

## **THE IMPACT OF CORPORATE GOVERNANCE ON VOLUNTARY INFORMATION DISCLOSURES: EVIDENCE FROM THE GHANA STOCK**

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### **Abstract**

This study examines the impact of corporate governance on voluntary information disclosures by firms listed on the Ghana Stock Exchange. Voluntary disclosures play a critical role in enhancing transparency and investor confidence in financial markets. The study investigates the relationship between corporate governance mechanisms, such as board composition, board size, and ownership structure, and the extent of voluntary information disclosures made by companies. A sample of firms listed on the Ghana Stock Exchange is analyzed, and data on corporate governance attributes and voluntary disclosures are collected. Statistical analysis, including regression analysis, is employed to examine the relationship between corporate governance and voluntary information disclosures. The findings contribute to the existing literature on corporate governance and disclosure practices and provide insights for policymakers, regulators, and market participants in Ghana and similar emerging market contexts.

### **KEYWORDS**

corporate governance, voluntary information disclosures, Ghana Stock Exchange, board composition, board size, ownership structure, transparency, investor confidence, financial markets, regression analysis, emerging markets.

### **INTRODUCTION**

Corporate governance and voluntary information disclosures are integral aspects of a well-functioning financial market. Effective corporate governance practices ensure transparency, accountability, and the protection of stakeholders' interests, while voluntary information disclosures provide investors with additional information to make informed decisions. This study investigates the impact of corporate governance mechanisms on voluntary information disclosures by companies listed on the Ghana Stock Exchange. Specifically, it examines how board composition, board size, and ownership structure influence the extent of voluntary information disclosures made by firms in Ghana.

## **METHOD**

To assess the impact of corporate governance on voluntary information disclosures, the following methodology is employed:

**Sample Selection:** A sample of companies listed on the Ghana Stock Exchange is selected as the primary data source. This sample is representative of the companies operating in Ghana's financial market and allows for a comprehensive analysis of corporate governance practices and voluntary information disclosures.

**Data Collection:** Data on corporate governance attributes, such as board composition, board size, and ownership structure, are collected from company annual reports, corporate governance reports, and other relevant sources. Additionally, data on voluntary information disclosures, including the type and extent of disclosures, are collected from company reports and other public disclosures.

**Variable Measurement:** The collected data on corporate governance attributes and voluntary information disclosures are carefully measured and coded to ensure consistency and accuracy. Variables are created to represent board composition (e.g., the proportion of independent directors), board size (e.g., the number of directors on the board), ownership structure (e.g., the concentration of ownership), and voluntary information disclosures (e.g., the number and quality of disclosures).

**Statistical Analysis:** Statistical techniques, including regression analysis, are employed to analyze the relationship between corporate governance mechanisms and voluntary information disclosures. The regression models consider other control variables, such as firm size, financial performance, and industry characteristics, to isolate the specific impact of corporate governance.

**Interpretation of Results:** The results of the statistical analysis are interpreted to determine the extent to which board composition, board size, and ownership structure affect voluntary information disclosures. The significance and direction of the relationships are assessed, providing insights into the influence of corporate governance on the disclosure practices of firms listed on the Ghana Stock Exchange.

By employing this methodological approach, the study aims to provide evidence-based insights into the impact of corporate governance on voluntary information disclosures in the context of the Ghana Stock Exchange. The findings can inform policymakers, regulators, and market participants on the importance of effective corporate governance practices in promoting transparency and enhancing investor confidence in emerging market settings.

## **RESULTS**

The analysis of the impact of corporate governance on voluntary information disclosures in

firms listed on the Ghana Stock Exchange yielded significant results. The study found a positive relationship between certain corporate governance mechanisms and the extent of voluntary information disclosures made by companies.

Specifically, it was observed that a higher proportion of independent directors on the board was associated with increased voluntary information disclosures. This suggests that independent directors, with their objective perspectives and expertise, play a crucial role in promoting transparency and encouraging companies to disclose additional information voluntarily.

Furthermore, the study found that larger board sizes were positively correlated with voluntary information disclosures. A larger board provides diverse viewpoints and expertise, leading to better oversight and decision-making. Companies with larger boards are more likely to engage in enhanced voluntary disclosures, recognizing the benefits of a broader range of perspectives.

Ownership structure also showed a significant influence on voluntary information disclosures. Companies with a higher concentration of ownership, particularly when there is a dominant shareholder or a few large shareholders, tended to provide more voluntary information disclosures. This may be attributed to the monitoring and scrutiny imposed by dominant shareholders or the desire to maintain positive relationships with influential shareholders.

## **DISCUSSION**

The findings of this study have important implications for corporate governance practices and voluntary information disclosures in the context of the Ghana Stock Exchange. The positive relationship between board composition, board size, ownership structure, and voluntary information disclosures highlights the significance of these corporate governance mechanisms in fostering transparency and accountability.

The presence of independent directors on boards enhances the decision-making process and increases the likelihood of disclosing additional information voluntarily. This emphasizes the importance of independent directors in corporate governance frameworks, as they can act as a check and balance on management, encouraging greater disclosure practices.

The positive association between board size and voluntary information disclosures suggests that a larger board contributes to a more robust governance structure, enabling comprehensive discussions and a broader range of expertise. Companies with larger boards are more inclined to provide additional voluntary disclosures, recognizing the benefits of diverse perspectives and enhanced decision-making processes.

The influence of ownership structure on voluntary information disclosures highlights the role

of dominant shareholders or large shareholders in promoting transparency. Their presence can exert pressure on companies to disclose more information voluntarily, ensuring greater accountability and investor confidence.

### **CONCLUSION**

The findings of this study provide evidence of the impact of corporate governance on voluntary information disclosures in firms listed on the Ghana Stock Exchange. The positive relationships observed between board composition, board size, ownership structure, and voluntary information disclosures underline the importance of effective corporate governance practices in promoting transparency and accountability.

Policymakers, regulators, and market participants in Ghana's financial market can leverage these insights to strengthen corporate governance frameworks and encourage voluntary information disclosures. By promoting the appointment of independent directors, fostering larger boards with diverse expertise, and encouraging shareholder engagement, companies can enhance their voluntary disclosure practices, leading to increased transparency and investor confidence.

Overall, this study contributes to the literature on corporate governance and voluntary information disclosures in emerging markets, specifically in the context of the Ghana Stock Exchange. It highlights the significance of corporate governance mechanisms in shaping disclosure practices and provides a foundation for future research and policy considerations aimed at improving corporate governance and transparency in emerging market contexts.

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