

Donnir, Sharon; Tornyeva, Kingsley; Ayamga, Timothy; Tagoe, Francis

## Article

# Corporate governance and employee confidence in the Ghanaian banking sector: Mediating role of corporate reporting disclosures

Cogent Business & Management

## Provided in Cooperation with:

Taylor & Francis Group

*Suggested Citation:* Donnir, Sharon; Tornyeva, Kingsley; Ayamga, Timothy; Tagoe, Francis (2023) : Corporate governance and employee confidence in the Ghanaian banking sector: Mediating role of corporate reporting disclosures, Cogent Business & Management, ISSN 2331-1975, Taylor & Francis, Abingdon, Vol. 10, Iss. 2, pp. 1-20, <https://doi.org/10.1080/23311975.2023.2242157>

This Version is available at:

<https://hdl.handle.net/10419/294563>

### Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

### Terms of use:

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



<https://creativecommons.org/licenses/by/4.0/>

# Corporate governance and employee confidence in the Ghanaian banking sector: Mediating role of corporate reporting disclosures

Sharon Donnir, Kingsley Tornyeva, Timothy Ayamga & Francis Tagoe

**To cite this article:** Sharon Donnir, Kingsley Tornyeva, Timothy Ayamga & Francis Tagoe (2023) Corporate governance and employee confidence in the Ghanaian banking sector: Mediating role of corporate reporting disclosures, Cogent Business & Management, 10:2, 2242157, DOI: [10.1080/23311975.2023.2242157](https://doi.org/10.1080/23311975.2023.2242157)

**To link to this article:** <https://doi.org/10.1080/23311975.2023.2242157>



© 2023 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group.



Published online: 01 Aug 2023.



[Submit your article to this journal](#)



Article views: 1135



[View related articles](#)



[View Crossmark data](#)



Citing articles: 1 [View citing articles](#)



Received: 19 June 2023  
Accepted: 25 July 2023

\*Corresponding author: Sharon Donnir, Department of Accounting, University of Professional Studies, Accra LG 149, Ghana  
E-mail: [sharon.donnir@upsamail.edu.gh](mailto:sharon.donnir@upsamail.edu.gh)

Reviewing editor:  
Collins G. Ntim, Accounting, University of Southampton, UK

Additional information is available at the end of the article

## ACCOUNTING, CORPORATE GOVERNANCE & BUSINESS ETHICS | RESEARCH ARTICLE

# Corporate governance and employee confidence in the Ghanaian banking sector: Mediating role of corporate reporting disclosures

Sharon Donnir<sup>1\*</sup>, Kingsley Tornyeva<sup>2</sup>, Timothy Ayamga<sup>1</sup> and Francis Tagoe<sup>1</sup>

**Abstract:** The study explored the relationship between corporate governance and the confidence of bank employees in the Ghanaian banking sector and further investigate the mediating role of corporate reporting disclosures. The data for the study was gathered through the administration of questionnaires to selected employees from the 23 banks operating in Ghana after the sector's crisis from the year 2018 to 2022. Using the stratified and purposive sampling technique, 276 bank employees constituted the study sample. The study employed the Partial Least Square Structural Equation Modeling (PLS-SEM) to analyze the data using the SMART-PLS software. The findings of the study revealed that, corporate governance significantly relates with employees' confidence; corporate reporting disclosures significantly relates with employees' confidence; corporate governance significantly



Sharon Donnir

### ABOUT THE AUTHORS

Sharon Donnir is a lecturer and researcher in the Accounting Department, University of Professional Studies, Accra, Ghana. She is also a PhD student at Open University of Malaysia, Accra Institute of Technology. Her research interests include corporate governance, auditing and sustainability reporting.

Kingsley Tornyeva is a chartered accountant with a considerable number of years of experience in academia and industry. He has been involved in accounting, financial management, risk management and strategy at senior management level in the financial services sector. He has research interest in accounting, finance and corporate governance.

Timothy Ayamga is a lecturer and researcher in the Accounting Department, University of Professional Studies, Accra, Ghana. His research interests focus on corporate governance and corporate social responsibility.

Francis Tagoe is a lecturer and researcher in the Accounting Department, University of Professional Studies, Accra, Ghana. Corporate governance and corporate reporting are his research interest areas.

### PUBLIC INTEREST STATEMENT

Corporate governance has attracted global attention in recent times due to the continuous occurrence of corporate scandals across the globe. Recently, in 2018, during the Ghanaian banking sector crisis, the country recorded some corporate scandals in the banking sector which adversely affected the confidence of the general public, investors, depositors and employees in the operations of the banks. This paper investigates how corporate governance practices of banks influence the level of confidence that bank employees have in the sector after the recent crisis. It further examines whether corporate reporting disclosures by the banks mediate the relationship. Board composition, board independence, board gender diversity, audit committee and directors' training are measured as corporate governance of the banks. The introduction of various reforms to promote effective bank governance and the quest to enhance the confidence of stakeholders necessitated this study.

relates to corporate reporting disclosures; and finally, corporate reporting disclosures mediate the relationship between corporate governance and bank employees' confidence. The study contributes new perspectives to literature; provides model for government, regulators and policy makers to review existing policies and initiate new policies on governance of banks; and a guide to managerial decisions and strategies. The study has critical implications for theory, policy and practice. Theoretically, the study explored the stakeholder theory and contributed to literature. From the perspective policy, the government, regulating agencies such as Bank of Ghana (BoG) and Securities and Exchange Commission (SEC) will be guided by the findings to review existing reforms and initiate new and sustainable policies. Finally, the empirical findings have significant practical implications for practitioners and management especially in the post crisis era.

**Subjects: Accounting; Corporate Governance**

**Keywords: corporate governance; employee confidence; Ghanaian banking sector; corporate reporting**

## 1. Introduction

Financial systems of every economy are critical to its development and growth especially in emerging economies such as Ghana. To promote the desired growth, the financial system should be stable, robust and more importantly enjoy very high level of public confidence. According to Skvarciany and Jureviciene (2013), the level of confidence in commercial banks is very essential and guarantees efficiency and success in commercial banking operations and development, and as well provides continuous, high-quality consumer and commercial banking cooperation. However, the banking industries especially in developing economies are characterized by vulnerability to systemic financial distress and macroeconomic volatility, which have grossly eroded the trust and resulted in dwindling confidence reposed on the banking sectors of the both developed and developing by stakeholders and the general public (Ugwuanyi, 2014). This dwindling confidence of the public in the sector has dire consequences for the sector and the entire economy. There is therefore the need for banks to be stable and solvent, to avert the dire consequences of bank distress and failures. Chinoperekweyi (2018) opined that, banking sector stability and solvency are hinged on effective and sound corporate governance practices in the economy. The Basel Committee (2008) also argue that, with the critical role of banks as financial intermediaries in the economy and the relevance of promoting and enhancing public confidence in the banking sector, corporate governance practices of banking institutions should be critically assessed.

In the past two decades, corporate governance has increasingly gained recognition globally and heightened the interest of players in the corporate world as well as researchers. Several corporate scandals such as Enron, Parmalat, Anderson, Worldcom among others and the global financial crisis in the early 2000s account for the upsurge in corporate governance advocacy. Most of these scandals are attributed to weaknesses in corporate governance mechanisms. Ntim et al. (2013) ascribed the collapse of Masterbond and MacMed in the late 1990s to weakness in corporate governance structures. In the African context, the continent in recent times has also recorded some corporate scandals involving Steinhoff, Tongaat Hulett, Cresta bank, Oceanic bank, Regal Bank, Constantia Insurance, Unique Trust (UT) Bank, Capital Bank, Unibank and Beige Bank. And according to Banahene (2018), poor corporate governance is largely identified as the cause of such corporate collapse across the various sectors of the economy.

In sub-Saharan Africa, countries like Ghana have witnessed the collapse of Ghana Airways Limited, Juapong Textiles Limited, Bonte Gold Mines, Divine Sea Foods, Ghana Cooperative Bank Limited and Bank for Housing and Construction Limited in the past. Recently, the 2017 to 2018

banking crisis affected the banking sector and resulted in the collapse of UT Bank, Beige Bank, Construction Bank, Capital Bank, Sovereign Bank, Unibank; Royal bank; Heritage Bank and Premium Bank. Again, poor corporate governance practices of the banks were identified in the report of the regulator, Bank of Ghana, as an attribute of the sector's crisis. These corporate failures especially in the banking sector hinder the confidence of various stakeholders.

From the theoretical perspective, there have been several theoretical development to advance corporate governance and agency theory has largely dominated in discourse on corporate governance. Agency theory revolves around the issue of the agency problem and its solution (Jensen & Meckling, 1976; Ross, 1973). The theory suggests the principal agent relationship results in conflict of interest, and the institution of effective corporate governance mechanisms such as board of directors, board independence will curb the conflict and the agency problem. Perrow (1986) also criticised the positivist agency by pointing out that, the theory only concentrates on the agent side of the 'principal and agent problem. In addition to the agency theory, the stakeholder theory advances the debate on corporate governance by broaden the scope of the firm's stakeholders beyond shareholders and managers. The theory emphasizes that, several stakeholders of firm such as employees exist, thereby, advocating for the inclusion of these stakeholders and considering their interests in governing the firm. Again, the stakeholder theory suggests that, stakeholders have varied interests and this could include their confidence in the firm.

Effective corporate governance in the banking sector is very critical and according to Ebele and Sunday (2016), good and effective corporate governance promotes goodwill and enhances confidence in the financial system. This suggests that, sound governance of the banking sector will influence the confidence of the sector's stakeholders such as employees, customers, shareholders, government and the general public to promote stability and sustainable growth in the sector. In an emerging Ghanaian economy, where the banking sector plays a very pivotal role and is also recovering from crisis, public confidence should be guaranteed to ensure productive banking sector. This give rise to the question, whether stakeholders such as investors, customers and the general public do have confidence in the Ghanaian banking sector after the recent banking crisis, and what role corporate governance plays? Undoubtedly, vast empirical studies exist on corporate governance in the banking sector of Ghana, with several efforts made by earlier researchers to address this research question (Amenu-Tekaa, 2022; Hammond et al., 2022; Kamason, 2020). However, corporate governance and the confidence of bank employees in the Ghanaian banking sector are yet to be explored, though employees are key stakeholders and essential resources to the banks. Also, an estimated 4,500 direct and 2,000 indirect jobs were lost from the revocation of licenses of 16 banks during the crisis which adversely affected bank employees (Masahudu, 2020). This has led to the concerns and questions on the level of confidence of bank employees during the banking sector raises several questions on the confidence of bank employees in the banking sector of Ghana in the post crisis period.

On the backdrop that, sound corporate governance enhances confidence in the financial system (Ebele & Sunday, 2016) yet weaknesses in corporate governance is an attribute of most corporate failures including the collapsed banks in the recent banking crisis in Ghana. Also the argument that, corporate governance is of special importance in ensuring stability of the economy and successful realization of bank strategies (Oluymi, as cited in Mohammed, 2012), which is feasible with the efforts of employees couple with the gaps in literature, it is imperative to conduct this study. The current study seeks to address the research question, whether corporate governance influences the confidence of bank employees in the Ghanaian banking sector of Ghana, and whether corporate reporting disclosures mediate such relationship? The focus of the study is to extend the scope of existing literature on corporate governance and confidence in the Ghanaian banking sector, from the dimension of bank employees and critically examine the mediating role corporate reporting disclosures of the banks.

The current study contributes to existing literature on corporate governance of banks, guides the formulation of policies related to bank governance and provides guidelines for practice. First and foremost, the study advances the literature on corporate governance from both the theoretical and empirical perspectives. Corporate governance in the banking sector is further explored from the dimension of employee confidence and the post crisis era. Secondly, the findings of the study will serve as a model and framework for reference in formulating and amending policies relating to corporate governance of banks such as the corporate governance directive for banks issued in 2018. Finally, corporate governance practices and operations in the banking sector will be guided by the empirical evidence from this study.

## 2. Background

In Ghana, the banking sector has suffered crisis in the past and recent times with severe repercussions on stakeholders and the entire economy. Prior to the banking crisis in 2017, the financial sector recorded several pronzi schemes such as Mensgold company Limited and DKM Diamond Micro Finance Company whose activities and collapse had severe impact on stakeholders economically, socially and politically. The sector also witnessed various microfinance institutions being insolvent, fold up their operations and bolt away with customers funds. These occurrences that engulfed the financial sector, coupled with the several concerns that led to the banking sector clean up exercise, contributed massively to the diminishing trust in the financial sector especially the banking industry. Also there was collapse of banks which led to loss of investments, several job losses, loss of government revenue and huge cost to the government of Ghana with tax payers bearing the burden, and again, the level of confidence in banks and the entire banking sector in Ghana became questionable and needed critical assessment.

In view of that, the Government of Ghana and Bank of Ghana made some reforms pertaining to banking operations in Ghana which included the recapitalization of the banks, revocation of licenses of some banks, downgrading of banks to savings and loans companies and provision of corporate governance directive to revamp the sector. Though these reforms were to curb the crisis and ensure sustainable banking, the sector witnessed the collapse of several banks, downgrading to savings and loans institutions, revoking of licenses, mergers and take overs by some banks who could not meet the requirements of these reforms. Consequently, the population of the banks shrunk from 34 to 23 licensed banks operating in the Ghana. As part of the reforms, banks were required to recapitalize with an amount 400 million Ghana Cedis and this was also a challenge for some of the distressed banks.

In the midst of the crisis, weaknesses in corporate governance of the banks dominated the issues which were attributed to the bank failures. Bank of Ghana in 2018 reported that, deficiencies in corporate governance, unlawful transactions, high non-performing loans, risk management, compliance and management account for the 2018 banking crisis. In response to this challenge faced by the sector, the regulator, in addition to the recapitalization of the banks, revocation of banking licenses and downgrading of some banks to savings and loans companies, directive on corporate governance for banks and other deposit taking institution was also issued. In addition to addressing the issues of poor governance practices among the banks, these reforms especially the corporate governance directive was to also restore and enhance the dwindling confidence of stakeholders in the sector. The directive was therefore endorsed to require regulated financial institutions to adopt sound corporate governance principles and best practices to enable them under take their licensed business in a sustainable manner; promote the interest of depositors and other stakeholders by enhancing corporate performance and accountability of the regulated financial Institutions; and promote and maintain public trust and confidence in regulated financial institutions by prescribing sound corporate governance standards which are critical to the proper functioning of the banking sector and the economy as a whole (Bank of Ghana, 2018).

With reference to the recent occurrences in the Ghanaian banking sector and the critical role it plays in the emerging Ghanaian economy, it is imperative to critically study the sector. Again, the

predominance of weak corporate governance as an attribute of the banking crisis in Ghana has also necessitated an in-depth assessment of the sector's corporate governance practices in the post crisis period while probing the declined confidence of stakeholders such as bank employees in the sector.

### 3. Literature review

#### 3.1. Theoretical review

##### 3.1.1. Corporate governance

Though corporate governance has been widely researched, yet it remains a research area which continuously catches the attention and heightens the interest of researchers especially in the banking industry of Ghana. Organisation of Economic Co-operation and Development (1999) defined corporate governance as the system by which business corporations are directed and controlled. While the Bank of Ghana refers to corporate governance of banks as how regulated financial institutions are governed by their boards and management in relation to bank's strategies and objectives, risk management, operational activities, safeguarding the interest of shareholders and other stakeholders of banks, and finally and aligning corporate activities and behavior with the expectation that it will operate in a safe and sound manner with integrity and in compliance with applicable laws and regulations (PricewaterhouseCoopers, 2013).

##### 3.1.2. Agency theory

Agency theory dominates in most discussions of theories underlying corporate governance and mostly referred to as the principal-agent theory. The theory was propounded by Jensen and Meckling (1976) with the theory suggesting a principal-agent relationship between owners and managers of the firm with each party to the relationship having their own stake in the firm. There is the tendency to prioritize some interests over others resulting in conflict of interests hence give rise to agency costs. According to Prugsamatz (2010), the agency costs that the agency problem and conflict of interest give rise to include auditing, budgeting, control and compensation systems.

The limitation presented in the theory is its failure to outline the associated benefits of the principal-agent relationship to the firm or its stakeholders. Critics also argue that, the interest of the principals and agents may differ but not conflicting all the time. When these differing interests are well integrated, it may benefit the firm. Again, the agency theory is said to be narrow in scope since it focuses on shareholders (Kyereboah-Coleman, 2007). The theory limits stakeholders of the firm by focusing solely on the interest of shareholders, however, the firm has several stakeholders which includes employees, government, suppliers, community, labour unions among others. Contrary to the agency theory, the stakeholder theory addresses this limitation and holds the view that, stakeholders of the firm go beyond shareholders but include wide range of stakeholders. In spite of the shortcomings of the agency theory, the principles of the theory give rise to corporate governance mechanisms such as board of directors, encourage large board size and the presence of non-executive directors on the board. The study explores corporate governance mechanisms such as board size and board independence which are advocated for by the agency theory, hence the adoption of the theory is justified.

##### 3.1.3. Stakeholder theory

In mitigating the weaknesses in the agency theory, the stakeholder theory is also explored in this study. Several stakeholders exist within a firm with diverse interests in the firm and as such the stakeholder theory unlike the agency theory gives all these stakeholders the opportunity to pursue their interest in the firm where corporate governance is very critical. John and Senbet (1998) hold the position that, the theory promotes the presence of many parties with competing interests in the operations of the firm. However, critics of the stakeholder theory argue that the theory does not take into consideration the fact that, the pursuant of diverse interests by the various stakeholders in the midst of scarce resources may be conflicting thereby resulting in conflict as

suggested in the agency theory. This current study looks at diversity of the board of the banks and since this theory advocates for diversified board with representations of various parties makes the stakeholder theory very relevant in this study.

In conclusion, the agency theory projects the principal agent relationship and also advocates for control mechanisms to curb conflict of interest which may arise from the relationship and the conflicting interests of the parties (Panda & Leepsa, 2017). Such control mechanisms include board of directors who execute supervisory and oversight roles. This current study explored the control mechanisms such as the board of directors, the board's composition, board independence, directors' training and audit committee as corporate governance mechanisms which the agency theory promotes. While the stakeholder theory which emphasizes the inclusion of various stakeholder representatives to safeguard their interest underline the inclusion of board gender diversity as an indicator of the independent variable corporate governance. Empirical works have suggested that, good corporate governance promotes firm's performance (Mohammed, 2012; Ntim & Soobaroyen, 2013a; Sarpong-Danquah et al., 2022; Tornyeva & Wereko, 2012), therefore, there an assertion that, since corporate governance enhances firm's performance, the enhanced performance will boost the confidence of employees of the firm, the dependent variable of the study, through quality corporate reporting disclosures which performs mediating role.

### **3.2. Empirical literature review and hypotheses development**

#### **3.2.1. Corporate governance and employees' confidence**

Good corporate governance is a tool through which the expectations of stakeholders such as employees can be met through the promotion of accountability and transparency (Aggarwal, 2013). When the expectations of stakeholders, such as shareholders' expectation of higher returns on investment, are met, it will boost the confidence of the stakeholder in the organization and vice versa. Similarly, when employees' expectations of good remuneration, sustainable and secured employment are met, it is expected to advance their confidence in the firm. Klapper and Love (2004) also indicate that higher profit, higher sales growth and increased valuations are results of effective corporate governance. Such performance indicators send good signals to stakeholders and these signals mostly have the tendency of reassurance. However, according to Djashan and Lawira (2019), stakeholders such as investors are skeptical of corporate reporting disclosures due to the occurrence of several corporate scandals and the need to restore integrity requires businesses to implement good corporate governance practices to enhance the level of confidence.

Jensen and Meckling (1976) in their seminal works opined that, with agency theory, the conflicting interests, agency cost and any other principal-agent problems have to be mitigated by incurring agency costs. These costs include instituting effective board of directors, audit committee, budgeting, internal and external audit functions.

The recent banking crisis in Ghana had huge implications on public trust in the banking sector and the entire financial sector. Ebele and Sunday (2016) in their study on enhancing public confidence in financial reporting: the role of corporate governance which aimed at investigating the role of corporate governance in enhancing public confidence in financial reporting, revealed that board structure, ownership structure and audit committee correlate. However, the study focused broadly on the general public with study sample drawn from auditors and corporate staff in Central Bank of Nigeria, Awka, Anambra State. Similar studies also suggest that, corporate governance affects investor confidence (Hammond et al., 2022; Xiaolu et al., 2016 as cited in Shahid & Abbas, 2019).

Drawing from theoretical and empirical evidence, coupled with the fact that, Ghana and Nigeria are all SSA countries, yet the conditions and regulations of their banking sectors may vary, as well as the recent occurrences in Ghana's banking sector necessitated the conduct of similar study in Ghana with the focus on employees, it is hypothesized that



**H1:** Corporate governance has significant positive relationship with employees' confidence in banks in the post banking crisis period

### 3.2.2. *Corporate governance and corporate reporting disclosures*

Corporate bodies have communicated with stakeholders using their financial and non-financial information provided through their corporate reporting disclosures. Such information are captured in annual reports and usually encompass strategic corporate information, financial and non-financial disclosures. According to Bushman and Smith (2001) information disclosed by the companies in their annual reports can be used as important input in various corporate governance mechanisms.

Corporate governance and corporate reporting disclosures emphasize the stakeholder theory. The theory proposes that, an entity has different stakeholders with various interests. These stakeholders and their interest are represented and safeguard on the board, their role and governance system of the entity (Huse & Rindova, 2001). Corporate reporting disclosures also take into consideration different stakeholders as projected by the stakeholder theory, thereby publishing corporate reports which serve the interest of several stakeholders

Hasan et al. (2013) conducted a study on corporate governance and financial disclosures: Bangladesh perspective with the aim of examining the level of financial disclosures among Bangladesh companies and its association with corporate governance characteristics. Findings of the study suggest that, there is correlation between corporate governance characteristics and the level of financial disclosures; significant association between external auditor and the level of financial disclosures recorded while board independence, board size, dominant personality, institutional ownership and general public are not significantly associated with the level of financial disclosures. The study is limited to food and allied, textiles, pharmaceuticals and cement industries and excludes the financial services sector which includes banks. In an attempt to bridge the gap in literature, this current study focuses on the banking sector of Ghana especially after the sector suffered some crisis.

Again, Barako et al. (2006) carried out a study on factors influencing voluntary corporate disclosures by Kenyan companies which looked at a longitudinal examination of voluntary disclosure practices contained in the annual reports of listed companies in Kenya from 1992 to 2001. The study aimed at investigating whether corporate governance mechanisms influence voluntary disclosures in corporate reporting and the level of the influence. The findings of the study revealed that, the level of corporate disclosures by a firm is influenced by a firm's corporate governance mechanisms where board composition has significant negative association with voluntary disclosures; presence of an audit committee is positively and strongly associated with companies' voluntary disclosure practices; proportion of foreign ownership and percentage of institutional ownership have significant positive association with voluntary disclosure; and external audit has insignificant impact on the extent of voluntary disclosure. The study focuses on companies in Kenya within the period of 1992 and 2001.

Consistent with earlier studies, Elmagrhi et al. (2016) in their study revealed that firms with larger board size, more independent outside directors and greater director diversity tend to disclose more CG information voluntarily larger board size, more independent outside directors and greater director diversity tend to disclose more CG information voluntarily. Contrarily, Ntim and Soobaroyen (2013b) opined that board gender diversity is not significantly associated with black economic empowerment (BEE) disclosures while several other empirical works by earlier researchers also suggest that, there is relationship between corporate governance and corporate reporting disclosures (Khurram & Zhang, 2018; Lone et al., 2016; Sharif & Rashid, 2014). However, these studies have focused on geographical jurisdiction outside Ghana as well as sectors exclusive of the banking sector.

Based on the stakeholder theory precepts, findings of prior empirical studies (Barako et al., 2006; Hasan et al., 2013; Khurram & Zhang, 2018; Lone et al., 2016; Ntim & Soobaroyen, 2013b; Sharif & Rashid, 2014) and identifiable gaps in literature served as the basis for drawing the study hypotheses

**H2:** Corporate governance has significant positive relationship with corporate reporting disclosures of banks

### 3.2.3. *Corporate reporting disclosures and employee confidence*

Confidence of stakeholders in business is very crucial in its operations and advancement. Heidi and Marleen (2003) have affirmed the position that, leadership of corporate bodies should prioritize efforts to capture and sustain the trust of the public. In boosting the confidence, Rogers (2006) holds the view that, public confidence is won when relatively more disclosures are made with respect to the businesses' capital structure and control. The level of disclosures in financial reporting is therefore critical in ensuring and enhancing the level of public confidence. And according to Hasan et al. (2013), financial reporting disclosures can be influenced by operation of an effective corporate governance system.

Also, from the stakeholder theoretical perspective, the firm's stakeholders such as employees have varied stake in the firm and include the confidence of employees in the firm which reassures them of secured and sustainable employment. This stake of employees, which is their level of confidence in the firm is expected to be safeguarded through an effective governance system.

In the study carried out by Hammond et al. (2022) on the relationship among corporate reporting, corporate governance, going concern and investor confidence: Evidence from listed banks in sub-Saharan Africa, it was opined that, financial ratios disclosures in corporate reporting have significant relationship with investor confidence. The study explored secondary data and focused on commercial banks in Ghana, Nigeria, and South Africa. Though they may have similar characteristics with Nigeria and South Africa since they are all Africa countries, this study is very relevant in the Ghanaian banking sector due to the recent crisis and its consequences.

Prior studies have also attested to the fact that, there is an association between corporate reporting disclosures and the confidence of stakeholders (Shahid & Abbas, 2019; Bédard & Gendon, 2010). Unlike the earlier studies, this current study seeks to specifically explore the level of confidence of bank employees in the Ghanaian banking sector. Finally, with the underlying stakeholder principles and empirical evidence, the hypothesis for the study was concluded as

**H3:** Corporate reporting disclosure of banks has significant positive relationship with bank employees' confidence

### 3.2.4. *Role of corporate reporting disclosures*

Corporate reporting disclosures made by corporate entities have their theoretical foundation and principles from the agency and stakeholder theories. In the study conducted by Alodat et al. (2022), on investigating the mediating role of sustainability disclosure (SD) in the relationship between corporate governance (CG) and firm performance in Jordan, the findings for both CG mechanisms suggest that SD has a partial mediation effect on the relationship between CG and firm performance. The study suggests effective corporate governance positively influences sustainability disclosure and consequently affects performance positively. Purbopangestu and Subowo (2014) also opined that, corporate social responsibilities (CSR) disclosure influences company value positively. These positive performance indicators have the tendencies to influence the confidence of employees.

In contrast with earlier findings, Worokinasih and Zaini (2020) studied the mediating role of corporate social responsibility (CSR) disclosure on good corporate governance (GCG) and firm value and draw the conclusion that, CSR disclosure does not mediate the relationship.

**H4:** Drawing from the theoretical foundation and empirical evidence, it is hypothesized that:

### 3.3. Conceptual framework

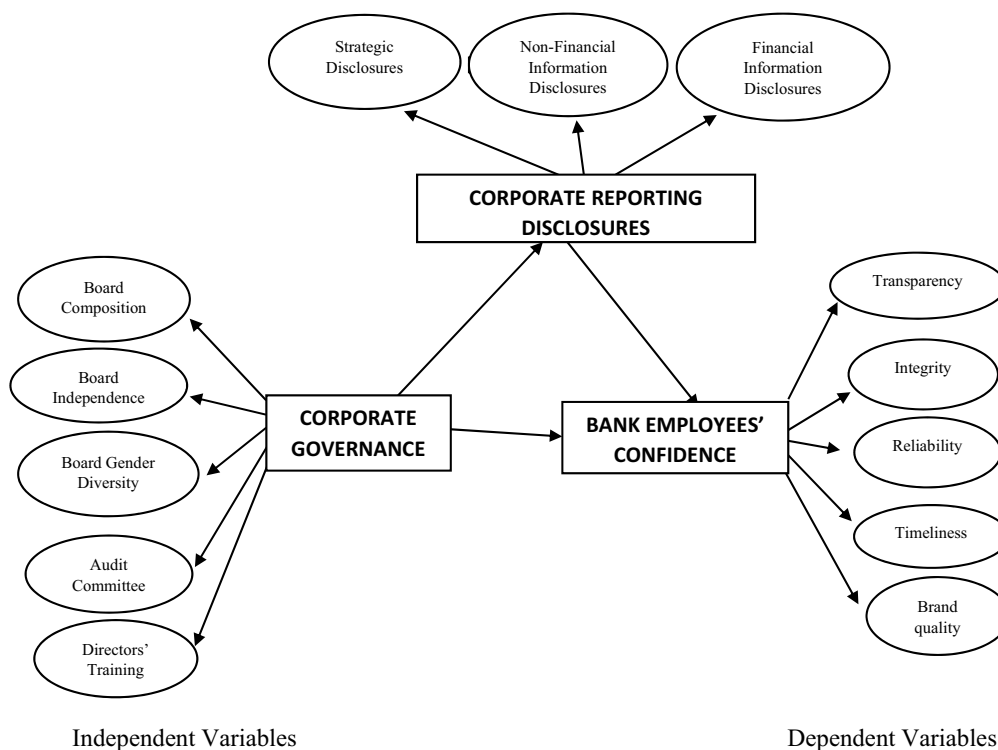
The conceptual framework of the study presented in figure 1 depicts possible direct relationship between the independent variable, corporate governance and the dependent variable, confidence of bank employees. It also presents the relationships between corporate governance and corporate reporting disclosures; corporate reporting disclosures and bank employees' confidence. Finally, the mediating role of corporate reporting disclosures on the relationship between corporate governance and confidence of bank employees is captured in the framework in figure 1.

### 4. Research design

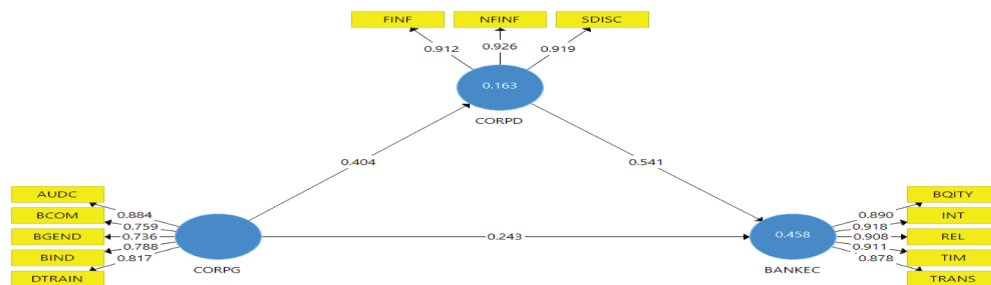
The study focuses on all the 23 banks operating in Ghana in the post banking sector crisis period, specifically the year 2018 to 2022 as the population of the study. The study sampled all the 23 banks on the basis that, these banks exist and operate in the period under review and also due to the relatively small nature of the study population, it is appropriate to adopt the entire population to serve as the sample of the study. The study purposively sampled 276 bank employees to constitute the study sample. The bank employees were classified into three strata which comprised the junior employees, middle-level employees and senior or management-level employees. The study further adopted the stratified sampling technique to select a minimum of two employees and a maximum of four employees from each stratum to constitute the sample. The study employed the purposive and stratified sampling techniques to ensure that bank employees sampled could provide information on corporate governance and corporate reporting disclosures.

**Figure 1. Conceptual framework.**

Source: Author's Construct, 2023.



**Figure 2. Structural equation model (Goodness of fit model).**



While the stratified sampling technique was to ensure the various categories of employees are fairly represented in the sample.

The study resorted to primary data through the administration of structured questionnaire to bank employees who made up the study sample. SMART PLS software was employed to analyze the data. The data analysis was carried out using the Partial Least Square Structural Equation Model (PLS- SEM) based on the fact that, PLS-SEM is prediction oriented and ideal for prediction accuracy (Sharma et al., 2022).

**4.1. Research variables**

The independent, dependent and moderating variables for the study are presented in Table 1. The measures of the variables and their operational definitions are also captured in the table.

**4.2. Model specification**

The study presents the models bank employees’ confidence as a function of corporate governance; Corporate Reporting Disclosures as a function of corporate governance; and bank employees’ confidence as a function of corporate reporting disclosures.

$$BANKEC_{i,t} = \beta_0 + \beta_2 BCOM_{i,t} + \beta_4 BIND_{i,t} + \beta_3 BGEND_{i,t} + \beta_1 AUDC_{i,t} + \beta_5 DTRAIN_{i,t} + E \tag{1}$$

$$CORPD_{i,t} = \beta_0 + \beta_2 BCOM_{i,t} + \beta_4 BIND_{i,t} + \beta_3 BGEND_{i,t} + \beta_1 AUDC_{i,t} + \beta_5 DTRAIN_{i,t} + E \tag{2}$$

$$BANKEC_{i,t} = \beta_0 + \beta_1 FINF_{i,t} + \beta_2 XNFINF_{i,t} + \beta_3 SDISC_{i,t} + E \tag{3}$$

Where:

BANKEC = Bank Employees’ confidence

CORPD = Corporate Reporting Disclosures

$\beta_0$  = Constants

BCOM = Board Composition

BIND = Board Independence

BGEND = Board Gender

AUDC = Audit Committee

DTRAIN = Directors’ Training

FINF = Financial Information

**Table 1. Measures and operational definition of variables**

Research Variables	Measures/Indicators	Operational Definition/Description
<b>Independent Variables</b>		
CORPORATE GOVERNANCE	Board Composition	Directors of the board with the requisite and diverse professional qualification and expertise
	Board Independence	Non-executive director chairs the board with majority of directors being non-executive directors
	Board Gender Diversity	Fair representation of females on the board and their equitable role in leadership and managerial roles
	Audit Committee	Non-executive director chairs the committee with majority of directors being non-executive directors and the presence of accounting and finance experts on the committee
	Directors' Training	Frequent and periodic relevant training for directors at least once
Dependent Variable		
BANK EMPLOYEES' CONFIDENCE	Transparency	Open interactions with employees, readily available information and education on activities of the bank
	Integrity	Honest in service delivery
	Reliability	Consistent and readily available service delivery
	Timeliness	Adequate and timely notices to employees and swift feedback on employees' request and complaints
	Brand Quality	Employee involvement, development, meeting the expectations and their willingness to pay higher premiums
Mediating Variable		
CORPORATE REPORTING DISCLOSURES	Strategic Disclosures	Disclosure of corporate information such as mission, vision, etc.
	Non-Financial Information Disclosures	Disclosure of governance, sustainability and other strategic information
	Financial Information Disclosures	Disclosure of information on financial performance, financial position, movement in equity and cash flow position

*NFINF* = Non-Financial Information

*E* = Error Term

## 5. Empirical results and discussion

### 5.1. Measurement model assessment

The quality of the constructs in the study is assessed based on the evaluation of the measurement of the model. The quality criteria assessment starts with evaluating the factor loadings and establishing the construct reliability and construct validity.

## 5.2. Reflective measurement model

This section presents the evaluation of the reflective measurement model. Corporate governance (CORPG), Corporate Reporting Disclosures (CORPD) and bank Employees' Confidence (BANKEC) are the reflective constructs. To assess the validity and reliability of a reflective measurement model, this study evaluated the indicator reliability, internal consistency (Composite Reliability), convergent Validity and discriminant Validity.

### 5.2.1. Indicator reliability, internal consistency reliability and convergent validity

Factor loading shows how well an item represents the underlying construct. Normally, factor loading over .70 is recommended (Vinzi et al., 2010). The constructs for the study are corporate governance, corporate reporting disclosures and employee confidence which produced five, three and five factors respectively. Table 1 presents the factor loadings of the constructs and all the factor loadings are greater than the threshold of 0.70 which is indicative of indicator or factor reliability (Hair et al., 2011).

Internal consistency reliability is the extent to which indicators measuring the same construct are associated with each other (Hair et al., 2021). It is the degree to which a measuring instrument (questionnaire) is stable and consistent with repetitive application. The scale of internal consistency known as Cronbach's alpha and the Composite reliability are recommended in modern literature to evaluate the reliability of a construct (Hair et al., 2012). In assessing the internal consistency and reliability of the measuring instrument, Cronbach Alpha (CA) and Composite Reliability (CR) are used. Table 1 presents the Cronbach Alpha and Composite Reliability for the constructs corporate governance, corporate reporting disclosures and employees' confidence which range from 0.859 to 0.942 and 0.897 to 0.956 respectively. Both the Cronbach Alpha (CA) and Composite Reliability (CR) are above the minimum threshold of 0.70, hence the internal consistency and reliability are established.

The validity of a construct is assessed by measuring the convergent and discriminant validity. Convergent validity is when the same concept or construct is measured several or multiple times and yields the same results. According to Bagozzi et al. (1991), when there are two or more measures, measuring the same construct, then they should covary or correlate if they are valid measures of the construct or concept. Convergent validity is measured using the Average Variance Extracted (AVE) and when the AVE value exceeds the recommended value of 0.50, items converge to measure the underlying construct and establish convergent validity (Fornell & Larcker, 1981). Table 2 presents AVE which ranges from 0.637 to 0.845 which are greater than the recommended value of 0.50. Literature suggest that, AVE of 0.5 or greater shows significant degree of convergent validity (Chin, 1998; Hair et al., 2012), which indicates that, the latent constructs are explained more than 50% by their indicators. With reference to the AVE presented in Table 2, the convergent validity of the reflective constructs is confirmed.

### 5.2.2. Discriminant validity

5.2.2.1. *Fornell and lacker criterion.* Discriminant validity measures the degree to which a latent construct differs from other latent constructs in the model, both in terms of construct correlation and the different assigned model's indicators (Sarstedt et al., 2014). Literature suggests Fornell Larcker criteria and cross-loading in assessing discriminant validity of the construct. According to Fornell and Larcker (1981) the value of square root for AVE for each construct may be used to evaluate the discriminant validity and such values should be larger than other correlation values among the reflective latent constructs. Table 3 presents the Fornell-Larcker criteria values (square root values of AVE) where the square root values of AVE for corporate governance, corporate reporting disclosures and employees' confidence constructs are 0.901, 0.919 and 0.798 respectively which are larger than the correlation values of other constructs hence discriminant validity is established.

### 5.2.3. Heterotrait -monorait ratio (HTMT)

Discriminant validity is established on the HTMT ratio and the HTMT is based on the estimation of the construct. According to Henseler et al. (2015), the threshold of 0.90 is suggested for constructs which are conceptually very similar while 0.85 for constructs which are conceptually more distinct.

**Table 2. Factor Loading (FL), internal reliability and convergent validity**

	CORPG	CORPD	BANKEC	CA	CR	AVE
AUDC	0.884					
BCOM	0.759					
BGEND	0.736			0.859	0.897	0.637
BIND	0.788					
DTRAIN	0.817					
FINF		0.912				
NFINF		0.926		0.908	0.942	0.845
SDISC		0.919				
BQITY			0.890			
INT			0.918			
REL			0.908	0.942	0.956	0.812
TIM			0.911			
TRANS			0.878			

Source: Field work, 2023.

This implies that, the HTMT of any two constructs that is greater than the suggested thresholds lack discriminant validity. Table 4 presents the HTMT of the study constructs which ranges from 0.423 to 0.679 which are less than the thresholds of 0.90 and 0.85 which is indicative of the discriminant validity of the constructs.

### 5.3. Structural model assessment

The next step in structural modelling is assessing the hypothesised relationship to substantiate the proposed hypotheses.

#### 5.3.1. Indicator multicollinearity

Indicator multicollinearity is evaluated using the Variance Inflation Factor (VIF) statistic (Fornell & Bookstein, 1982). VIF values above 5 are indicative of probable collinearity issues among predictor constructs, but collinearity can also occur at lower VIF values of 3–5 (Becker et al., 2015). In Table 5, the VIF ranges from 1.667 to 4.391 which are below the threshold of 5 hence provide evidence of the non-existence of multicollinearity issues.

#### 5.3.2. The goodness of fit (Model's Predictive)

To ascertain the best fits, the coefficient of determination ( $R^2$ ) is explored. The results in Table 6 and figure 2 reveal an  $R^2$  value of 0.458 for bank employee's confidence and 0.163 for corporate reporting disclosures. The  $R^2$  indicates that 45.8% variation in bank employee's confidence can be attributed to corporate governance while 16.3% variation in corporate reporting disclosures can be explained by corporate governance. Hair et al. (2011) suggest  $R^2$  values of 0.75, 0.50, and 0.25 can be considered substantial, moderate, and weak respectively. The results are consistent with agency theory which argues that, effective controls or good

**Table 3. Discriminant validity—Fornell and Larcker criterion**

	BANKEC	CORPD	CORPG
BANKEC	<b>0.901</b>		
CORPD	0.639	<b>0.919</b>	
CORPG	0.461	0.404	<b>0.798</b>

Source: Field work, 2023.

**Table 4. Discriminant validity—HTMT**

	BANKEC	CORPD	CORPG
BANKEC			
CORPD	0.679		
CORPG	0.476	0.423	

Source: Field work, 2023.

corporate governance practices check agency problems and enhance shareholders' wealth which will positively affect the confidence of stakeholders. Empirically, Shahid and Abbas (2019) affirm that good corporate governance affects investor confidence which significantly influences corporate investment decisions.

### 5.3.3. Hypothesis testing

The study tested four hypotheses. The first hypothesis evaluates whether corporate governance positively and significantly impacts the confidence of bank employees. The result presented in figure 2 shows that corporate governance has significant impact on the confidence of bank employees ( $\beta = 0.242$ ,  $t = 4.930$ ,  $p < 001$ ). The study concludes that corporate governance is positively related to the confidence of bank employees. Hence, Hypothesis 1 is accepted. The second hypothesis was to evaluate the positive relationship between corporate governance and corporate reporting disclosures. The figure 2 presents an output which indicates that corporate governance is significantly related to corporate reporting disclosures ( $\beta = 0.404$ ,  $t = 5.606$ ,  $p < 001$ ). It is concluded that corporate governance positively affects corporate reporting disclosures, hence, Hypothesis 2 is accepted. The study further reveals that corporate reporting disclosure directly affects confidence of bank employees ( $\beta = 0.542$ ,  $t = 10.548$ ,  $p < 001$ ) projected in figure 2. The study suggests that

**Table 5. Indicator multicollinearity**

	VIF
AUDC	3.592
BCOM	1.667
BGEND	2.259
BIND	2.392
DTRAIN	2.164
FINF	2.922
NFINF	3.063
SDISC	3.022
BQITY	3.206
INT	4.391
REL	4.221
TIM	4.150
TRANS	3.149

Source: Field work, 2023.

**Table 6. Goodness fits**

	R Square	R Square Adjusted
BANKEC	0.458	0.453
CORPD	0.163	0.16

Source: Field work, 2023.



**Table 7. Direct relationship result**

	<b>Beta Coefficient</b>	<b>Standard Deviation</b>	<b>T Statistics</b>	<b>P Values</b>
CORPD -> BANKEC	0.542	0.051	10.548	0.000
CORPG -> BANKEC	0.242	0.049	4.930	0.000
CORPG -> CORPD	0.404	0.072	5.606	0.000

Source: Field work, 2023.

corporate reporting disclosure influences the confidence of bank employees. Therefore, hypothesis 3 is accepted. The results depict the argument presented by the agency theory that, monitoring and other controls costs incurred to check the agency problem results in better performance by the agents.

#### **5.4. Mediation relationship**

Mediation analysis was performed to assess the mediating role of corporate reporting disclosures on the relationship between corporate governance and employees' confidence. Tables 7 and 9 present significant direct relationships between corporate governance and confidence of bank employees; corporate governance and corporate reporting disclosures; corporate reporting disclosures and confidence of bank employees respectively ( $\beta = 0.542, P < 0.001$ ;  $\beta = 0.242, p < 0.001$ ;  $\beta = 0.404, P < 0.001$ ). The results in Table 8 present the total effect of corporate governance on employees' confidence was significant (H4:  $\beta = 0.461, t = 7.704, p < 001$ ). With the inclusion of the mediating variables corporate reporting disclosures, the impact of corporate governance on employees' confidence became significant ( $\beta = 0.242, t = 4.930, p < 001$ ). The indirect effect of corporate governance on employees' confidence through corporate reporting disclosures was presented in table 9 and found significant ( $\beta = 0.588, t = 4.900, p < 001$ ). This indicates that the relationship between corporate governance and employees' confidence is partially mediated by corporate reporting disclosures.

#### **6. Empirical findings**

The findings of the study reveal that, hypothesis 1(H1) which states that corporate governance has significant positive relationship with employees' confidence in banks in the post banking crisis period presents significant P-value of 0.000, therefore the hypotheses is supported. The statistical results suggest that, effective corporate governance practices will influence the level of confidence of the bank employees. Effective governance mechanisms serve as a check on management compelling them to work in the interests of other stakeholders of the firm such as employees and ultimately create wealth for shareholders and this projects the stakeholders theory. Therefore, in the Ghanaian context where bank employees were affected by the banking crisis, the level of confidence of bank employees will be boosted with the assurance of good corporate governance practices by the banks to avert future crisis. In addition to the implication of this outcome for academic work on bank governance and enhancing existing literature, the findings will influence the direction of policies relating to bank governance in the Ghanaian banking sector. Interestingly, the findings of this study are in line with the outcome of earlier empirical works by Hammond et al. (2022); Xiaolu et al. (2016) as cited in Shahid & Abbas, (2019); Ebele and Sunday (2016).

Again, the findings of the study suggest, corporate governance impacts corporate reporting disclosures, hypothesis 2 (H2) has significant P-value of 0.000, therefore the hypothesis is supported. The statistical results suggest that good corporate governance mechanisms influence the content and quality of corporate reporting disclosures.

With reference to the agency theory, management is responsible for corporate reporting disclosures in discharging their fiduciary duties as stewards. The presence of effective corporate

**Table 8. Mediation analysis result**

Total effect (CG-EC)		Direct effect (CG- EC)		The indirect effect of (CG – EC)				
Coefficient	P Value	Coefficient	P Value	Coefficient	SD	T Value	P Value	BI [2.5%;97.5%]
0.461	.000	0.242	0.000	0.588	0.045	4.900	.000	0.139 0.312

Source: Field work, 2023.

**Table 9. Hypotheses testing**

Hypotheses	Path	Path Coefficient	T Statistics	P Values	Result
H1	CORPG → BANKEC	0.242	5.741	0.000	Supported
H2	CORPG → CORPD	0.404	1.841	0.000	Supported
H3	CORPD → BANKEC	0.542	5.652	0.000	Supported
H4	CORPG >CORPD> BANKEC	0.588	4.900	0.000	Supported

Source: Field work, 2023.

governance mechanisms such as a well composed and independent board, effective audit committee among others will serve as a check on the quality of reporting. Again, the provisions of the corporate governance directive (2018) introduced after the crisis for the banks in Ghana, emphasizes strong governance and quality disclosures and this may underline the findings of this current study. The study is consistent with earlier studies conducted by Sharif and Rashid (2014), Khurram and Zhang (2018) and Barako et al. (2006) which posit that corporate governance affects corporate reporting disclosures. However, the findings of this current study contradict with the findings of Ntim and Soobaroyen (2013b) and Hasan et al. (2013).

The findings of the study project that, hypothesis 3 (H 3) which indicates that, corporate reporting disclosures influence bank employees' confidence has a significant P-value of 0.000, therefore the hypothesis is supported. The outcome of the study reveals that, disclosures made through corporate reporting influence the level of confidence of the bank employees. Since these disclosures present information on profitability, liquidity, solvency and efficiency, the implication is that, bank employees like all other stakeholders, will assess such information and the good indicators will obviously boost the confidence of the bank employees. The outcome of the study affirms the position of the stakeholder theory that stakeholders have varied stakes in the firm and these stakes must be represented and guarded in the governance system. This will influence future policies relating to corporate governance of banks in Ghana. The finding that, corporate reporting disclosures has effect on the confidence of bank employees, is similar to the findings of Rogers (2006) which suggests public confidence is won when there is relative more corporate reporting disclosures and Hammond et al. (2022) who posit that, financial ratios disclosures substantially affect investor confidence.

Finally, hypothesis 4 (H 4), corporate reporting disclosures of banks mediate the relationship between corporate governance and bank employees' confidence has significant P-value of 0.000, therefore the hypothesis is supported. The statistical results suggested that corporate reporting disclosures mediate the relationship between corporate governance and confidence of bank employees. This can be linked to the fact that, the 23 banks currently operating in Ghana are required by regulation to file their corporate reports which requires the operation of good corporate governance systems. Since corporate reporting disclosures capture corporate governance, and corporate governance affects employees' confidence, corporate reporting disclosures can mediate the relationship between corporate governance and employee confidence therefore, this will have implications for policies and managerial decisions. In conclusion, the outcome of this study is consistent with the findings of Alodat et al. (2022) and Purbopangestu and Subowo (2014) but contradicts with the findings of Worokinasih and Zaini (2020).

## 7. Summary and conclusion

Corporate governance as a concept continuously gains the attention and interest of stakeholders of and researchers in the corporate world. This is evident in the vast literature that exist on

corporate governance, though there are some dimensions of corporate governance yet to be explored empirically. The study examined the relationship between corporate governance and bank employees' confidence in the Ghanaian banking sector from the post crisis perspective and consequently assess the mediating role of corporate reporting disclosures. The study was conducted on a sample of 276 current employees between the period 2018 to 2022. The study also explored board composition, board independence, board gender diversity, Audit Committee and Directors' Training as the indicators of corporate governance. The findings of the study suggest that corporate governance has significant positive relationship with employees' confidence; corporate governance impacts corporate reporting disclosures; corporate reporting disclosures significantly influence bank employees' confidence; and corporate reporting disclosures of banks mediate the relationship between corporate governance and bank employees' confidence.

The findings of the study contributes to existing literature on corporate governance and corporate governance of banks. In addition to the enormous theoretical and empirical corporate governance literature, the study introduces new perspective to the corporate governance literature by establishing that, corporate governance influences the confidence of bank employees; corporate reporting disclosure impacts the confidence of bank employees and corporate governance has effect on corporate reporting disclosures. Again, the findings suggest a model to guide the formulation of corporate governance policies for banks which are geared towards sustaining the confidence of their employees. Finally, corporate governance practices and operations in the banking sector will be guided by the empirical evidence from this study. Managerial decisions and strategies relating to good governance will be influenced by the empirical evidence presented in this study.

In addition to the contributions of the study, the study outcome has significant implications from the theoretical, policy and practical perspectives. From the theoretical perspective, the study explored the stakeholder theory, contributed to the discussion on the theory in literature by pointing out that, employees' confidence forms part of stakeholders' interests. Also, with the policy implication, the government, regulating agencies such as Bank of Ghana (BoG) and Securities and Exchange Commission (SEC) and persons charged with the responsibility of corporate governance and corporate sustainability in the banks, will be able to review existing reforms and initiate new policies. The empirical findings will further influence sustainable policy to enhance corporate governance practices and the confidence of employees in the banking industry. Practically, the findings of the study, have implications for practitioners and management especially in the post crisis era. The output of the study will significantly impact the activities of management and practitioners in the banking industry who strive to promote good governance and enhance the confidence of stakeholders.

Since the empirical evidence suggests that corporate governance influences the confidence of bank employees with corporate reporting disclosures mediating, it is therefore recommended that, government, policy makers and regulators should critically review policies on governance with emphasis on quality corporate reporting disclosures. Management should also consider periodic seminars and workshops for bank employees on the bank's corporate governance performance.

The current study was conducted in the Ghanaian context, and the data from the Ghanaian banking sector may not pertain to the banking sector of other countries. This hinders the generalization of the study findings, therefore, it is suggested that future studies should consider a similar study in the cross-country context. The focus of the study on only the banking sector does not give a broader picture, therefore further studies should consider other sectors within the Ghanaian economy. Finally, future researchers should consider the inclusion of corporate governance variables which have not been considered in this study.

#### Author details

Sharon Donnir<sup>1</sup>  
E-mail: [sharon.donnir@upsamail.edu.gh](mailto:sharon.donnir@upsamail.edu.gh)  
ORCID ID: <http://orcid.org/0009-0009-7631-3875>  
Kingsley Toronyeva<sup>2</sup>  
Timothy Ayamga<sup>1</sup>  
Francis Tagoe<sup>1</sup>  
<sup>1</sup> Department of Accounting, University of Professional Studies, Accra, Ghana.  
<sup>2</sup> Accra Institute of Technology Campus, Open University of Malaysia, Accra, Ghana.

#### Disclosure statement

No potential conflict of interest was reported by the author(s).

#### Citation information

Cite this article as: Corporate governance and employee confidence in the Ghanaian banking sector: Mediating role of corporate reporting disclosures, Sharon Donnir, Kingsley Toronyeva, Timothy Ayamga & Francis Tagoe, *Cogent Business & Management* (2023), 10: 2242157.

#### References

- Aggarwal, P. (2013). Impact of corporate governance on corporate financial performance. *IOSR Journal of Business and Management*, 13(3), 1–5. 2278-487x.
- Alodat, A. Y., Salleh, Z., Hashim, H. A., & Sulong, F. (2022). Investigating the mediating role of sustainability disclosure in the relationship between corporate governance and firm performance in Jordan. *Management of Environmental Quality: An International Journal*, <https://doi.org/10.1108/MEQ-07-2021-0182>
- Amenu-Tekaa, K. S. (2022). Examining the survival strategies of banks in Ghana in the post-2017 banking crisis. *Research Journal of Finance & Accounting*, 13(2). [www.iiste.org](http://www.iiste.org)
- Bagozzi, R. P., Yi, Y., & Phillips, L. W. (1991). Assessing construct validity in organizational research. *Administrative Science Quarterly*, 36(3), 421–458. <https://doi.org/10.2307/2393203>
- Banahene, K. O. (2018). Ghana banking system failure: The need for restoration of public trust and confidence. *International Journal of Business and Social Research*, 8(10), 1–5. <https://ideas.repec.org/a/lrc/larijb/v8y2018i10p1-5.html>
- Bank of Ghana (2018). Corporate governance directive 2018 for banks, savings and loans companies, finance houses and financial holding companies. [www.bog.gov.gh](http://www.bog.gov.gh)
- Barako, D. G., Hancock, P., & Izan, H. Y. (2006). Relationship between corporate governance attributes and voluntary disclosures in annual reports: The Kenyan experience. *Financial Reporting, Regulation and Governance*, 5(1), 1–26. <https://doi.org/10.1111/j.1467-8683.2006.00491.x>
- Becker, J. M., Ringle, C. M., Sarstedt, M., & Völckner, F. (2015). How collinearity affects mixture regression results. *Marketing Letters*, 26(4), 643–659. <https://doi.org/10.1007/s11002-014-9299-9>
- Bédard, J., & Gendon, Y. (2010). Strengthening the financial reporting system: Can audit committees deliver? *International Journal of Auditing*, 14(2). <https://doi.org/10.1111/j.1099-1123.2009.00413.x>
- Bushman, R. M., & Smith, A. J. (2001). Financial accounting information and corporate governance. *Journal of Accounting and Economics*, 32(1–3), 237–333. [https://doi.org/10.1016/S0165-4101\(01\)00027-1](https://doi.org/10.1016/S0165-4101(01)00027-1)
- Chin, W. W. (1998). The partial least squares approach to structural equation modeling. In G. A. Marcoulides (Ed.), *Modern methods for business research* (pp. 295–336). London, Lawrence Erlbaum Associate Publisher.
- Chinoperekweyi, J. (2018). Internal corporate governance principles and practices of indigenous banks in Zimbabwe and their impact on organizational effectiveness. *IJAR*, 4(12), 398–415. 2394-5869.
- Djashan, I. A., & Lawira, A. (2019). Company financial ratios company ownership and company conditions on earnings management. *The 7th International Conference on Entrepreneurship and Business Management (ICEBM Untar 2018)*, (44–48). <https://doi.org/10.5220/0008487900440048>.
- Ebele, A. P., & Sunday, A. A. (2016). Enhancing public confidence in financial reporting: The role of corporate governance. *European Journal of Business and Strategic Management*, 1(3), 1–24. 2518-265x.
- Elmagrhi, M. H., Ntim, C. G., & Wang, Y. (2016). Antecedents of voluntary corporate governance disclosure: A post-2007/08 financial crisis evidence from the influential UK combined code. *Corporate Governance*, 16(3), 507–538. <https://doi.org/10.1108/CG-01-2016-0006>
- Fornell, C., & Bookstein, F. L. (1982). Two structural equation models: LISREL and PLS applied to consumer exit-voice theory. *Journal of Marketing Research*, 19(4), 440–452. <https://doi.org/10.1177/002224378201900406>
- Fornell, C., & Larcker, D. F. (1981). *Structural equation models with unobservable variables and measurement error: Algebra and statistics*. Sage Publications Sage CA.
- Hair, J. F., Jr., Hult, G. T. M., Ringle, C. M., Sarstedt, M., Danks, N. P., & Ray, S. (2021). *Partial least squares structural equation modeling (PLS-SEM) using R: A workbook*. Springer Nature. <https://doi.org/10.1007/978-3-030-80519-7>
- Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *Journal of Marketing Theory & Practice*, 19(2), 139–152. <https://doi.org/10.2753/MTP1069-6679190202>
- Hair, J. F., Sarstedt, M., Pieper, T. M., & Ringle, C. M. (2012). Applications of partial least squares path modeling in management journals: A review of past practices and recommendations for future applications. *Long Range Planning*, 45(5–6), 320–340. <https://doi.org/10.1016/j.lrp.2012.09.008>
- Hammond, P., Opoku, M. O., & Kwakwa, P. A. (2022). Relationship among corporate reporting, corporate governance, going concern and investor confidence: Evidence from listed banks in sub Saharan Africa. *Cogent Business & Management*, 9(1), 2152157. <https://doi.org/10.1080/23311975.2022.2152157>
- Hasan, M. S., Hossain, S. Z., & Swieringa, R. J. (2013). Corporate governance and financial disclosures: Bangladesh perspective. *Research Journal of Finance & Accounting*, 4(1). 2222-2847.
- Heidi, V. B., & Marleen, W. (2003). *Voluntary disclosure on corporate governance in the European union*. University of London Press.
- Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, 43(1), 115–135. <https://doi.org/10.1007/s11747-014-0403-8>
- Huse, M., & Rindova, V. P. (2001). Stakeholders' expectations of board roles: The case of subsidiary boards. *Journal of Management & Governance*, 5(2), 153–178. <https://doi.org/10.1023/A:1013017909067>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behaviour, agency costs, and ownership structure. *Journal of Financial Economics*, 3(4),

- 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- John, K., & Senbet, L. W. (1998). Corporate governance and board effectiveness. *Journal of Banking and Finance*, 22(4), 371–403. [https://doi.org/10.1016/S0378-4266\(98\)00005-3](https://doi.org/10.1016/S0378-4266(98)00005-3)
- Kamason, A. (2020, May 18). *Improving consumer confidence in banking post bank crisis: The perspective of the Ghanaian bank customer* [Doctoral dissertation, Franklin University]. Franklin University ProQuest Dissertations Publishing.
- Khurram, A., & Zhang, R. (2018). Revisiting the relationship between corporate governance and corporate social and environmental disclosure practices in Pakistan. *Social Responsibility Journal*, 15(1), 90–119. <https://doi.org/10.1108/SRJ-01-2017-0001>
- Klapper, L. F., & Love, I. (2004). Corporate governance, investor protection, and performance in emerging markets. *Journal of Corporate Finance*, 10(5), 703–728. [https://doi.org/10.1016/S0929-1199\(03\)00046-4](https://doi.org/10.1016/S0929-1199(03)00046-4)
- Kyereboah-Coleman, A. (2007). *Relationship between corporate governance and firm performance: An African perspective*. [Doctoral dissertation, Stellenbosch University]. Stellenbosch University. <https://scholar2.stb.sun.ac.za/handle/10019.1/696>
- Lone, E. J., Ali, A., & Khan, I. (2016). Corporate governance and corporate social responsibility disclosure: Evidence from Pakistan. *Corporate Governance the International Journal of Business in Society*, 16(5), 785–797. <https://doi.org/10.1108/CG-05-2016-0100>
- Masahudu, A. (2020, June 23). ASEPA: 42,850 Ghanaians lose jobs due to Ghana's financial sector cleanup. African Eye Report. <https://africaneyereport.com/asepa-42850-ghanaians-lose-jobs-due-to-ghanas-financial-sector-cleanup/>
- Mohammed, F. (2012). Impact of corporate governance on banks performance in Nigeria. *Journal of Emerging Trends in Economics and Management Sciences*, 3(3), 257–260. <https://hdl.handle.net/10520/EJC132204>
- Ntim, C. G., Lindop, S., & Thomas, D. A. (2013). Corporate governance and risk reporting in South Africa: A study of corporate risk disclosures in the pre-and post-2007/2008 global financial crisis periods. *International Review of Financial Analysis*, 30, 363–383. <https://doi.org/10.1016/j.irfa.2013.07.001>
- Ntim, C. G., & Soobaroyen, T. (2013a). Black economic empowerment disclosures by South African listed corporations: The influence of ownership and board characteristics. *Journal of Business Ethics*, 116(1), 121–138. <https://doi.org/10.1007/s10551-012-1446-8>
- Ntim, C. G., & Soobaroyen, T. (2013b). Corporate governance and performance in socially responsible corporations: New empirical insights from a neo-institutional framework. *Corporate Governance an International Review*, 21(5), 468–494. <https://doi.org/10.1111/corg.12026>
- Organisation of Economic Co-operation and Development. (1999). *OECD principles of corporate governance*. OECD Publishing. <https://doi.org/10.1787/9789264173705-en>
- Panda, B., & Leepsa, N. M. (2017). Agency theory: Review of theory and evidence on problems and perspectives. *Indian Journal of Corporate Governance*, 10(1), 74–95. <https://doi.org/10.1177/0974686217701467>
- Perrow, C. (1986). *Complex organizations*. Random House.
- PricewaterhouseCoopers. (2013). *Ghana banking survey: Harnessing the SME potential*.
- Prugsamat, N. C. (2010). Corporate governance effects on firm value and stock market performance: An empirical study of the stock exchange of Thailand-100-index listed companies. *AU-GSB E-Journal*, 3(2), 35–49.
- Purbopangestu, H., & Subowo, S. (2014). Pengaruh good corporate governance terhadap nilai perusahaan dengan corporate social responsibility sebagai variabel intervening. *Accounting Analysis Journal*, 3(3), 321–333. <https://doi.org/10.15294/aa.v3i3.4202>
- Rogers, M. (2006). *Corporate governance and financial performance of selected commercial banks in Uganda makerere university business school, faculty of commerce*. Kampala Uganda.
- Ross, S. (1973). The economic theory of agency: The principal's problem. *The American Economic Review*, 63(2), 134–139. <https://www.jstor.org/stable/1817064>
- Sarpong-Danquah, B., Oko-Bensa-Agyekum, K., & Opoku, E. (2022). Corporate governance and the performance of manufacturing firms in Ghana: Does ownership structure matter? *Cogent Business & Management*, 9(1), 2101323. <https://doi.org/10.1080/23311975.2022.2101323>
- Sarstedt, M., Ringle, C. M., Smith, D., Reams, R., & Hair, J. F. (2014). Partial least squares structural equation modeling (PLS-SEM): A useful tool for family business researchers. *Journal of Family Business Strategy*, 5(1), 105–115. <https://doi.org/10.1016/j.jfbs.2014.01.002>
- Shahid, M. S., & Abbas, M. (2019). Does corporate governance play any role in investor confidence, corporate investment decisions relationship? Evidence from Pakistan and India. *Journal of Economics and Business*, 105, 105839. <https://doi.org/10.1016/j.jeconbus.2019.03.003>
- Sharif, M., & Rashid, K. (2014). Corporate governance and corporate social responsibility (CSR) reporting: An empirical evidence from commercial banks (CB) of Pakistan. *Quality & Quantity*, 48(5), 2501–2521. <https://doi.org/10.1007/s11135-013-9903-8>
- Sharma, P. N., Liengard, B. D., Hair, J. F., Sarstedt, M., & Ringle, C. M. Predictive model assessment and selection in composite-based modeling using PLS-SEM: Extensions and guidelines for using CVPAT. (2022). *European Journal of Marketing*, 57(6), 1662–1677. ahead-of-print. <https://doi.org/10.1108/EJM-08-2020-0636>
- Skvarciany, D. J. V., & Jureviciene, D. (2013, September 19 - 21). The concept of confidence in bank. *7th International Days of Statistics and Economics*, Prague.
- Tornyeva, K., & Wereko, T. (2012). Corporate governance and firm performance: Evidence from the insurance sector of Ghana. *European Journal of Business and Management*, 4(13), 95–112. 2222-2839.
- Ugwuanyi, G. O. (2014). Banking distress and the erosion of public confidence in the Nigerian banking system. *European Journal of Business and Management*, 6(9), 118–126. 2222-2839.
- Vinzi, V. E., Chin, W. W., Henseler, J., & Wang, H. (2010). *Handbook of partial least squares: Concepts*. Springer Science & Business. <https://doi.org/10.1007/978-3-540-32825-4>
- Worokinasih, S., & Zaini, M. L. Z. B. M. (2020). The mediating role of corporate social responsibility (CSR) disclosure on good corporate governance (GCG) and firm value. A technical note. *Australasian Accounting Business & Finance Journal*, 14(1), 88–96. <https://doi.org/10.14453/aabf.v14i1.9>