmental organisations, trade unions, competitors, regulators and governments. In order to achieve the overall corporate objectives, managers of business corporations need to understand, appreciate and conscientiously apply the propositions of stakeholders' theory. For every individual or groups that have stake in the organisation, effort must be made by the agents to preserve and protect the interests of stakeholders for the survival of the corporations.

2.5 ETHICS THEORY

Ethical theory is a build-up on the concept of ethics in general. The term ethics comes from the Greek word "ethos" meaning morals. Morality is the whole of opinions, decisions and actions with which people express what they think is good or right. Business ethics is a study of business activities, decisions and situations where business wrongs and rights are addressed. Schofield (2006) notes that ethical theory sometimes focuses not on actions but majorly on consequences. The consequence of actions is measured against values such as happiness, welfare, high productivity and expansion. The cardinal point in this theory is that, it is essential to give the greatest happiness to the greatest number of people. Crane and Matten (2007) observed that business ethics help to identify benefits and problems associated with ethical issues within the firm. The agents should make all efforts to ensure that principals have satisfactory values with regards to their investment. The actions of the agents will be adjudged morally right in the process of running the corporations on behalf of the owners if the latter's interest is well represented whereas it will be adjudged wrong if their actions inflict pain on the interest of the principals. Closely related to the ethics theory is Corporate Social Responsibility (CSR) which advocates for organizations and corporations to have an obligation to seek the interest of customers, employees, shareholders, communities and ecological considerations in all aspects of their operations. Jimi (2008) observes that presently, CSR is a family of concepts dealing with corporate philanthropy, corporate citizenship, community relations, community advocacy, corporate governance, accountability and transparency, corporate competence, corporate ethics, employee relations, human rights among other aspects. Corporates

continually seek to grow their brands from all possible angles. Areas of focus include education, health, environment and the needy. Investment in these areas is usually in essential books, computerization of schools, giving medical equipment and building clinics, planting trees, and helping the needy through empowerment initiatives. The political front has its fair share of influence. The political theory, says politics can affect a firm in many ways, it can determine ownership, size, production trend, accessing capital, employees' conduct and even how authority is distributed inside the firm. (Roe,2003). The organizational operational dynamics of how managers and employees relate to each is also influenced. Authority distribution is key and can be aligned to the political forces exerted on the firm. Chinese penetration into Africa is appropriate example in this regard.

2.6 INTERNAL GOVERNANCE

2.6.1. Boards of directors

The corporate governance framework should ensure strategic guidance of the firm by the board which is dynamic with its fiduciary responsibility to shareholders. The board is the driving mechanism of the firm mainly responsible for monitoring managerial performance and achieving adequate return for shareholders. The board also works to avoid conflict of interest and competing demands on the firm, and need to be impartial in their judgments. The board is also mandated to oversee the risk management factors and systems put in place to ensure compliance with laws affecting the firm, such as tax, competition

ethics, labour, equal opportunity, health and safety. The board apart from being accountable to the firm and shareholders should also take due and fair regard of other stakeholders such as employees, suppliers, creditors' customers and the local community (Deli and Gillan, 2000).Boards of firms are supposed to exhibit two very important elements of the fiduciary duty namely that of care and loyalty. The duty of care requires board members to be fully informed of the firm's operations. The duty of loyalty is underpinned on effective implementation of principles such as fair treatment of shareholders, remuneration policy of key executives and board members (OECD, 2015)

2.6.2.Managerial remuneration

The remuneration policy of a company developed by the boards plays a fundamental role in aligning the interests of managers and owners. Recent work by Bebchuk and Fried (2003), advocate for equity based compensation which translate to remuneration closely related to performance. Specific terms to be observed by board members and key executives are clarified especially those to do with holding and trading the stock of the company and procedures to be followed in granting and re-pricing options. The remuneration policy and contracts is handled by a special committee of the board comprising either wholly or a majority of independent directors excluding executive members who serve on each other's remuneration committees, to avoid conflict of interest.

2.6.3. Audit Committees and Independent Directors

According to Mangena and Tauringana (2004) corporate governance experts and regulators consider the audit committee as the body that is at the heart of the corporate reporting process. The Cadbury Code (1992) suggested that all companies should set up audit committees, and the Smith Report (2003) provided comprehensive direction on the role and responsibilities of the audit committee. Audit committee responsibilities comprise monitoring the financial statements of the company's integrity and reviewing internal control system.Forker (1992) argued that the existence of audit committees may improve internal control for effective monitoring and information disclosure.

2.7 EXTERNAL GOVERNANCE

2.7.1.Laws/Regulations

Firms have to abide by the regulatory and legislative requirements which are basically drawn from the host country's specific circumstances, history and tradition. The regulatory and legislative framework differs from country to country. The overall corporate performance is greatly influenced by regulatory and legal environment within which the firm operates. The policy makers in turn should put in place a framework that is flexible enough to meet the needs of the corporations operating in widely different circumstances. The overall impact of the laws or regulations binding the corporate governance framework

should advocate for the rule of law and transparency (Jensen, 2001).This deals with the possibility of corporate fraud and issues to do with ethics. Corporate governance practices and requirements are bound by an array of legal aspects such as securities regulation, company law, auditing and accounting standards, insolvency law, contract law, labour and tax laws. Human rights and environmental laws are also very important as these affect the overall treatment of the environment and labour. Labour should be fairly remunerated; health and safety issues should be of paramount importance. Social responsibility by the firms should be viewed and implemented as a developmental gesture of appreciation to the community in which the firm operates. Board of directors and management should prioritize this crucial obligation in order to earn respect and support from host communities and host country at large.

2.7.2 Ownership Concentration

In financial and general management positive agency theory put forward that a wider spreading of share ownership is related with greater transparency. Fama and Jensen, (1983) contends that the separation of control and ownership creates agency costs as a result of differing and conflicting interests between owners and management. Since agency costs are relatively high for organizations with dispersed ownership of shares, shareholders demand greater information disclosure for monitoring purposes. The situation calls for strong corporate governance as transparency is reduced by ownership concentration.

2.7.3 Foreign Ownership

Strategic management scholars argue that when an organization goes international the uncertainty of a company's business operations and complexity increases. Stakeholders are then likely to place greater pressure on the company to ensure it implements effective monitoring mechanisms. According to Meek, Roberts and Gray (1995) multinational organisations' performance, behavior and consequences of their operations are closely monitored by international government agencies and political pressure groups. As a result, foreign investors are required to comply fully with all regulatory and statutory requirements of the host countries for their international subsidiaries. International subsidiaries will probably have more complicated financial reporting systems that facilitate greater disclosure in their end of year reports compared to local companies. There is indication of positive correlation between foreign ownership and corporate disclosure as established in recent studies by Haniffa and Cooke, (2002)

2.7.4. Cross Directorships

Cross-directorships refer to a situation where executive directors and non-executive directors sit on more than one board. Recent studies have acknowledged that situations where directors are members of more than one board poses greater implications on the governance functions, considering the independence of directors in a unitary and compound board. Davis

(1996) is of the view that cross directorships put companies at a competitive disadvantage considering that, their existence on more than one board will make them less independent as they will be more sympathetic with others in similar positions. Those against cross-directorships argue that directors on more than one board are devices for interoperate conspiracy, benefit control over corporate decision-making and for the summation and development of the collective interests of the corporate leaders (Useem, 1984). Opponents of cross-directorships argue that when a director is actively involved in more than one board it compromises the confidentiality and information disclosure of a company (Haniffa & Cooke, 2002). Unitary boards in this case are recommended for effective decision making.

2.8 ONE FUSION CORPORATE GOVERNAN CE FRAMEWORK

The review of corporate governance from various theories brings about a structure that is based on social relationships underpinned by well-defined processes. The outcomes of the agency theory, stewardship theory, stakeholder theory, ethical theory, corporate social responsibility theory and the political theory bring about a hybrid corporate governance framework. The fusion of the aspects drawn from the theories addresses the cause and effect of the variables. The configuration of each group of people in the corporate governance matrix is clearly enunciated. The role of shareholders, board of directors, management, employees, among others. The framework above outlines the groups. The agency theory, illustrated by the board of directors playing its fiduciary function over management. Management in turn should ensure that all stakeholders' concerns

are given due consideration. The board of directors' due attention to other critical issues such as legislation, culture, communities it operates under, markets and politics makes the stewardship theory visible and relevant. This shows that corporate governance is dynamic and ever changing driven by both internal and external environmental dynamism. The internal environment is driven by shareholders' relationship with stakeholders in maximizing profits. On the other hand, the external environment is all about easier financing, business collaborations, mergers, acquisitions, globalization and advanced communication and information technology. These developments have brought changes to corporate governance. Governance has to take into consideration the variance of cultural values, political, social and historical circumstances. This means corporate governance in developed and developing countries has to differ taking the contextual implications of each country. From the model given above no one theory can fully outline corporate governance but it requires a combination of variables from each of them.

2.9 CORPORATE GOVERNANCE AND ORGANISATION SUCCESS

Concept of organizational performance is an important aspect which has been using in all areas of business researches and it is difficult to have general definition and measurement by reason of continuously expanding their boundaries. Akal (1992) defines that "organizational performance is the evaluation of all the efforts devoted to achieving the business goals". Most of the researchers argue that definition of organizational performance is incorporated with efficiency and effectiveness. Santos &

Brito (2012) state “business performance or firm performance is a subset of organizational effectiveness that covers operational and financial outcomes”. Conversely, Cameron & Whetten (1983) indicate that “organizational effectiveness is a broader construct that captures organizational performance, but with grounding in organizational theory that entertains alternate performance goals”

Although there is a growing focus on governance issues, such as specific board composition configuration or board leadership structure, the results are unclear with respect to firm performance (Dalton et al., 1998). Many studies that demonstrate positive relationships between variables of interest from the four sets of board attributes and firm’s performance, when meta-analytically reviewed, show negative relationships and no statistically significant relationship at all (Dalton et al., 1998). For example, Hunter and Schmidth (1990, p. 29) have suggested that “conflicting rustles in the literature may be entirely artificial”. There is no actual population of relationships at all. For example, a meta-analysis of 54 empirical studies of board composition and 31 empirical studies of board leadership structure and their relationship to financial performance, by Dalton et al. (1998, p. 269), concluded that these and other analyses “relying on firm size, the nature of financial preference indicators and various operationalizations of board composition, provide little evidence of a systemic governance structure and financial performance relationships”.

Similarly, the analysis of 40 years of data from 159 studies, carried out by Dalton and Daily (1999), concluded that there is no clear evidence of a substantive relationship between board composition and financial performance, irrespective of the type of

performance indicators, the size of the firm or the manner in which board composition is measured. For example, a board could be completely independent and, at the same time, fail in its expertise, counsel and resource dependency roles (Dalton and Daily; 1999). On the other hand, a board dominated by inside and affiliated directors could fall short in its ability to monitor and control (Daily and Dalton, 1994; 1999). Hence, reliance on the independence of board members or any one dimension of board roles and attributes will not ensure high levels of corporate financial performance, especially if it is at the expense of other director roles (Johnson et al., 1993; Dalton and Daily, 1999).

However, the key thing to note is that corporate governance compliance shows real confidence in the future and in the high growth prospects of your business. Corporate governance compliance makes organization more attractive because it is visibly managed and directed (ALEX KNELL 2006). The recent developments provide ample evidence that inadequate corporate governance standards in certain organizations could contribute to their failure. The inadequate governance standards in the corporate sector, raises the risk profile of companies and exposes the organization and especially lending institutions to greater potential default. The adherence to formal (or mandated) corporate governance practices are particularly crucial for banks and financial institutions as weak or inadequate corporate governance standards invariably result in ineffective risk management and ultimately to financial instability (Singh 2005). In the case of banks and financial institutions, the developments in one of them may trigger systematic consequences. The essence of formal corporate governance in financial institutions, are therefore, the responsibilities of the board and its independent committees for providing adequate checks and

balances, transparency and disclosures, robust risk management systems, risk containment. Procedures, early warning systems and prompt corrective actions to avoid default (Singh 2005).

According to agency theory, good corporate governance should lead to higher stock prices or better long-term performance, because managers are better supervised and agency costs are decreased. Poor corporate governance on the other hand is fertile soil for corruption and corruptive symbiosis between business and political circles (MANYURU 2005).

A comprehensive and integrative review of the corporate governance contribution to company performance research suggests a tendency, amongst scholars, to search for universal associations between board attributes, board roles and company performance (Zahra and Pearce, 1989; Maassen, 1999). Zahra and Pearce (1989), reviewing 22 empirical studies in their construction of an integrative model of a literature review identifying variables of board attributes and board roles in relation to firm's performance, identify a number of shortcomings in previous research and urge cautious interpretation of results on board roles and attributes. Using the same constructs of board roles and attributes for measuring impact on firm's performance, Maassen's (1999) empirical study of the USA, UK and the Netherlands listed companies came to similar conclusions. Moreover, both studies concluded that there is an over-focus on the financial dimensions of company performance, with some attention being given to systemic performance and very little attention being paid to social dimensions of company performance (Zahra and Pearce, 1989; Maassen 1999).

Most common measures of financial performance were: ROE; ROA; EPS; stock price; return on investment; profit margins; net income and profit margins on sales, income/sales and income/equity. A summary of a framework that incorporates five theoretical perspectives' treatment of board attributes, board role and contextual variables for analyzing research results in relation to the corporate governance contribution to firm's performance is provided in table below

Table 2.1 Framework for analyzing governance contribution to company performance

Perspectives/characteristics	**Legalistic**	**Resource dependency**	**Class hegemony**	**Agency theory/financial model**	**Stakeholders/political model**
Board attributes	Composition Characteristics Structure Process	Composition Characteristics	Composition Characteristics Process	Composition Characteristics Process Structure	Composition Characteristics Process Structure
Board role	Ownership Concentration	External environment	Ownership Concentration	Concentration of ownership	External environment Distribution of ownership

	Company size	Company life cycle Type of busines	CEO style Ruling capitalist values	External environment	CEO style Operating Values
Strategic outcome	Approval	Review Approval Initiatives	Approval	Control Approval	Consensus Review Initiatives
Performance criteria	Financial(profitability) Systemic (survival, growth) Social (responsiveness to society	Financial (profitability) Systemic (survival, growth in resources, goal achievement,	Financial (profitability) Systemic (oligopolistic market power	Financial (low operating cost, profitability) Systemic (survival growth)	Financial(profitability) Systemic(survival, growth, goal achievement, market position) Social (responsiveness to society and ethical behaviour)

		relative market position) Social (responsiveness to society			

Sources: Adapted from Zahra and Pearce (1989); Maassen (1999); Kakabadse and Kakabadse (2001)

The five perspectives are only representative of corporate governance models and it is recognized that there other models of corporate governance that provide insights and add to the complexity of results that attempt to link board role, attributes and contextual factors with corporate performance; as exemplified by the stewardship perspective. Although agency theory and the financial model, combined together, and the stakeholder perspective and political model have their differences, they also share considerable similarities – hence they are addressed as a group.

Models of good governance may differ as the internal and external features that come together reflect specific market structures, legal systems, traditions, and regulations, cultural and societal values (Wainaina 2002). All the commercial Banks in the Gambia are in different stages of development. For this reason and for the purpose of this research all the Commercial

Banks in the Gambia under investigation have been categorized in three levels based on the relative importance of the four sets of Board attributes namely; Composition, Characteristics, Structure, and Process.

Table 2.2: Theoretical framework for analyzing corporate governance in Commercial Banks in the Gambia.

STATUS	COMPOSITION	CHARACTERISTICS	STRUCTURE	PROCESS
Level 1 Very strong CG	**Size** ✓ Equal or more than 10 directors ✓ board membership criteria well documented **Source** ✓ Vast majority	**Background** ✓ Highly multi experienced directors **Tenure** ✓ Specific and limited tenure of service. **Independence** ✓ highly independent	**Board Leadership** ✓ -chairman outsider **Board committees** ✓ strong audit committee ✓ only	**Board Meeting** • useful exchange of ideas in board meeting • meetings are long enough for substantive work. **Board Meetings Frequency** • very frequent and

	of directors are outsiders **Affiliation** ✓ directors degree of affiliation with organization low. ✓ Majority are professionals		outside directors serve on key committees e.g. audit and board governance **one tier/two tier** ✓ No CEO duality	routine meetings **Accountability** • Board is accountable to shareholders **Briefing** • Sufficient briefing to the Board by top management
Level 2 Strong CG	**Size** • size of the board is between 5 and 10	**Background** • experienced directors **Tenure** • sometimes tenure	**Board leadership** - board chairman sometimes insider **Board committees**	• **Board meeting** sometime useful exchange in board meeting. • Not very frequent

	Source • outside directors is equal to inside directors **Affiliation** • few directors affiliated with the organization.	of service not uniform **Independence** • some directors have conflicting interests	• No very strong audit committee and other key ones. **One- tier/two tier** CEO duality sometime encouraged	Briefing • Not obvious/ not a must
Level 3 Weak CG	**Size** • Less than 5 directors • Vast majority of directors are insiders	**Background** • doubtful/weak education and technical background **Tenure**	**Board leadership** • board chairman always insider **Board**	**Board meeting** • agenda setting of meeting by CEO • no useful discussion **meeting frequency**

	Affiliation • Vast majority of directors affiliated to the organization	• no specific time limit **Independence** • stock ownership percentage is too high compromising independence	**committees** • Inside directors serve in key committees like audit • or key committees nonexistent **one tier/two tier** • CEO • Duality always the case	• rarely **Briefing** • By top management does not exist

SOURCES: Adapted from Zahra and Pearce (1989) – Board Attributes and Felton. Alec. Witt (1995) – Building a stronger Board

2.10 Framework for Analyzing Financial Performance in Commercial Banks in the Gambia

Four indicators namely market share, turnover or disbursement, portfolio quality, and profitability are proposed as measures of microfinance performance. These are considered to be the most important indicators and they will be used for analyzing research results in relation to the level of corporate governance.

A theoretical framework for analyzing research results in relation to the corporate governance contribution to firm's performance is provided below.

Table 2.3: Framework for analyzing financial performance in Commercial Banks in the Gambia

PERFORMANCE MEASURE	YEAR 2018	YEAR 2017	YEAR 2016	YEAR 2015	YEAR 2014
TURNOVER OR DISBURSEMENT					
SURPLUS OR NET PROFIT					

MARKET SHARE PRICE					
PORTFOLIO AT RISK RATIO					

2.11 BASIS OF PERFORMANCE MEASUREMENT

2.11.1 Market Share

Market share can be expressed as a company's sales revenue (from that market) divided by the total sales revenue available in the market. It can also be expressed as a company's unit sales volume (in a market) divided by the total volume of units sold in that market. Increasing market share is one of the most objectives used in business; the main advantage of using market share is that it abstracts from industry-wide macro environmental variables such as the state of the economy, or changes in tax policy.

2.11.2 Turnover or Total Annual Disbursement

Disbursement is the total amount of loans given to the institution clients during the financial period under review. A high or increasing disbursement implies increased clientele base, improved average loan size and or high client retention. High disbursement will result from increased loan demand and hence reflecting expansion of the organization. Reduction in disbursement will on the other hand suggest declining demand and hence poor performance. The size and performance of an institution can therefore be assessed from growth or decline of the turnover or disbursement.

2.12.3 Portfolio Quality

The most widely used measure of portfolio quality is Portfolio at Risk Ratio (PaR), which measures the portion of the portfolio that is "contaminated" by arrears as a percentage of the total portfolio and therefore at risk of not being repaid. The older the delinquency, the less likely that the loan will be repaid. Although various other measures are regularly used, PaR has emerged as the indicator of choice. It is understandable, does not understate risk, and is comparable across institutions. The portfolio at risk is free from much of the subjective interpretations that plague other portfolio quality indicators, such as repayment rate. Furthermore, portfolio at risk is a more conservative measure of the institutional risk than repayment rate or arrears because

both the numerator and the denominator include the outstanding balance – it measures the complete risk and not only the immediate risk.

Portfolio quality is a crucial area of analysis, since the largest source of risk for any financial institution resides in its loan portfolio. The loan portfolio is by far the largest asset and, in addition, the quality of that asset and therefore, the risk it poses for the institution can be quite difficult to measure. For Banks institutions, whose loans are typically not backed by bankable collateral, the quality of the portfolio is absolutely crucial.

Portfolio at risk is a useful measure, but it does not tell the whole story. Like all other performance measures, portfolio at risk can be manipulated. The most common form of doing this is to write off delinquent loans. Portfolio at risk must therefore always be analyzed together with other performance indicators.

2.11.4 Profitability – Net Surplus

This is the realizable income net of all costs, taxation, financial expenses and financial exchange loss if any. It is a measure that summarizes performance in all areas of the company. If a company portfolio quality is poor or efficiency is low, this will be reflected in profitability. Generally higher net surplus indicate better corporate performance while reduced profits point to

poor performance unless there exists specific reasons such as natural calamities, changes in political or economic systems (Manyuru 2005).

The profitability analysis is complicated by the fact that a significant number of Financial Institutions still receive grants and subsidized loans. “Comparing apples with apples” is always a problem in microfinance, because subsidies are still widespread and accounting practices vary widely. When accompanied by full disclosure of these very important facts as is a requirement in corporate governance practices, net surplus is still a reliable measure of microfinance overall performance.

2.12 LIMITATION OF CORPORATE GOVERNANCE

Despite the huge role corporate governance in playing in the growth, earnings, value and the eventual success of an organization, it still not a cure for all or should be said that it is just a means to end. Empiral evidence can be deduced based on the review of the objectives of the many corporate governance codes reveal that their aims can vary but with a general focus on the economic performance of corporations, their accountability, access to capital, and operations of their board (Gregory & Simmelkjaer, 2002: 1–20). However, none of the codes advocating best practices appear to offer a test for defining when good governance is achieved. Empirical evidence is accumulating that corporate failures can still occur unexpectedly even when firms are considered to have fully complied with governance codes (Turnbull 2008a). Enron is a notable example with other

examples arising from the Global Financial Crisis (GFC) that suggests that there is systemic problem in the current dominant Anglo system of corporate governance as identified by Pirson & Turnbull (2011) and Turnbull (2004).

According to Garima Chandra and Iqra Afsar,"Corporate Governance needs a certain level government oversight to avoid increasing levels of corruption. The lack of government oversight in corporate governance leads to a misallocation of credit that eventually works against corruption. And it also works at it best when shareholder and board member are able to make objective decisions that are in the best interest of the company". The oversight function must be done continually to abuse of office by the management and Directors of the company, this act as a check on the management and directors.

2.13 Corporate Reporting and Organisation Success

Corporate financial reporting is not only to show the financial statements of corporate but it includes to highlight important financial data and to show the application of financial policy. A good financial reporting will show true financial position of company. Company can save from hidden losses, if its accountant highlights critical points in it. In this way, it is helpful tool to investors for better decision making. Corporate financial reporting is the system of making corporate financial reports. These corporate financial reports are income statement, balance sheet, cash flow statement, statement of retained earnings and financial policies explanation. Corporate financial reporting may be shown at the end of month or at the end of each quarter or

at the end of year. Financial accounting is the process of summarising financial data taken from an organisation's accounting records and publishing it in the form of annual (or more frequent) reports for the benefit of people outside the organization (Tim Sulton). Corporate reporting is continually evolving, changing to meet the demands of an ever-widening range of users, as well as responding to external events. Reporting practice is not static; it can always be improved, and needs to adapt to the constantly changing business and regulatory environment. Indeed, many new reporting models for business have been put forward over the years. Some of them have been examined at intervals in the faculty's thought leadership reports, particularly New Reporting Models for Business (2003) and Developments in New Reporting Models (2009). Corporate reporting is an essential means by which companies communicate with stakeholders as part of their accountability and stewardship obligations (Federation of European Accountant, 2015). Financial reporting refers to standard practices to give stakeholders an accurate depiction of a company's finances, including their revenues, expenses, profits, capital, and cash flow, as formal records that provide in-depth insights into financial information (Sandra Ducervic, 2019). Corporate Reporting refers to the presentation and disclosure aspects of reporting and includes Integrated Reporting, Financial Reporting, Corporate Governance, Corporate Responsibility etc. Internationally, most regulations include both mandatory and voluntary disclosures to add value for the stakeholder (Asian Pacific University, 2019).Corporate reporting means meeting with needs of all the different stakeholders of an organization to enhance their decision making because Companies are critically re-evaluating how to communicate the financial position and performance of the organisation as transparently as possible to stakeholders. According to Dr. Madan Lal Bhasin Corporate reporting should keep pace with the developing economic reality and address

the needs of a wide stakeholder audience by providing financial and non-financial information having short and long-term focus. A new approach to corporate reporting called “Integrated Reporting” (<IR>) has been suggested by International Integrated Reporting Council (IIRC).At base, IR is a relatively new but powerful idea: enhancing the way organizations think, plan and report the story of their business. Several leading organizations are already using IR to communicate a clear, concise, integrated story that explains how all of their resources are creating value. Accounting being regarded as the language of business is as old as the business itself (Gupta and Mehra, 2002). It is a social phenomenon, the primary object of which is to let the management know the economic activity of the corporate enterprises (Mehrotra and Kulshrestha, 1990). Accounting has two fold phases, first measuring and arraying the economic data and second communicating the results of this process to the interested parties (Gupta, 1977). American Accounting Association. AAA, 1966) describes it as the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of information. Accounting Principles Board (APB) of the American Institute of Certified Public Accountants (AICPA) defined accounting as a service activity. Its function is to provide quantitative information financial in nature and intended to be useful in making economic decisions and making reasoned choices among alternative courses of action.

2.14 Objective of Financial Reporting

Corporate financial reporting is not an end in itself but is a means to certain objectives (Devarajan, 2008). The fundamental objective of corporate financial reporting is to communicate economic measurements of information about the resources and performance of the reporting entity useful to those having reasonable rights to such information and interest in the entity (Oza, 1990). The annual financial statements of a company not only aid its management to regulate the prices of its goods and services but also help its external users in different ways such as existing and potential investors in evaluating their past decisions and making changes in their investment policies, creditors in assessing company's worthiness, profitability and liquidity, and government in administering the system of taxing the companies (Bhattar, 1995).

Various agencies and professional bodies involved in promoting corporate financial reporting have attempted to formulate objective of financial reporting as to make accounting information relevant and useful (Singh, 2005). The Accounting Principle Board of America in 1970, True Blood Report in 1973, Corporate Report London in 1975, Financial Accounting Standard Board (FASB) 1978 and The Stamp Report 1980, Accounting Standard Board (ASB of U.K.) in 1991, Institute of Chartered Accountant of India (ICAI) in 2000, FASB in 2006 and IASB and FASB jointly in 2007 have contributed in the formulation of the objectives of financial reporting and also the International Financial Reporting Standard in 2010.

2.14.1 Accounting Principle Board (APB) 1970

The Accounting Principle Board of America issued its Statement (4), Basic Concepts and Accounting Principles Underlying Financial Statement of Business Enterprises, in 1970. This statement states 1 particular, 5 general and 7 qualitative objectives. The particular objective of financial statements is to present fairly and in conformity with Generally Accepted Accounting Principles (GAAP), the financial position, the results of operations and other changes in the financial position of an enterprise. The general objectives of financial statements are:

- To provide reliable information about economic resources and obligations of a business enterprise in order to (a) evaluate its strengths and weaknesses, (b) show its financing and investments, (c) evaluate its ability to meet its commitment and (d) show its resource base for growth.
- To provide reliable information about changes in net resources resulting from a business enterprise's profit-directed activities in order to (a) show the investors the expected dividend return; (b) show the organization's ability to pay its creditors and suppliers, provide jobs for employees, pay taxes, and generate funds for expansion; (c) provide the management with information for planning and control (d) show the long-term profitability of the enterprise.
- To provide financial information useful for estimating the earning potential of the firm.
- To provide other needed information about changes in its economic resources and obligations.
- To disclose other information relevant to the needs of the users.

2.14.2 The True Blood Report-1973

In view of the criticism of corporate financial reporting, the American Institute of Certified Public Accountants appointed a study group in 1971 under the chairmanship of Robert M. True-blood. The study group visited various places, interviewed executives, held meetings with institutional and professional groups and submitted its report in 1973. The True-blood committee recommended 12 objectives of financial reporting. The main objective is stated as under: "The basic objective of financial statements is to provide information useful for making economic decisions." The other eleven objectives are stated below:

- To serve primarily those users who have limited authority, ability or resources to obtain information and who rely on financial statements as their principal source of information about an enterprise's economic activity.
- To provide information useful to investors and creditors for predicting, comparing, and evaluating potential cash flow to them in terms of amount, timing, and related uncertainty.
- To provide users with information for predicting, comparing, and evaluating enterprise's earning power.
- To supply information useful in judging management's ability to utilize enterprise's resources effectively in achieving the enterprise's primary goal.

- To provide factual and interpretative information about transactions and other events, which is useful for predicting, comparing, and evaluating enterprise's earning power. Basic underlying assumption with respect to matters subject to interpretation, evaluation, prediction, or estimation should be disclosed.
- To provide a statement of financial position useful for predicting, comparing, and evaluating enterprise's earning power. The statement should provide information concerning enterprise's transactions and other events that are part of incomplete earning cycles. Current values should also be reported when they differ significantly from historical cost. Assets and liabilities should be grouped or segregated by the relative uncertainty of the amount and timing of prospective realization or liquidation.
- To provide a statement of periodic earnings useful for predicting, and evaluating enterprise-earning power. The net result of completed earning cycles and enterprise activities resulting in recognizable progress towards the completion of incomplete cycles should be reported. Changes in the values reflected in successive statements of financial position should also be reported, but separately, since they differ in terms of their certainty of realization.
- To provide a statement of financial activities useful for predicting, comparing, and evaluating enterprise-earning power. This statement should report mainly on the factual aspects of enterprise transactions having or expected to have significant cash consequences. This statement should report data that requires minimal judgment and interpretation by the preparer.

- To provide information useful for the predictive process. Financial forecasts should be provided when they will enhance the reliability or user's predictions.
- For government and not-for-profit organizations, an objective of financial statements is to provide information useful for evaluating the effectiveness of the management of resources in achieving the organization's goals.
- To report on those activities of the enterprise affecting society which can be determined and described or measured and which are important to the role of the enterprise in its social environment.

2.14.3 The Corporate Report, London 1975

The Accounting Standards Steering Committee of the Institute of Chartered Accountants in England and Wales published the Corporate Report as a discussion paper to review the list of users, purposes and methods of modern financial reporting in the United Kingdom. The basic philosophy of the report was that financial statements should be appropriate to their expected use by the potential users. The report emphasized seven characteristics viz. relevance, understandability, reliability, completeness, objectivity, consistency and timeliness in addition to the other fundamental objectives of annual reports. The Corporate Report suggested the need for the following additional statements.

- A statement of Value Added to show how the wealth was produced, and how it has been distributed among the employees, the state, the providers of capital and its reinvestment for maintenance and expansion.
- An employee report dealing with the size and composition of the work force, efficiency, productivity, industrial relations, and the benefits earned, personnel policies, etc.
- A statement of money exchanges with the government showing sales tax, corporation tax, rates, royalties and other taxes paid to the government, i.e., financial relationship between the enterprise and the state.
- A statement of transactions in foreign currency showing overseas borrowings and repayment, dividends received and paid by the government to other countries.
- A statement of future prospects showing forecasts of profits, employment and investment.
- A statement of corporate objectives showing management policy and strategies

According to Sandar Ducervic, the following are the benefit of Financial Reporting:

- **Improved debt management:** As you will surely know, debt can cripple the progress of any company, regardless of sector. While there may be many different types of financial reporting concerning purpose or software, almost all solutions will help you track your current assets divided by the current liabilities on your balance to help gauge your liquidity and manage your debts accordingly.

- **Trend identification:** Regardless of what area of financial activity you're looking to track, all types of this kind of reporting will help you identify trends, both past and present, which will empower you to tackle any potential weaknesses while helping you make the kind of improvements that will benefit the overall health of your business.
- **Real-time tracking:** By gaining access to centralized, real-time insights, you will be able to make accurate, informed decisions swiftly, thereby avoiding any potential roadblocks while maintaining your financial fluidity at all times.
- **Progress and compliance:** As the information served up by financial reporting software is both accurate and robust, not only does access to this level of analytical reporting offer an opportunity to improve your financial efficiency over time, but it will also ensure you remain 100% compliant – which is essential if you want your business to remain active.

2.15 PRESENTATION OF A GOOD FINANCIAL REPORTING SYSTEM

With interest of the different stakeholders and the success of the organization been a primary objective, the Financial Report must be prepared in manner that meet the International best practices and as specified by the International Accounting Standard Board. IAS 1, Presentation of Financial Statements sets out the overall requirements for financial statements, including how they should be structured, the minimum requirement for their content and overriding concepts such as going concern, the accrual basis of accounting and current and non-current distinction. The standards requires a complete set of

financial statements to comprise a statement of financial position,a statement of profit or loss or other comprehensive income,a statement of changes in equity and a statement of cash flows.

The IASB has continued to developed different principled based accounting that will guide organization in the preparation of financial statement and thereby assisting users in taking important decision and thereby leading to company growth and success.Curently there 41 International Accounting Standards and 17 International Financial Reporting Standards

2.16 Features of a good Financial Reporting

Meeting the need of the different stakeholders and to guide them in taking relevant and meaning decision that will eventually lead to the success of the organization. It is therefore pertinent for these financial statement to meet some certain criteria and according to the Accounting Principle Board (APB)s 1970 the financial statement must the following qualitative features:

- Relevance, which means selecting the information most likely to aid the users in their economic decisions.
- Understandability, which implies not only that the selected information must be intelligible but also that the users can understand it.
- Verifiability, which implies that the accounting results may be corroborated by independent measurers using the same measurement methods.

- Neutrality, which implies that the accounting information is directed towards the common needs of the users rather than the particular needs of specific users.
- Timeliness, which implies an early communication of information to avoid delays in economic decision-making.
- Comparability, which implies that differences should not be the result of different financial accounting treatments.
- Completeness, which implies that all the information that is "reasonably" needed to fulfill the requirement of the other qualitative objectives, should be reported. The above general objectives fail to identify the information needs of the owners and the creditors. The main objective was to provide general purpose financial reporting, which provides information for unknown users having multiple decision objectives. Providing information for specific user groups having known decision objectives was not found operational.

Also according to The True Blood Report-1973, financial statements should have the following qualitative characteristics in order to satisfy needs of the users and the different stakeholders. These are

- Relevance and Materiality
- Substance rather than Form
- Reliability
- Freedom from Bias
- Comparability

- Consistency
- Understandability

2.17 CORPORATE GOVERNANCE VS CORPORATE REPORTING

According to Dr. Md. Shamimul Hasan and Dr. Syed Zabid Hossain "Financial reporting disclosures are very essential to the shareholders of a company because they frequently use these disclosures for their economic decisions about the business enterprise. Board of directors, corporate management and external auditor may have an influence on financial reporting disclosures. From this perspective, the study investigates the influence of corporate governance on financial reporting disclosures. This shows that corporate governance is significantly associated with the extent of financial reporting disclosures. External auditor, multi-listing and profitability are significantly (5 percent level) associated with overall financial reporting disclosures index".

The scandals of high profile companies such as Enron, WorldCom, Tyco and some other firms in the U.S, have realized the question of the effectiveness of monitoring mechanisms in organizations (Raphaelson and Wahlen, 2004) and Good governance goes hand-in-hand with reduced risk of financial reporting problems and other bad accounting outcomes

(Hermanson, 2003). Information disclosed by the companies in their annual report can be used as important input in various corporate governance mechanisms (Bushman and Smith, 2001)

According to Dr. Md. Shamimul Hasan and Dr. Syed Zabid Hossain Good governance by board of directors can influence financial reporting disclosures, which in turn has an important impact on shareholders confidence (Levitt, 1998 and 2000). There has been a considerable debate in recent times about the need for strong corporate governance (McConomy and Bujaki, 2000), with the countries around the world drawing up guidelines and codes of practice to strengthen governance (Cadbury, 1992).Previous studies have shown that good corporate governance reduces adverse effects of earnings management as well as likelihood of creative financial reporting arising from fraud or errors (Beasley, 1996; Dechow, et al, 1996; McMullen, 1996). Traditionally, the external auditor has also played an important role in improving the credibility of financial information (Mautz and Sharaf, 1961; Wallace, 1980). According to 2019 KPMG International Cooperative ("KPMG International") "As the global economy continues to reform its financial system, better corporate reporting is required to meet the needs of investors. While the narrative component of the annual report has long served to present strategy, governance, performance and prospects, forces are now converging towards an enhanced financial report integrating financial and non-financial information to more effectively communicate your company's story". Previous studies have shown that good corporate governance reduces adverse effects of earnings management as well as likelihood of creative financial reporting arising from fraud or errors (Beasley, 1996; Dechow, et al, 1996; McMullen, 1996). Traditionally, the external auditor has also played an important

role in improving the credibility of financial information (Mautz and Sharaf, 1961; Wallace, 1980).This can alluded that Corporate Governance has direct impact and it positively related to a company corporate report and that a good corporate Governance and report increases the confident level placed on an organization

CHAPTER 3

METHODOLOGY

3.1 INTRODUCTION

This chapter presents the description of the research process. It provides information concerning the method that was used in undertaking this research as well as a justification for the use of this method. This chapter also describes the various stages of the research, which include the selection of the participants, the data collection process and the process of data analysis. The chapter also discusses the role of the researcher in quantitative research. The chapter ends with a discussion of validity and reliability in quantitative research and discusses the way in which these two requirements were met in the current study.

This research explored the role corporate governance and corporate reporting is playing in the success of organization especially the commercial banks in the Gambia. The chapter also draws out the relationship between the corporate governance and corporate reporting on the success of an organization.

3.2 RESEARCH METHOLODOLGY

The study seeks to investigate the impact Corporate Governance and Corporate Reporting in the success of Commercial Banks in the Gambia. The research work is based on the study of all the Commercial Banks in the Gambia including the Gambia Central Bank who is acting a regulator. According to Abdulsalam and Mawoli stated that the great strength of a case study method is that it allows the researcher to concentrate on a specific situation and to identify or attempt to identify, the various interactive at work (Bell, 2004).The study seek to investigate whether the bank are adopting the principle corporate governance as stated in "Table 2.2: Theoretical framework for analyzing corporate governance in Commercial Banks in the Gambia" in chapter 2. The survey design was found appropriate, given the small number of respondents targeted, time and resource limitations. Commercial Banks in the Gambia are in different stages of development and exhibit high level of diversity in aspects such as ownership and leadership. To address these differences and obtain a relevant result which is representative, it was found appropriate to carry out a census survey. The Census Survey includes all the commercial banks that that carry out operation in the Gambia.

3.3 POPULATION

Based on the Table shown above there 9 commercial Banks which is licensed in the Gambia to carry out commercial and banking operation.8of the commercial banks are subsidiary of another bank which is domicile in another country and 1 is 100% Gambian ownership. All the 9 commercial banks are fully active in the Gambia. The populations of this study include all the 12 banks including the Gambia central Bank as regulator.

3.4 RESEARCH DESIGN

According to Kazdin (1992, 2003a), Research Design refers to the plan used to examine the question of interest. "Research design" refers to the many ways in which research can be conducted to answer the question being asked.

The study adopted the ex post facto and correlational research design. Ex post facto research is systematic empirical inquiry in which the scientist does not have direct control of independent variables because their manifestations have already occurred or because they are inherently not manipulated. According to Kerlinger and Rint (1986) explained that in the context of social science research and ex post facto investigation seeks to reveal possible relationships by observing an existing condition or state of affairs and searching back in time for plausible contributing factors.

A correlational research design is the measurement of two or more factors to determine or estimate the extent to which the values for the factors are related or change in an identifiable pattern, in correlational.

The survey research design method was employed in this study. It involves using self-designed questionnaire in collecting data from the respondents. This method is usually adopted in order to generate the required data from the sampled staff for analysis and also because the researcher do not intend to manipulate any of the variables under this study.

3.5 Data Collection

This was a survey study and primary data was collected through the use of a structured questionnaire. Open-ended and closed questions were used in the questionnaires that are intended to capture both quantitative and qualitative data. The questionnaire was self-administered. The questionnaire is divided into 5 sections that cover the following arreas:-

Section A: Institutional information

Section B: Board composition

Section C: Board structure

Section E: Board Process

Section F: Corporate Governance and Organisation

Section G: Corporate Reporting and Organisation

Section F: Financial performance data

The study covered a 5 year period, from 2014 to 2018 based on the availability on the availability of financial data of the banks.

The target respondents are the CEOs of the selected organizations or senior Managers with thorough understanding of the organization.

The “drop and pick” method was used to collect data. A letter of introduction explaining the survey objectives was sent together with the questionnaire. This was followed up with telephone calls to ensure that the questionnaire had been received. The questionnaires were then picked up during which time completeness was verified and personal interviews undertaken to clarify answers where necessary

3.6 DATA ANALYSIS

The data collected was analyzed through the use of descriptive statistics. Data editing was done to ensure completeness and consistency. The responses were tabulated and classified through coding. This was to help facilitate basic statistical and

descriptive analysis. Frequency distribution and percentages were used to determine the extent of corporate governance practices in the Commercial Banks in the Gambia.

Five year average score for turnover/disbursement, Net Surplus, Market Share, portfolio at risk ratio, are to be used to establish the performance of the companies under review. Excel computer package was used to analyze data and present if in form of tables, Product Moment correlation coefficient was used to help investigate the correlation between organization performance and corporate governance.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

This chapter presents the analysis and findings of the study from the data collected using the research questionnaire in appendix 3. The questionnaire was divided into sections from A to G. The questionnaires were sent out to a target population of 10 respondents that is the CEO of all the Commercial Banks operating in the Gambia including the Central Bank of the Gambia. All the Ten questionnaires were received and found relevant for purposes of analysis. This shows a response rate of 100 per cent.

4.2 ANALYSIS AND FINDINGS

4.2.1 Profile of Respondents and Firms

4.1 Sex of Respondents

Sex	Frequency	Percentage
Male	10	100%
Female	0	0%
Total	10	100%

Source: Researcher's Computation, February 2020

The analyses from the respondent indicate that 100% of the CEO's are male and 0% is Female. This could be attributed to factors that a socio-cultural and religion.

Table 4.2 Years served in the Firm

Period	frequency	Percentage
Below 10 years	6	60%
11-20 years	4	40%
20-30 years	0	0
Total	10	100%

Source: Researcher's Computation, February 2020

The analyses from the responses received from the 10 CEO of the Commercial banks in the Central Bank of the Gambia as shown above (Table 4.1) indicated that 60% of the respondents had served in the organizations for a period below 10 years while 40% had served up to 20 years. No respondent had served for more than 20 years in all the organizations.

Table 4.3: Position in the organization

Period	frequency	Percentage
CEO	10	100%
Middle level Managers	0	0%
Supervisors	0	0%
Total	10	100%

Source: Researcher's Computation, February 2020

The analyses from the responses received as per Table 4.2 above, indicates that 0% of the respondents were middle level managers while 0% were supervisors.

Though the investigator target respondents were the CEOs, it is clear from the analysis that the CEO were all interested and available to fill up the questionnaire. This could be attributed to the nature of their job and also most of most of them were not much busy as when the questionnaires were distribute.

Table 4.4: Length of Firm's existence

Length	frequency	Percentage
3-5 years	0	0%
5-7 years	0	0%
Above 7 years	10	100%
Total	10	100%

Source: Researcher's Computation, February 2020

The study also found out that 100% of the Commercial Banks and Including the Central Bank had been in existence for a period above 7 years. (Table 4.3 above).

Table 4.5. Nature of Business

Nature of Business	Frequency	Percentage
Financial Services only	4	40%
Financial and Non-Financial Services	6	60%
Total	10	100%

Source: Researcher's Computation, February 2020

The nature of business of commercial Banks, determine the overall direction of the organization. The responses to this section helps establish the overall organization mission and outreach.

On the nature of the business, the study found out that 60% dealt in providing purely financial services. 40% of the firms provide both financial and non-financial services. The analysis of nature of business is presented in the table 4.5 above.

Governance and Performance

Governance practices of banks Good institutional governance seeks to ensure that there are transparent and efficient mechanisms for monitoring and disclosing the efficiency and effectiveness with which those entrusted to govern use entrusted resources; and that they account for stewardship (Gatamah 2000).

4.2.2 Board Composition

Board composition refers to the size of the board and the mix of different director's demographics (insiders/outsiders, male/female, foreign/local) and the degree of affiliation directors have with the corporations (Zahra and Pearce, 1989; Maassen, 1999).

In determining the "right" size of the board, a number of factors should be considered. Ideally, the board should be large enough to complete work effectively, help secure funding as needed, advance the reputation of the bank, provide continuity, and ensure that quorums are easily met for meetings-yet will be small enough to allow for substantive decisions.

Table 4.5 Size of the Board

Size	Frequency	Percentage
Less than 5 members	0	0%
5-10 members	7	70%
More than 10 members	3	30%
Total	10	100%

Source: Researcher's Computation, February 2020

The analysis from the responses shows that the board members in 70% of the commercial banks are between 5 and 10. 30% of the Commercial Banks have more than 10 board members.

The results are consistent with Ledgerwood (2006) recommendation that transforming Commercial Banks should have between 5 and 25 members.

Composition of the board in terms of skill set of directors is an essential component of effective governance (Cadbury 1997). The skills should be diverse and comprehensive enough (Wainaina 2002).

Table 4.6 Board Member Skills and Residence

Skills and residence	Frequency	Percentage
Entrepreneurship	3	30%
Financial Management	4	40%
Legal	1	10%
Human Resources	2	20%

Source: Researcher's Computation, February 2020

The study revealed that in terms of academic qualification and experience, 30% of the board members in banks were inclined towards entrepreneurship, 40% were experts in financial management, 10% were had legal orientation while the remaining 20% were inclined towards human resources management discipline. Only 40% of Banks i.e 4 respondents in this study indicated that they had financial skills represented in the board. The remaining 60% did not have them at all

Table 4.7: Residence

Residence	Frequency	Percentage
Local	4	40%
Overseas	6	60%

Source: Researcher's Computation, February 2020

From the analysis, it was also found that 40% of the board members were resident in the Gambia and also citizen of the Gambia and the other 60% of the board members are resident overseas. This is because some of the banks are subsidiary of a parent company that is incorporated outside the Gambia.

Table 4.8 Proportion of Executive to Non- Executive Directors and gender.

Proportion and gender	Frequency	Percentage
0-25%	10	100%
26-50%	4	40%
51-75%	1.5	15%
76-100%	1	10%
Women	3.1	31%

Source: Researcher's Computation, February 2020

To ensure the board effectiveness the Cardbury Committee (1992) recommends the inclusion of sufficient number of non-executive directors who would bring independence in the board's judgment. These non-executive directors should be, in the majority.

From the table above, the board of directors in all the Banks studied had the proportion of executive directors to non-executive director of up to 25 per cent. In terms of gender, women make up less than a third of the positions in the board of directors (both executive and non-executive directors). The study also revealed that all the Banks have clear and documented rules for the appointment and removal of the board members

From the table above, the board of directors in all the Banks studied had the proportion of executive directors to non-executive director of up to 25 per cent. This is consistent with a survey done in Singapore, Goodwin and Seow (2000) who found that the majority of company directors felt that independent directors should make up between 25 and 50 percent of the board. And inconsistent with an empirical study, by Fosberg (1989) who found out that there was no significant difference in various financial ratios (indicative of the firm's performance) between firms whose boards were dominated by outside directors and firms whose boards were not dominated by inside directors.

Table 4.9: Criteria for nominating and selecting board members

Who nominates/selects board members	Frequency	Percentage
By Managing Director	2	10%
By members of the organisation	8	80%
Total	10	100%

Source: Researcher's Computation, February 2020

Having sufficient number of board members and truly independent process of appointing them, are essential components of effective governance (Cadbury 1997).

On nomination and selection of board members, the study revealed that managing directors nominated the board members is 20% of the Banks. 80 per cent of the banks selected their board members using members of the organization (shareholders). This analysis is presented in Table 4.9 above. The study further revealed that the various boards in Banks had developed procedures for removing members of the board who fail to meet high standards of ethical conduct and personal accountability in their work for the board.

From the findings it is clear that the value of good governance is not being recognized in 20% of the Banks studied which could lead to dominant CEO and management driven governance.

4.2.3 Board Characteristics

For effective governance the board is required to renew its membership with infusion of new directors, evaluate its own decision making process and to declare any conflict of interests (Knell 2006). It also has responsibility of assessing its own performance on regular basis and to provide proper guidance to management regarding the strategic direction.

Quality of the chairperson leads to improvement of governance effectiveness and efficiency in Banks (Gatamah 2005). It is therefore prudent to have well documented rules for their appointment.

Table 4.10: Documented rules for appointment and removal of chairperson

	Frequency	Percentage
Yes	10	100%
No	0	0%

Source: Researcher's Computation, February 2020

The study also sought to investigate whether the banks had clear and documented rules for the appointment and removal of the chairperson. The study revealed that this was present in all the Banks investigated (Table 4.10 above).

The board chair is responsible for ensuring that the board carries out its mandate and ensure that top management action are in line with the Banks organizational priorities and governance concerns (Ledgerwood et al 2006).

Table 4.11: Criteria for identifying Chair of the Board

	Frequency	Percentage
By CEO	0	0%
Election by the board members	10	100%
Total	10	100%

Source: Researcher's Computation, February 2020

The study has also shown that the chair of the board in all the organization was determined by election by the board. This analysis is presented in Table 4.11 above.

From all Banks studied the criteria for selecting the board chair is very transparent and if well implemented could lead to good governance practices. This is because an independent chair will provide leadership in policy setting and management oversight.

Table 4.12: Length of Term for Board members

	Frequency	Percentage
Defined	10	100%
Indefinite term	0	0%
Total	10	100%

Source: Researcher's Computation, February 2020

Corporate failures world over are attributed to abuse of power (Wainaina 2002). This can be drastically reduced by limiting the length of the term of the chairperson.

On the length of term for board of the governors, all the respondents said that it was defined (table 4.12 above) and that these terms were renewable for the renewable terms only.

Table 4.13 Review of Board own Capacity and Performance

	Frequency	Percentage
Yes	3	30%
No	7	70%
Total	10	100%

Source: Researcher's Computation, February 2020

The board has a responsibility of assessing its own performance on regular basis and to provide proper guidance to management regarding the strategic direction (Singh 2005).

The study also sought to investigate whether the board undertakes a regular review of its own capacity and performance. The findings as presented in table 4.13 above revealed that in the majority of banks (70%), the board does not undertake a regular review of its own capacity and performance, while 30% of the respondents said that in their organization, the board undertakes a regular review of its own capacity and performance.

From the study only 30% of Banks undertake regular review this could be attributed to CEOs and top management fear of interfering with board members which Gatamah (2000) suggests as being a key hindrance to good corporate governance.

Table 4.14 Policies and procedures for declaring conflict of interest

	Frequency	Percentage
Yes	10	100%
No	0	0%
Total	0	100%

Source: Researcher's Computation, February 2020

All the banks developed a conflict of interest policy to protect the bank and its reputation from actual or even the appearance of conflicts of interest (Ledgerwood, 2006).

The study also investigated whether the board in Banks had agreed and implemented policies and procedures for declaration of conflict of interest by board members. The findings as revealed in table 4.14 above shows that all the organizations had agreed and implemented the policies and procedures.

The study results are consistent with Ledgerwood 2006 who indicated that conflict of interest policy in transforming Banks, must be in writing and will outline board procedures for determining whether a conflict exists.

According to Manyuru (2005) the term of board of directors should be well defined to avoid a situation of some becoming "permanent staff members". This will go a long way in improving governance effectiveness.

Table 4.15 Employment tenure of board of directors

	Frequency	Percentage
Performance Based	0	0%
Permanent	0	0%
Fixed Contract	10	100%
Total	10	100%

Source: Researcher's Computation, February 2020

On the employment tenure of the board of directors in Banks, the study found out that the tenure was a fixed term contract for all the organizations (table 4.15 above).

For effective governance the responsibilities of the board members should be clearly articulated (Gatamah 2000).

Table 4.16 Functions of the board of directors

Main function of the board	Frequency	Percentage
Policy Decisions	10	100%
Strategic Planning	7	70%
Monitor Organisation activities	2	20%
Emergencies	1	10

Source: Researcher's Computation, February 2020

The functions of the board of directors were also sought from the study. The results in table 4.16 above show, that the board of directors' main role is to give direction in terms of policy enactment in the organizations, strategic planning and ratification of all the decisions affecting the firms. They are also convened to discuss issues of importance that come up in the course of doing business but which may have come at a time when the board was not supposed to be convened (emergencies).

4.2.4 Board Structure

The board of directors argues Jensen (1993), is "...at the apex of internal control system, has the final responsibility for the functioning of the firm." However, when the board chairman is also the CEO, the board intensity to monitor and oversee management is reduced as a result of lack of independence and conflict of interest (Dayton 1994)

Table 4.17 Separation of powers between CEO and Chairperson

	Frequency	Percentage
Clear separation exists	10	100%
No separation exists	0	0%
Total	10	100

Source: Researcher's Computation, February 2020

The study sought to establish whether there was separation of powers between the board chairperson and the CEO. The researcher as table 4.17 shows, found out that in the majority of organizations (100%), there was separation of powers between the board chairperson and the CEO. This evidence could be interpreted that the issue of separating the board

chairman and CEO was viewed as critical in their corporate governance structure. The study results is consistent with the Cadbury Committee (1992), which recommended that the roles of the board chairman and the CEO be separated

This is consistent with proponents of CEO duality Berg and Smith. In their study, Berg and Smith (1978) found that there was no significant difference in various financial indicators between firms, which experienced CEO duality, and firms which did not. However, literature seems to consistently argue that separate individuals for the post of CEO and chairman leads to a better corporate governance system.

4.18 Clear documentation of the duties of the Chairperson, and the CEO

	Frequency	Percentage
Yes	10	100%
No	0	0
Total	10	100%

Source: Researcher's Computation, February 2020

The researcher also requested the respondents to state whether in their Banks there was clear documentation of the duties of the chairperson, and the CEO. The findings as presented by table 4.18 above revealed that there was clear documentation of the duties of the chairperson, and the CEO in all the organizations.

Table 4.19: Disclosure of corporate governance policies, guidelines, and objectives.

Are specific guidelines and objectives disclosed?	Frequency	Percentage
Yes	10	100%
No	0	0%
Total	10	100%

Source: Researcher's Computation, February 2020

The study found out that the specific corporate governance policies and guideline are disclosed in the Banks under study. This scored 100% affirmative response meaning that specific practices are disclosed. The study further revealed that corporate objectives are also disclosed. This analysis is presented in Table 4.19 above.

Duties and responsibilities of each board member must be defined to organize the efficient conduct of their board's work (Mwaura 2000).

Table 4.20 Written statements of duties of other "officers" of the board

Exist	Frequency	Percentage
Yes	10	100%
No	0	0%
Total	10	100%

Source: Researcher's Computation, February 2020

The findings also revealed that in all the banks, the board of directors had agreed and prepared a written statement of the responsibilities of other officers of the board such as the vice chairperson, secretary, and the treasurer. This analysis is presented in Table 4.20 above.

According to Ledgerwood (2006), board's responsibilities are diverse and labor intensive requiring significant time both in and out of board meetings. Accordingly transforming Banks rely heavily on its board committees. These committees guide the board in making informed decisions.

Table 4.21 Existence of committees other than the board of directors in Banks

Committees	Frequency	Percentage
Audit	10	100%
Corporate Governance	4	40%
Compensation	70	70%
Legal	10	100%
Human Resource	10	100%
Public Relation	8	80%

Source: Researcher's Computation, February 2020

The analysis presented in Table 4.21 above shows the findings on whether the supervisory committees exists other than the main board. From the findings, it was clear that in all the organizations, audit, legal and human resource board committee had been established, 80% public relation board committee had been established, in 70% of the organizations compensation board committee had been established, while 40% of the respondents said that corporate governance board committee had been established in their organizations.

This study in addition found out that the purpose and powers of these committees are clearly documented in all the organizations.

From the study results it is clear that the Banks under study are having sufficient number of board committees and thus the study concurs with Cadbury (1997) recommendations that board committees are essential components of effective governance

4.2.5 Board Process

Board process refers to decision-making activities; styles of board; the frequency and the length of board meetings; the formality of board process and board culture on evaluation of director's performance (Vence, 1983; Pettigrew, 1992).

Table 4.22 Evaluation of board performance

Mechanism Exist	Frequency	Percentage
Exist	3	30%
Does not exist	7	70%
Total	10	100%

Source: Researcher's Computation, February 2020

This study sought to investigate on whether the organizations had a mechanism for performance evaluation of the board. From the findings presented in table 4.22 above, it was clear that in majority of the banks (70%), they did not have mechanisms for performance evaluation of the board. Only 30% said that they had.

Park (1995) suggests that the board has responsibility of using formal procedures to evaluate its own performance on regular basis. This is in contrast with the findings of this study which found out that most banks do not have an existing mechanism of evaluation of board performance and due to it's complexity the issue needs further study.

According to Wainaina (2002) the traditional cycle of monthly meetings gives managers little time to prepare carefully considered strategy papers, while structured agendas leave little room to consider medium or long-term issues.

Table 4.23 Schedule of board meetings

Clear Schedule Exist	Frequency	Percentage
Yes	10	100%
No	0	0%
Total	10	100%

Source: Researcher's Computation, February 2020

On issues to do with meetings, the study as presented in table 4.23 above, found out that in all the banks investigated the board of directors had agreed on a schedule of meetings.

Table 4.24 Specification on frequency of board meetings

Exist	Frequency	Percentage
Yes	8	80%
No	2	20%
Total	10	100%

Source: Researcher's Computation, February 2020

From table 4.24 above, 80% of the banks have specification on the frequency of board meetings while in the rest the meetings are not frequent. The study also found out that 70% of the firms, there is existence useful exchange of ideas and the boards meet regularly in all the banks surveyed.

Table 4.25 Suitability of the frequency of board meetings to the organization needs

Is the frequency suitable to organization needs	Frequency	Percentage
Yes	7	70%
No	3	30%
Total	10	100%

Source: Researcher's Computation, February 2020

From table 4.25 above, 70% of the respondents said that the frequency of board meetings was suited to the needs of the organization but sometimes goes against schedule while 30% of the bank's board meetings must follow the schedule.

According to White (2006), the board chair sets the agenda for board meetings with the CEO and chairs the meetings. The effectiveness of those meetings is highly dependent on board chair's ability to manage the agenda.

Table 4.26 Board Agenda

Who creates the Agenda?	Frequency	Percentage
Chairperson	7	70%
CEO	0	0%
CEO and Board Members	3	30%
Total	10	100%

Source: Researcher's Computation, February 2020

The study as presented in table 4.26 above revealed that in 70% of the firms, the chairperson created the agenda while in the rest of the firms, the CEO and the board members created the agenda.

Having outside directors, who are argued to be impartial, is vital as they can act as "… providers of relevant complementary knowledge" to the management (Fama and Jensen, 1983, p. 315).

Table 4.27 Views of outside Members

Views have significant weight	Frequency	Percentage
Yes (Sometimes)	7	70%
No(Never)	3	30%
Total	10	100%

Source: Researcher's Computation, February 2020

From table 4.27 above the findings on whether the views of outside members have significant weight in board meetings, the researcher found out that in the majority of the organizations as shown by 70%, the views of outside members had significant weight in board meetings sometimes, while 30% of the respondents said that the views of the outside members never had a significant weight in the board meetings.

The study results, therefore, agrees with the findings of Fama and Jensen, 1983 who consider outside directors as providers of complementary knowledge.

The board and especially the chair, in addition to their individual responsibilities as board members will often serve as a partner to the top management to ensure the banks achieves their mission and purpose (Ledgerwood 2006). Therefore, they require consistent update from the top management.

Table 4.28 Briefing of the Board by top Management

Is there sufficient briefing	Frequency	Percentage
Yes (Always)	6	60%
Yes (Sometimes)	4	40%
No (Never)	0	0%
Total	10	100%

Source: Researcher's Computation, February 2020

From the findings in table 4.28 above, 60% of the respondents indicated that there was always sufficient briefing by top management, while 40% said that there was sometimes sufficient briefing by top management.

The effectiveness of board meetings is often highly dependent on the board chair's ability to build an agenda that is structured by priorities and by time (Klapper, 2002).

Table 4.29 Length of board meetings

Is length adequate to enable useful exchange of ideas	Frequency	Percentage
Yes (always)	7	70%
Yes (sometimes)	3	30%
No (never)	0	0%
Total	10	100%

Source: Researcher's Computation, February 2020

The researcher also sought to investigate on whether the length of the board meetings was adequate to enable useful exchange of ideas. The majority of respondents as presented in table 4.29 above, comprising of 70% suggested that the length of the board meetings was always adequate, while 30% said that sometimes it was adequate to enable useful exchange of ideas.

The study findings agree, with many literatures that, the meetings should be long enough to enable useful exchange of ideas at board meetings (Vafeas 1999).

When the board determines to act, the board chair's responsibility is to make sure that the board reaches unanimous decision in line with banks organizational priorities (Cutting and Kouzmin 2000).

Table 4.30 Board Decisions

Does the board reach unanimous decision	Frequency	Percentage
Yes (always)	2	20%
Yes (sometimes)	8	80%
Total	10	100%

Source: Researcher's Computation, February 2020

The findings as presented in table 4.28 above showed that sometimes but not always the boards reach unanimous decisions (80%), while 20% said that they always agree on all decisions. The findings also revealed that there was a well-kept clear written record of the meetings of the board, including decisions and actions to be taken, kept and agreed as a true record by the board in all the organizations.

Board members should understand the legal regulatory framework, which will specify the standard of care that is expected of directors, including rules related to conflicts of interests that are to be avoided by insiders such as board members (Ledgerwood, 2006).

Table 4.31 Understanding of Regulatory Framework by Board Members in Banks

Response	Frequency	Percentage
YES(Only chairperson)	3	30%
YES(All members)	7	70%
Total	10	100%

Source: Researcher's Computation, February 2020

The researcher also found out that in 70% of the organizations the board had a clear understanding of its legal regulatory framework and conditions of compliance while 30% said it is only the chairperson. This is indicated in Table 4.31 above.

Table 4.32 Legal Registration Document

Available to board members	Frequency	Percentage
All members	6	60%
Chairperson only	4	40%
Total	10	100%

Source: Researcher's Computation, February 2020

The findings on whether a copy of the legal registration document had been made available to each member of the board. From table 4.32 above majority of the respondents as shown by 60% said that it was made available to all the members of the board, while 40% of the respondents said that in their organizations, it was made to the chairperson only.

Appointment of a legal/ company secretary to ensure that all legal compliance are met is key to governance effectiveness (Gatamah and Mwaura 2000).

Table 4.33 Appointment of Board Secretary

Board has appointed one of the members as a Secretary	Frequency	Percentage
Yes	10	100%
No	0	0%
Total	10	100%

Source: Researcher's Computation, February 2020

The results of the analysis also revealed that all the boards of banks investigated (100%) had appointed one of the members to act as a secretary having responsibility to ensure that legal compliance is met. This analysis is presented in Table 4.33 above.

4.2.6 Corporate Governance and Financial performance

For the purpose of this research project four indicators namely market share, turnover or disbursement, portfolio quality, and profitability were used as measures of banks performance that translate into success. These were considered to be the most important indicators as they provide reasonable overview of the business volume, performance, risk and the financial condition of the banks in the Gambia.

The Pearson correlation matrix illustrates the correlation coefficients (degree of association) of corporate governance mechanism and performance measures. The size of the board (BRDSIZE) is significantly positively associated with turn over or disbursement at confidence levels of 0.01 , while board structure is significantly negatively associated with turn-over or disbursements at a significance level of 0.01. Other corporate governance mechanism are not significantly associated with turn over or disbursement.

The correlation analysis statistics portrays the degree of association between corporate governance mechanisms and performance variables. In addition to this, cross section multiple regression analysis is carried out to predict the relationship between corporate governance mechanism and firm performance and also to indicate the contribution of each independent variable (corporate governance mechanism) to the response variable (performance measures). The table below shows a summary of regression coefficients and other statistics of performance measures regressed on corporate governance mechanisms and performance variables. Summary of beta coefficients (β) (denoting the relationship of performance measures and corporate governance mechanisms), the intercept and the coefficient of multiple determinations (R-) is as below.

Table 4.33 Relationship between Corporate Governance and Bank Performance

Variables	Turnover/ Disbursements	Surplus/ Net profit
Intercept	-2.308	-79.271
BRDSIZE	0.136	0.396
BRDSTR	-0194	-0.230
R^2	0.366	0.370

Source: Researcher's Computation, February 2020

4.2.7 Corporate Governance Mechanisms and Disbursements/turn over

The estimated relationship between corporate governance mechanism and disbursements or turn over as the performance measure is as follows:

DSBSNTS/TURN OVER = 2.308 + 0.136BRDSIZE – 0.096BRDSTR

From the extracts in the table above, the coefficient on multiple determination (R^2) for disbursements on corporate governance mechanisms is 36.6%, this means that the proportion of the variation in net disbursements that is explained by the set corporate governance characteristic is 36.6%, 63.6% of the variation in ROA is explained by other factors.

4.2.8 Corporate Governance Mechanisms and Net profit/Surplus (NET)

The estimated relationship between corporate governance mechanism and net profit/surplus as the performance measure is as follows:

Net profit/surplus = -79.271 + 0.396BRDSIZE –0.23BRDSTR

The coefficient of determination (R^2) for net profit or surplus on corporate governance mechanisms is 37%. This means that the proportion of the variation in surplus and net profit that is explained by the set of explanatory variables (corporate governance characteristics) is 37%. 63% of the variation in net profit or surplus is explained by other factors.

The coefficient for board structure is significantly negative while that of board size is significantly positive. The findings on board structure are in line with the strong sentiment among board reform advocates, most notably public pension funds and shareholder activists groups that the C.E.O. should not serve simultaneously as chairperson of the board (Dalton et al

1998). The preference for the separate board leadership structure is largely grounded in agency theory, concerns regarding the potential for management domination of the board.

4.3 Financial Reporting and Bank Performance

The study investigates the impact of financial reporting on the performance of the banks. This is establish how the Financial Report can affect the success, the market value,profitability,the employee, quality of audit of report, reduce and realization of company objectives.

Table 4.34 Corporate Reporting effect on the Success of a Company

	Frequency	Percentage
Yes	7	70%
No	3	30%
Total	10	100%

Source: Researcher's Computation, February 2020

The study investigates to know whether the quality of financial Report has effect on the future success of the company. The analysis in Table 4.33 above revealed that 70 % of the respondents agreed that financial report has significant effect on the success of the bank but that 30% of the respondents is of the opinion that apart from having a good financial report other factors should are also involved.

According to 2019 KPMG International Cooperative (“KPMG International”) “As the global economy continues to reform its financial system, better corporate reporting is required to meet the needs of investors. When these needs are met, it a has significant effect on the market value of the bank.

Table 4.35 Effect on the Market Value of a Company

	Frequency	Percentage
Yes	10	100%
No	0	0%
Total	10	100%

Source: Researcher’s Computation, February 2020

The study found out that the entire respondent that is 100% agreed that quality of the financial report has effect on the market value of the bank as shown in Table 4.35 above. This is also in consonant with the findings of 2019 KPMG International Cooperative (“KPMG International”)

Table 4.36 Effect on the Profit of a Company

	Frequency	Percentage
Yes	10	100%
No	0	0%
Total	10	100%

Source: Researcher’s Computation, February 2020

The study found out that financial report has a significant effect on the profitability of bank. Window dressed or creative account has significant impact on profits. Table 4.36 above shows that 100% of the respondents agreed that financial report has impact on the profitability of banks.

Table 4.37 Effect on Company employees

	Frequency	Percentage
Yes	4	40%
No	6	60%
Total	10	100%

Source: Researcher's Computation, February 2020

From Table 4.37 above,60 % of the respondent said the financial report has no effect on the company's employees where there no profit sharing between the company the employees and the 40% of the respondents agree that financial report has direct effect on the employees of the company.

Titman and Trueman (1986) see audit quality as the accuracy of the information reported by auditors.

Table 4.38 Effect on the quality of audit report

	Frequency	Percentage
Yes	9	90%
No	1	10%
Total	10	100%

From table 4.38 above, this study found out that 90% of the respondents said that corporate report has effect on the quality of the audit report and while only 10% of the respondent said it has said financial report has no effect. The result of study contract the report of "The Financial Reporting Council of Nigeria (2006b) considers five factors that influence audit quality to includes: audit firm culture, skills and personal qualities of audit partners and staff, the effectiveness"

Table 3.39 Realisation of Company Objectives

	Frequency	Percentage
Yes	10	100%
No	0	0%
Total	0	100%

The study found out that 100 % of the respondents said financial report leads to the realization of company objectives.

CHAPTER 5

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary and conclusions

This study was concerned with the determination of the relationship between corporate governance and financial performance of Commercial Banks in the Gambia. The study was also designed to determine the challenges facing commercial banks in implementation of corporate governance principles.

5.1.1 Performance and corporate governance

The study found out that 70 per cent of commercial banks have boards consisting of up to 10 members while 30 per cent of the commercial banks have over 10 members in their board of directors.

When the relationship between corporate governance and performance was explored using financial aspects of the commercial banks, the study found out that there exist a relationship between different aspects of corporate governance and

firm performance. Specifically, the study found out that the size of the board was positively correlated with turn-over or disbursements. This means that large boards translate to higher turn-over for commercial banks.

With respect to board size the findings are in contrast with those of Goodstein et al (1994) who found evidence that large and diverse board may have limitations in their strategic functions. They also contrast those of Yermack (1996) who suggested that small boards of directors are more effective and exhibited better values for financial ratios. The findings on the board size of the firm are in line with those of De Jong et al (2002) who found a positive significant coefficient with disbursements.

On the other hand, the study also revealed that there is a negative relationship between board structure and turnover or disbursements. The findings on board structure are in line with the strong sentiment among board reform advocates, most notably public pension funds and shareholder activists groups that the C.E.O. should not serve simultaneously as chairperson of the board (Dalton et al 1998). The preference for the separate board leadership structure is largely grounded in agency theory concerns regarding the potential for management domination of the board. The results are in line with those of Rechner and Dalton (1991) and Pi and Timme (1993) but differ with those of De Jong et al (2002) and Brickley et al (1997) who do not find systematic effects on net profit or surplus in US, Belgium, Netherlands and UK.

The study also revealed that the quality of financial report has a strong impact and affect, the market value, the quality of the Audit report and also helps the commercial banks in the realization of its objectives.

The study also revealed that financial report has serious impact on the profitability of the commercial banks, which in turn affect or determine the success of success an organization.

5.1.2 Status of commercial banks in the Gambia

Using the theoretical framework for analyzing the status of commercial banks provided in chapter two of this study in the Gambian context give an outright picture of whether an commercial banks is very strong, strong or weak as far as incorporation of corporate governance principles are concerned. On average, considering all the variables involved in the classification of the status of commercial banks, it can be concluded from the study that all the firms studied have very strong corporate governance policies in their organizations despite the issue of board size. All the commercial banks studied thus fall in level 1 (very strong CG).

5.2 Limitations of the study

The study suffered from a couple of limitations. One of them is that getting the respondents to fill in the questionnaire was a hassle as it took the researcher several days to obtain data from the companies as all respondents as busy Executive Officers

Secondly, there were no enough secondary data to assist the researcher, as even most of the financials statements of the commercials were difficult to obtain as most the officers were not co-operative enough.

Thirdly, there is high cost as the research has do follow up as regards the questionnaire.

5.3 Suggestions for further research

One of the findings of this study was that 70 per cent of commercial banks have up to 10 board members while only 30 per cent of them have over 10 board members. Then, the relationship that came out in as far as performance is concerned was that there is a positive relationship between board size and performance. More studies should be done to ascertain the relationship between other aspects of corporate governance other than board size and structure and How Integrated Reported (IR) is contributing to the Success of Financial Institutions in the Gambia.

5.4 Recommendations for policy and practice

The study found out that all commercial banks studied qualify as having very strong corporate governance principles. The study further revealed that there is a positive correlation between performance and corporate governance.

The study therefore recommends that policy makers for commercial banks take serious notice of these findings to implement policies that sustain the already existing strong corporate governance structures.

The study also recommends to the government through the central bank of Gambia to use the level of corporate governance existing in commercial bank as a basis of promotion.

The study also recommends to the management of commercial banks to use the findings of this study to upgrade their corporate governance practices.

The study also recommends that more women should be appointed into the board for example there no women employed as Managing Director/ Deputy Managing Director in all the commercial banks operating in the Gambia including the Central Bank of the Gambia.

The Study also recommends that the management of Banks to use the findings of this study to upgrade and strengthen their corporate governance practices.

The Study also recommends better involvement of employee in the financial reporting process as it will create a sense of ownership and loyalty of the employee.

The study also recommend the regulatory body (Central Bank of The Gambia) should ensure stricter measures are put in place in order to ensure that all the Commercial banks are complying to the principles of corporate governance.

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APPENDICES

Appendix 2. List of Bank and Addresses

Bank Name	License
Trust Bank ,The Gambia	Commercial Bank
Access Bank Limited	Commercial Bank
Guranty Trust Bank Limited	Commercial Bank
First Inland Bank	Commercial Bank
FBN	Commercial Bank
Skye Bank	Commercial Bank
Eco Bank	Commercial Bank
Standard Chartered Bank	Commercial Bank
Mega Bank Limted	Commercial Bank
Gambia Central Bank	Regulator

Appendix 3: Survey Questionnaire

TITLE: FINANCIAL ACCOUNTING AND CORPORATE GOVERNANCE PIVOTAL TO A SUCCESSFUL ORGANISATION (A CASE STUDY OF THE COMMERCIAL BANKS IN THE GAMBIA).

The information provided here will be used only for academic purposes and thus it will be treated with maximum confidentiality.

Instructions

The questionnaire has Six sections A,B, C, D, E and F. Kindly answer all the questions in each section. If a question is not applicable, kindly mark "N/A". If you simply do not have the knowledge, kindly mark "NK"

(PLEASE WRITE AS LEGIBLY AS POSSIBLE. THANK YOU)

PART A : INSTITUTION INFORMATION

1.Name of Organisation (Optional) ....

2.Sex
Male ☐ Female ☐

3.Years you have served in organization
Below 10 years ☐ 11-20 ☐ Above years ☐

4.Your position in the organization (Tick)

CEO ☐ CFO ☐ Middle level manager ☐ Others ☐

5. How long has the firm been in existence? (Tick as appropriate)
Below 2 years ☐ 3-5 years ☐ 5-7 years ☐ Above 7 years ☐
6.What is the nature of the firms business?

Education ☐ Banking ☐ Manaufacturing ☐ Insurance ☐ Others ☐

SECTION B: BOARD COMPOSTION

1. Size of the board
Less than 5 members ☐
5 to 10 members ☐
11 to 15 members ☐
More than 15 members ☐

Comment (s) (if any) …………………………………………………………………
………………………………………………………………………………………..
………………………………………………………………………………………..
………………………………………………………………………………………..
………………………………………………………………………………………..
2. Academic qualification and experience of each board member (tick as appropriate)
a) Entrepreneurship ☐
b) Financial management ☐
c) Legal ☐
d) Micro-finance experts ☐
e) Human resource management ☐
f) Others ☐
Comment (s)……………………………………………………………………………..
……
…………..
…………………………………………………………………………………………….
…………………………………………………………………………………………….

3. Foreign/local
How many live overseas?

a) Non ☐
b) All ☐
c) Half ☐
d) A third ☐

4. What is the proportion of executive directors to non – executive directors?
a) 0% - 25% ☐
b) 26%-50% ☐
c) 51% - 75% ☐
d) 76% - 100% ☐

4. Gender Of these, how many are women (Tick appropriately)
a) A third ☐
b) Less than a third ☐
c) More than a third ☐

5. Board members appointment
Does the organization have clear and documented rules for the appointment and removal of the board members?

a) YES ☐
b) NO ☐

6 How are the board members nominated and selected?
a) by managing directors ☐
b) by chairperson ☐
c) by members of the organization ☐
d) by other board members ☐
e) by man power search firm ☐

7. Has the board developed procedures for removing members of the board who fail to meet high standards of ethical conduct and personal accountability in their work or the board?

a) YES

b) NO

SECTION C: BOARD CHARACTERISTICS

1. Term

What is the length of terms for board members? (Mark appropriately)

a) Defined

b) Indefinite terms

2. Are the terms renewable?

a) YES, for renewable terms only

b) NO

c) YES, indefinitely

3. Does the organization have clear and documented rules for the appointment and removal of the chairperson?

a) YES

b) NO

4) How is the chair of the board identified?

a) Selection by CEO

b) Election by the board

c) Others Means

4. Does the board undertake a regular review of its own capacity and performance?

a) YES ☐

b) NO ☐

5. Has the board agreed and implemented policies and procedures for declaration of conflict of interest by Board Members?

a) YES ☐

b) NO ☐

6. What is the employment tenure of Board of Directors?

a) Performance based ☐

b) Fixed term contracts ☐

c) Permanent and Pensionable ☐

d) Any other? Please specify ______________________________

7. What are the roles/functions of the Board of Directors?

a) ____________________

b) ____________________

c) ____________________

d) ____________________

SECTION D: BOARD STRUCTURE

1. Are specific corporate governance policies and guidelines disclosed? (mark appropriate)

a) YES (specific practices disclosed) ☐

b) NO (only general statement made ☐

2. Is the declaration of corporate objectives disclosed?

a) YES ☐

b) NO ☐

3. Is there separation of powers between the Board Chairperson and the CEO?

a) Clear separation exists ☐

b) Slight separation exist ☐

c) No separation exist ☐

4. Is there clear documentation of the duties of the chairperson and CEO?

CHAIRPERSON

a) YES (Documented) ☐

b) NO (Not Documented) ☐

CEO

a) YES (Documented) ☐

b) NO (Not Documented) ☐

5. Has the board agreed and prepared a written statement of the responsibilities of other "officers" of the Board such as Vice chairperson, Secretary, Treasurer?

a) YES (written statement exist)

b) NO (No written statement exist)

SECTION E: BOARD PROCESS

1. Does the organization have mechanisms for performance evaluation of the Board?

a) YES (exist)

b) NO (exist)

2. Has the Board agreed on a schedule of meetings?

a) YES (clear schedule exist)

b) NO (does not exist)

3. Is there specification on frequency of Board Meetings?

a) YES(exist)

b) NO (does not exist)

4. Is there useful exchange of ideas at Board Meetings?

a) YES (always)

b) NO (not always)

5. Does the Board meet regularly?

a) YES

b) NO

6. Is the frequency of the Board Meetings suited to the needs of the organization?

a) YES (sometime goes against schedule) ☐

b) NO (must follow the schedule) (1) ☐

7. Who creates Agenda for the Board Meeting?

a) Chairperson ☐

b) CEO ☐

c) CEO and Board Members ☐

8. Do the views of outside members have significant weight in Board Meetings?

a) YES (always) ☐

b) YES (sometimes) ☐

c) NO (never) ☐

9. Is there sufficient briefing by top Management?

a) YES (always) ☐

b) YES (sometimes) ☐

c) NO (never) ☐

10. Is the length of the Board Meetings adequate to enable useful exchange of ideas?

a) YES (always)

b) YES (sometimes)

c) NO (always in hurry)

11. Does the Board reach unanimous decision?

a) YES (always)

b) YES (not always)

c) NO (disagrees all the time)

12. Is there clear written record of the meetings of the Board, including decisions and actions to be taken, kept and agreed as a true record by the Board?

a) YES (well kept)

b) NO (not well kept)

13. Does Board use formal Procedures to evaluate itself?

a) YES

b) NO

14. Does Board use formal procedures to evaluate Managers?

a) YES

b) NO

15. Does the Board have a clear understanding of its legal regulatory framework and conditions of compliance contained within these?

a) YES (only chairperson) ☐

b) YES (all members) ☐

c) NO (non has) ☐

16. Has a copy of the legal registration document been made available to each member of the Board?

a) YES (All members) ☐

b) YES (Chairperson only) ☐

c) NO (non has) ☐

17. Has the Board appointed one of the members to act as a Secretary and having responsibility to ensure that legal compliance is met?

a) YES ☐

b) NO ☐

PART F: FINANCIAL REPORTING AND BANK PERFORMANCE

1.Corporate Reporting effect on the Success of a Company

a) YES ☐

b) NO ☐

……………………………………………………………………………………………..

……………………………………………………………………………………………..

………………………………………………………………………………………………

2. Do you think that Corporate Reporting has effect on the Market Value of a Company
   a)YES ☐
   b)NO ☐

   ………………………………………………………………………………………………

   ………………………………………………………………………………………………

   ………………………………………………………………………………………………

3. Do you think Corporate Reporting has effect on the Profit of a Company

   a)YES ☐
   b)NO ☐

   ……………………………………………………………………………………………..

   ……………………………………………………………………………………………..

   ……………………………………………………………………………………………..

4. Do you think think corporate Reporting has effect on Company employees
   a)YES ☐
   b)NO ☐

5. Do you think you Corporate Reporting affect the quality of audit report
   a)YES ☐
   b)NO ☐

6. corporate Reporting reduce risk for investors
   a)YES ☐
   b)NO ☐

7. Do you think Corporate Governance lead to realisation of company objectives
   a)YES ☐
   b)NO ☐

Appendix II Descriptive statistics Table

Mean	60	23.39	7.7955	0.1364
Standard Error	0.92	4.64	0.3388	0.0523
Median	6.91	18.03	8	0
Standard Deviation	6.13	30.79	2.2473	0.3471
Sample variance	37.55	948.01	5.0502	0.1205
Kurtosis	-0.34	0.17	0.8632	2.9492
Skewness	0.03	0.47	0.0228	2.1948
Range	26.34	127.99	8	1
Minimum	-6.78	-27.05	4	0
Sum	19.56	100.94	12	1
Count	290.3	1029.2	343	6
Confidence Level (95.0%)	44	44	44	44