

UNIVERSITY OF GHANA

A BOURDIEUSIAN ANALYSIS OF BOARDS IN RURAL BANKS IN GHANA.

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DECLARATION

I do hereby declare that this thesis is the result of my own effort produced from research undertaken by supervision. I also declare that this thesis has not, either in part or the whole, been presented elsewhere as part of any academic requirement, except other works consulted for which appropriate acknowledgement and referencing has been made.

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CERTIFICATION

We hereby certify that this thesis was supervised in accordance with the procedures laid down by the University of Ghana.

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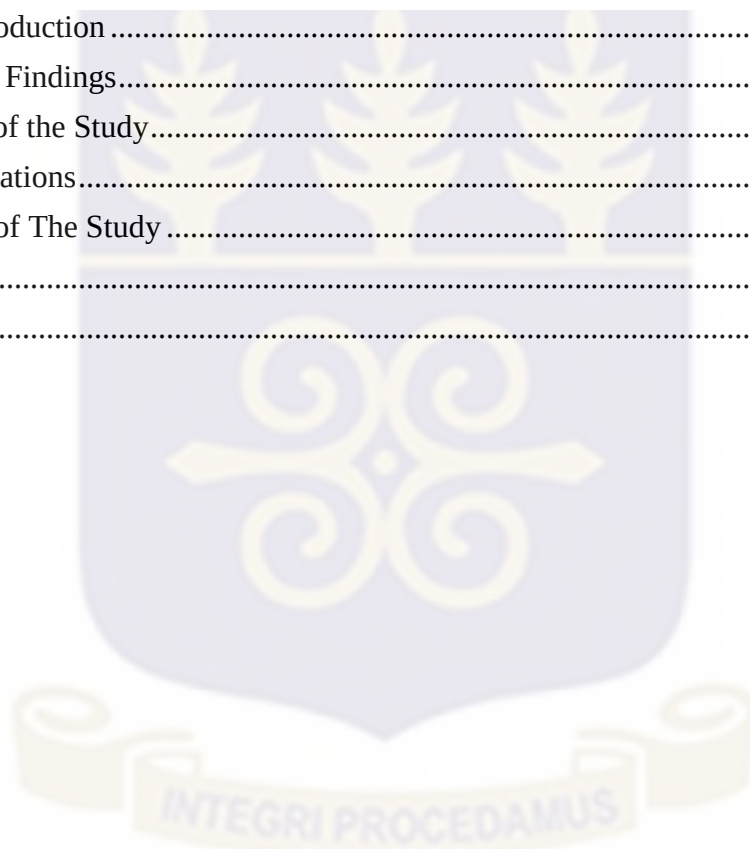


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DEDICATION

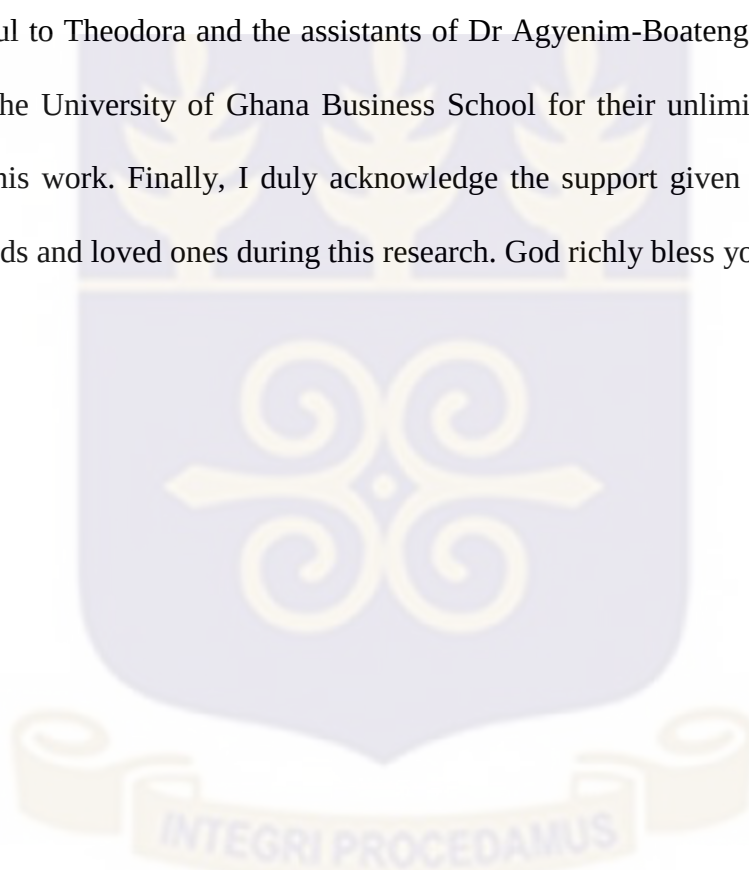
This thesis is dedicated to God and my grandmother Madam Theresa Attobrah.



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ABSTRACT

Rural banks play a major role in the socio-economic development of Ghana but face many corporate governance problems including issues with board processes. However, researchers have focused on the agency, stewardship and resource dependency theories for corporate governance studies. These theories provide some insight into corporate governance but they are not useful for explaining board-specific phenomena. This study presents issues related to boards in rural banks in Ghana specifically board appointment, board composition, board decision making and board remuneration employing Bourdieu's "Theory of Practice" (1972). A multiple case study approach was employed using interviews to gather data from twenty-five (25) board members from nineteen (19) rural banks in Ghana. With Bourdieu's theoretical underpinnings, thematic analysis was used to analyse interview data. Although economic (number of shares), social (relation to board members or organisations of interest to rural banks) and cultural capital (individual skills, experiences and qualifications) influenced board appointments, symbolic capital (all the other forms of capital) had the most influence on the appointment of board members in rural banks in Ghana. The composition of boards and board decision making in rural banks in Ghana was influenced by the habitus developed through the norms, beliefs and culture of the rural banking environment and compliance with the rules and regulation in the rural banking field. Board remuneration of some rural banks were unequally distributed among members because of the doxa that some board members were perceived to be doing more work because of the positions they held. This is likely to lead to symbolic violence when the unequal distribution of remuneration is contested by the board members. Rural banks in Ghana must address issues related to differences in board remuneration because it does not endorse a healthy and safe workplace and also impacts on the boards' role in maintaining corporate governance. This research extends the use of

Bourdieu's theoretical concepts to corporate governance studies specifically boards in rural banks.

ACRONYMS

AGMs.....Annual General Meetings

ARB.....Association of Rural Banks

BoG.....Bank of Ghana



CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents a general overview of the entire study. The chapter provides a background to the study, the problem that the research addresses with the inclusion of gaps based on the literature reviewed, the research objectives, the significance of the study and the chapter disposition for the study.

1.1 Background

Financial institutions have become important global pillars of socio-economic development of every nation (Appiah, Asamoah & Narkotey, 2015). The role they play in the current global economy serve as a medium for economic growth and development (Burgess & Pande, 2005; Anbar & Alper, 2011). Over the last two (2) decades, many bank failures and collapses have been mainly attributed to poor corporate governance (Blundell-Wignall, Atkinson & Lee, 2008; Srivastav, 2013; Sarkar & Sarkar, 2018). Examples include the failure of the Union Bank of Switzerland (UBS) in 2008 and Capitol City Bank & Trust Company in the USA in 2015. Studies have shown that good corporate governance practices are acknowledged to be essential for the success of organisation (Hoskisson, Johnson & Moesel, 1994; Antwi & Binfor, 2013). Banks that practices good corporate governance are imperatively better placed to survive than those who do not. Unlike corporate governance in commercial banks which has been widely studied, that of rural banks have been less explored. Rural banking has made tremendous quantitative progress globally over the last two (2) decades (Mandala, Nawangpalupi & Praktikto, 2012). These financial institutions provide financial intermediary among rural settlers (Nair, 2000).

In Ghana, rural banks are major players in the financial sector. They play an important role in the socio-economic development of Ghana. They do this by providing funds for farmers in the rural areas, rural enterprises and promoting rural development (Nair & Fissaha, 2010). They provide financial intermediation to people and businesses in these parts of Ghana which are usually cut off from the mainstream banking services provided by the major commercial banks. The number of rural banks in Ghana has increased to 144 as at July 2018 since the introduction of the first rural bank in 1976. Beyond the numbers, the total assets of the rural banks have also grown, rising from GH¢220,000 (\$45,800) in 2005 to GH¢2.6 billion (\$542,000,000) in December 2015 (Owusu-Antwi, Antwi & Crabbe, 2014).

The operations of rural banks have faced many challenges over the years. Problems including poor corporate governance, low capitalization, poor customer service and non-performing loans are just some of the challenges that have affected the operations of some of these rural banks (Nair & Fissaha, 2010; Owusu-Antwi *et al.*, 2014). Poor corporate governance playing a major role with support from the other problems like non-performing loans have led to poor performance resulting to collapses and mergers of some rural banks (Owusu-Antwi *et al.*, 2014). Akyempim rural bank and Gomoaman community bank merged in 2017 after the old board of Akyempim rural bank was directed by the ARB Apex Bank to resign due to their poor governance practices that resulted to poor performance. Corporate governance issues like unqualified and unexperienced boards and weak internal controls resulting to corruption by management and staff are major contributions to the poor corporate governance practices that led to the collapse and mergers in some rural banks (Andah & Steel, 2003; Nair & Fissaha, 2010; Antwi & Binfor, 2013). In 2014, Zabzugu rural bank ceased operations following its inability to retrieve huge loans contracted by the board chair to his relatives and close associates. Also, some staff of the rural bank were arrested for poor inventory management lapses which eventually plunged into bankruptcy leading to its fold up.

A survey by the Business and Financial Times in 2017 showed that, for rural banks in Ghana to thrive, they need to embrace good corporate governance because good corporate governance has been recognised as one of the key pillars of successful financial institutions. Also, it has been identified as an important tool for ensuring effective and efficient provision of financial intermediation (Antwi & Binfor, 2013). The survey went further to show that some rural banks were performing extremely well and among the key driving factors was good corporate governance practices like building a strong and qualified board whilst the lack of good corporate governance in some rural banks contributed to their poor performances despite some being in existence for over two (2) decades. It was stated in the survey that rural banks that performed poorly in the past had improved partly due to good corporate governance. Therefore, there is a greater need in promoting and ensuring good corporate governance in rural banks in Ghana because their failure will not affect only their stakeholders- such as shareholders, employees, management and customers- but may have a systematic impact on the economy of the country as a whole because of the role they play.

Good governance practices have been acknowledged to be essential for the success of any organisation (Hoskisson *et al*, 1994; Antwi & Binfor, 2013). This is because, it is the system by which an organisation is directed and controlled (Cadbury Report in UK, 1992). One key player in corporate governance is the board. Fama and Jensen (1983) stated that the board in every organisation is the highest level internal corporate governance mechanism responsible for monitoring the actions of management. They are the primary architects of corporate governance structures in organisations where they design the strategic framework and principles that are implemented by senior management (Brown, 2005). They are appointed by the shareholders to develop directional policies, approve strategies, ensure accountability, appoint, supervise and remunerate senior executives in organisations (Sarkar & Sarkar,

2018). When things go wrong in organisations, it is the boards who often become the centre of attention (Adams, Hermalin & Weisbach, 2010).

Rural banks by the laws governing them do not have executive directors (Nair & Fissaha, 2010). Their boards are made up of directors that are more independent of management which serves as a catalyst for better supervision of the activities of senior management. There are board sub-committees that are established on the boards of rural banks. These sub-committees are tasked with various activities on the board. Boards have been at the heart of the regulatory debate concerning governance reform, and the attention of considerable academic research following a series of corporate scandals (Adams *et al.*, 2010). Among the multitude of factors that had worked in conjunction to precipitate the financial crisis in 2009 was the weak governance systems of banks especially with respect to how their boards discharged their fiduciary duties and the qualifications and skills of the board (Kirkpatrick 2009). Literature has also shown that having a good corporate governance affects the financial performance of organisations (Felton, 1979; Antwi & Binfor, 2013).

1.2 Problem Statement

Research has shown that poor corporate governance practices have led to the collapse of some big corporations in the world. Enron, Worldcom and Arthur Anderson's collapse are major examples of the results of poor corporate governance practices. After the global financial crisis of 2009, many scholars implicated poor corporate governance practices as a major reason, while other factors played only a supporting role (Kirkpatrick, 2009; Yeoh, 2009; Fetisov, 2010; Kumar & Singh, 2013). Many deficiencies in the governance structures and processes led to the collapse of many financial institutions which triggered the financial crisis (Kirkpatrick, 2009; Laeven, 2013). There have been many studies on corporate governance in financial institutions since then.

Mehran and Mollineaux (2012) are of the view that the motivation behind the increase into corporate governance research in financial institutions is because financial crises do not occur randomly but are caused by the decisions of the institutions and individuals operating within a given framework of laws, regulations, and tax codes. They also indicated that, for each financial institution that creates an economy-wide crisis, there is an underlying failure of incentives among the owners, creditors, regulators and executives of the institutions. Therefore, the increase into corporate governance studies is because the studies have the potential to identify problem spots where incentives are mismatched in a way that could lead to an undesired firm behaviour or even system-wide instability.

Carcello, Hermanson & Ye (2011) provided a detailed insight on previous corporate governance studies but many of the studies discussed in their paper were mainly quantitative studies. Turley and Zaman (2004) also showed that most corporate governance studies make use of the quantitative approach because it is suited for examining the association between governance inputs and various outputs. However, Yasin, Muhamad & Sulaiman (2014) established that using merely archival method in corporate governance studies cannot be sufficient to analyse the corporate governance processes. Therefore, employing the qualitative approach which uses case studies, interviews or observations is essential in the analysis the corporate governance processes (Cohen, Krishnamoorthy & Wright, 2010). The qualitative approach provides a basis for challenging some of the dominant assumptions about how governance processes actually function (McNulty, Zattoni & Douglas, 2013). McNulty *et al.* (2013) explored 78 qualitative corporate governance studies in 11 journals published from 1986 to 2011 and the results showed that qualitative studies on corporate governance have been increasing but there is still limited works employing the qualitative approach for studies in corporate governance. Bluhm, Harman, Lee & Mitchell (2011) supported this by stating that the interest in and influence of qualitative research appears to be

growing among researchers. However, qualitative researchers still face a number of added barriers compared to the quantitative researchers when trying to publish their work (Yasin, Muhamad & Sulaiman, 2014). McNulty *et al.* (2013) called for qualitative studies of corporate governance practices as there is much scope for more qualitative studies which explore the array of interactions and processes involved in corporate governance, across different levels of analysis and contexts.

Many of the works conducted on corporate governance in financial institutions have been on financial institutions in the developed world leaving the area of corporate governance in financial institutions in developing countries less explored (Antwi & Binfor, 2013). The review by McNulty *et al.* (2013) reported that most corporate governance studies were developed by European scholars and published in European journals. This was confirmed by Zattoni, Douglas & Judge (2013) who identified that most corporate governance studies were published by Europeans especially scholars from the UK. This led them to recommend that there should be more corporate governance studies from non-European countries especially Africa and Asia. Deadman and Filatotchev (2008) reported in their study that, the corporate governance research findings from one environment transferred to another will not produce the same outcome. This could be as a result of the difference in regulations and cultures between these environments.

The academic field studying corporate governance has been active with a number of theories but literature shows that very few works studying corporate governance in financial institutions makes use of theories (Filatotchev & Boyd, 2009). Many scholars employing theories for corporate governance studies have concentrated on the stewardship theory, agency theory and resource dependence theory (Van Ness, Miesing & Kang, 2009). Daily, Dalton & Cannella (2003) is of the view that this is likely due to the simplicity and alignment of such theories with the well-established tradition of methodological individualism. Van

Ness *et al.* (2009) stated that while theories provide some insight into corporate governance, they are not useful for predicting or explaining board-specific phenomena. This led Zattoni *et al.* (2013) to suggest the use of other theories to explore real-life governance issues using data collected through a direct interaction with key governance actors. Deadman and Filatochev (2008) also recommended the use of new theories for corporate governance studies aside the regularly used ones like agency theory. They stated this will bring out new perspectives in the area and help in developing a theory in the area.

Scholars have also called for interdisciplinary studies which leads to the integration of theoretical concepts from different disciplines to broaden the understanding of an underlying career phenomena in a particular field (Chudzikowski & Mayrhofer, 2011). Integrating theoretical concepts from different disciplines leads to the acknowledgement of the intricacies of careers located at the ‘intersection of societal history and individual biography’ (Grandjean, 1981), linking of the micro and macro-frames of references (Schein, 1978) that traditionally have been regarded as indissoluble (Barley, 1989). Lounsbury and Ventresca (2003) state that, “the time is ripe” for organisational theorists to renew their attention to broader social structures and to bring “society” back to the centre stage.

Although no work studying boards employed Bourdieu’s theory per my literature review, existing studies on boards found had some concepts in line with Bourdieu’s concepts. Social and economic capital has been the main focus of scholars studying boards (see Adu-Amoah *et al.*, 2008; Aboagye & Otioku, 2010; Owusu Antwi *et al.*, 2014). Bourdieu (1986) distinguishes between four forms of capital which is made up of the economic, social, cultural and symbolic forms of capital that helps determine peoples’ position within a social order. Also, majority of corporate governance studies employing Bourdieu’s theory do not mobilise his core concepts of field, capital and habitus holistically (Malsch, Gendron & Grazzini, 2011). The concept habitus is particularly infrequently used in examining micro

processes ensuing from the creation and reproduction of power relations in society. But Golsorkhi, Leca, Lounsbury & Ramirez (2009) develop the viewpoint that Bourdieu's core concepts should be used relationally if one is to really exploit their power to develop understandings.

Also, majority of the works on corporate governance in financial institutions in Ghana have focused on the universal banks leaving the other financial institutions like rural banks less explored (see Kyereboah-Coleman & Biekpe, 2008; Darko, Aribi & Uzonwanne, 2015; Agyemang Badu & Opoku Appiah, 2017; Amoateng *et al.*, 2017). But literature has shown that rural banks play an important role in the socio-economic development of Ghana (Nair & Fissaha, 2010; Antwi & Binfor, 2013; Owusu-Antwi *et al.*, 2014). Also, boards in the rural banks play an important role in the success and survival of these banks because it has been identified in literature that poor corporate governance issues like unqualified and inexperienced board (Owusu-Antwi *et al.*, 2014) has played a major role in the collapse of some rural banks in Ghana. Corporate governance issues related to boards like board qualifications and board roles was also identified as one of the causes of the global financial crisis in 2009 (Basel Committee, 2010; Kumar & Singh, 2013; Sarkar & Sarkar, 2018). They are also the highest level of the internal corporate governance mechanism in every organisation (Fama & Jensen, 1983). Therefore, studying certain aspects of the boards in rural banks in Ghana has the potential of identifying poor governance issues that can lead to their collapse which will affect the rural enterprises they provide funds for and hamper rural development and in turn affect the economy of Ghana at large. This study employed Bourdieu's (1972) "Theory of Practice" to study corporate governance in rural banks with boards as the main centre of focus and specifically their appointment, composition, decision making and remuneration.

1.3 Research Purpose

This study adopted Bourdieu's "Theory of Practice" to study the boards in rural banks in Ghana.

1.4 Research Objectives

Specifically, the study sought to find evidence of Bourdieu's theory on

1. Board appointment in the rural banking field
2. Board composition in rural banks
3. Board decision making in rural banks
4. Board remuneration in rural banks

1.5 Significance of the Study

The findings of the study make three (3) key contributions:

First, this study contributes to the broadening of the knowledge on boards in rural banks. It addresses the calls for interdisciplinary studies (Lounsbury & Ventresca, 2003; Chudzikowski & Mayrhofer, 2011) and the use of new theories in corporate governance studies (Deadman & Filatochev, 2008; Van Ness *et al.*, 2009; Carcello, *et al.*, 2011; Zattoni *et al.*, 2013). By addressing this call, this study extended the use of Bourdieu's theory to the field of boards in rural banks. Bourdieu's theory has been utilised in other fields including accounting departments (Aburous, 2016) and health care (Kurunmaki, 1999). Using this theory in boards in rural banks research has broadened the knowledge in the rural banking field on board appointment where symbolic capital was found to have the most influence on board appointments.

Second, the findings of this study will help practitioners in ensuring the practice of good corporate governance in the rural banking field. The study identifies threats and challenges to the practice of good corporate governance like the unequal distribution of board members allowance which when contested by the board members can affect the board and the execution of their roles in the banks. Using the findings from this work, practitioners will identify this threat to good governance and find solutions to prevent it from affecting the board in their role in ensuring good corporate governance.

Lastly, the findings from this study inform policy makers on policy making on corporate governance in the rural banking field. This study identifies social relation of individuals to board members and other organisations influenced board members appointment while symbolic capital had the most influence on board appointments in rural banks. These factors have not been considered in policies on corporate governance for rural banks so the findings will help policy makers in assessing and considering these factors and how they influence corporate governance during policy formulation.

1.6 Chapter Disposition

The study was divided into five chapters:

Chapter one, which is the introductory chapter of this thesis presents the background of the study, problem statement, research objectives, research questions and significance of the study.

Chapter two is the literature review. This chapter presents a review of the related literature on the subject matter.

Chapter three which is the methodology has the research design, research population, sampling technique and sample size. Additionally, sources of data, instrument for data

collection, methods of data collection and issues on ethical considerations were addressed. Thereafter, the data analysis technique used for the study was discussed.

Chapter four is data analysis and discussions. It presents the analysis of the interview data collected and discussion of the findings in relation to theory and literature.

Chapter five has the summary, conclusion and recommendation which is the last chapter. It was dedicated to the presentation of the summary of the study and conclusions based on the findings. Thereafter, recommendations for future study were mentioned in this chapter.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a review of relevant literature on the topic under study. Literature reviewed covers the rural banking field, corporate governance issues in line with the themes that emerged from data analysis and finally Bourdieu's "Theory of Practice" (Bourdieu, 1972).

2.1 The Rural Banking Field of Ghana

The concept of rural banking was introduced in Ghana in the year 1972. It was imported from the Philippines by the then government to support economic development. They were established after a nation-wide study by the Bank of Ghana (BoG) on rural finance revealed that the universal banks then were reluctant to operate in the rural economy (Owusu-Antwi *et al.*, 2014). Therefore, the BoG introduced rural banking to fill the financing gap which had been existing in the rural communities. Before the first rural bank was established in 1976, rural communities, especially for peasant farmers and fishermen did not have access to any form of formal credit. Their main sources of credit were the moneylenders and traders who charged excessive interest rates on loan. Due to this, the government took the initiative to improve the accessibility of finance in the rural areas of Ghana (Owusu Antwi *et al.*, 2014). According to the BoG in 2006, the key functions of rural banks are to:

- Mobilise savings in the rural communities and channel them into the provision of credit to rural microenterprises, agro-based firms and cottage industries
- Monetise the rural communities by way of inculcating in rural folks the culture of formal banking

- Serve as tools for the growth and development of microenterprises in the rural communities to facilitate rapid rural industrialization for the overall enhancement of the national economy.

Rural banks are unique in terms of ownership structure, management structure and operations. Unlike the large universal banks, rural banks are owned by members of the rural community through the purchase of shares. According to Owusu-Antwi *et al.* (2014), rural banks are special banks established as a development strategy to take organised banking culture to the door steps of the rural population and fill up the culture and aspirations of the community in which they are operating.

The first rural bank was established in 1976 in a farming community in the Central region of Ghana called Nyakrom with a capital of 60,660 old Ghana cedis (\$1,390). The capital was drawn from the contributions of the farmers in the community. There were 106 rural banks in Ghana between 1980 and 1984 due to rising interest among rural communities to establish their own banks and the introduction of Akuafo Check operations in cocoa-growing areas in 1982 (Nair & Fissaha, 2010). In 1981, the managers and directors of rural banks in Ghana formed the Association of Rural Banks (ARB) to promote the exchange of information among themselves and also to improve the performance of rural banks in the country as a whole. Currently, there are 144 rural banks that have been licensed by the BoG to carry out rural banking services in Ghana.

The main regulator and supervisor of rural banks in Ghana is the BoG. Rural banks are licensed under the Banking Act 2004 (Act 673) as amended by Act 2007 (Act 738) and subsequently amended by the Banks and Specialised deposit Taking Institutions Act 2016 (Act 930). The bog has delegated part of its supervisory functions to the ARB Apex Bank. The ARB Apex Bank was granted a banking license in 2001 and commenced banking

operations in 2002 to provide specialised services necessary to improving the quality and scope of services offered by rural banks and also perform important supervisory functions delegated by the BoG (Nair & Fissha, 2010). In doing so, the ARB Apex Bank acts as a mini-central bank for rural banks. Since rural banks are set up as limited liability companies, they are also regulated through the Companies Code, 1963 (Act 179). This code is used by the government to regulate limited liability companies in Ghana.

2.2 Empirical Review of Corporate Governance in Rural Banks

Corporate governance system in the rural banking field is a rational model from the western world recommended by the World Bank and implemented by the BoG. It is maintained externally through the main regulatory agencies like the BoG and ARB Apex Bank and internally through the respective boards of directors (Adu-Amoah *et al.*, 2008; Antwi & Binfor, 2013). It has been identified to be essential for the success of any organisation (Hoskisson *et al.*, 1994). A key body in an organisation that have a major influence on corporate governance is the board. Boards are the highest internal corporate governance mechanism in every corporation (Fama & Jensen, 1983). They are the architects of corporate governance structures in organisations through processes such as the appointment, supervision and monitoring of management, development of policies and ensuring accountability (Brown, 2005; Sarkar & Sarkar, 2018).

From the previous chapter, it was realised that issues related to boards in rural banks in Ghana have caused many problems for some of these banks. Fama and Jensen (1983) showed some of the important factors related to boards. These factors affect their ability to execute their roles as board members. Among the factors outlined by Fama and Jensen are appointments, composition, decision making and remuneration. In the next sections, corporate governance issues related to boards in general and boards of banks such as the

appointment of board members, the composition of boards, decision making by board members and board members remuneration are presented.

2.3 Board Members Appointment

Board members in corporations are appointed by the shareholders of the corporations to act in their stead (). This means, the board represent the shareholders and they are tasked to make decisions that will favour the shareholders. In the appointment of board members in organisations, there are a number of factors that have influence on it. Below, literature on some of these factors have been reviewed.

2.3.1 Board Members Appointment Regulations

Mensah, Aboagye, Addo & Buatsi (2003) stated that different mechanisms have been introduced to help improve the extent to which corporate governance is practiced in all segments in the country of which rural banks are included. Among the structures that have been adopted to improve corporate governance in the banking field of Ghana are The Companies Code 1963 (Act 179); the 1993 (PNDCL333) Securities Industry Law, as altered by the Securities Industry (Amendment) Act 2000, (Act 590); The L.I. 1509 (1990) Listing Regulations of the Ghana Stock Exchange,); The Securities and Exchange Regulations (2003), L.I 1728; The Banks and Specialised Deposit-taking Institutions Act 2016 (Act 930) and other directives from the regulator of the banking field, the Bank of Ghana (BoG).

Board members appointment in organisations in Ghana is governed by some rules and regulations. In the rural banking sector of Ghana, the Companies Code 1963 (Act 179) and the BoG's regulations are the main regulations that govern board members appointment (Nair & Fissaha, 2010; Owusu Antwi *et al.*, 2014). The Companies Code 1963 (Act 179) applies to these banks because they are set up as limited liability companies. Likewise, their operations

as banking institutions subject them to comply with the regulations set by the main regulator of the banking field in Ghana, the Bank of Ghana (BoG) (Nair & Fisssha ,2010). These regulations state clearly the process and individuals who can be appointed as board members in rural banks.

Rules and regulations on board appointments in organisations ensures that the people appointed to the board are qualified and have the willingness to work on the board (Nair & Fisssha, 2010). Banking regulations are used to subject banks to certain requirements and guidelines which help to prevent economic crises (Barth, 2004). These regulations ensure individuals appointed to the boards of the banks are people willing and capable of performing their tasks as board members. Usually, banks that fail to comply with the rules and regulations are punished when found. The punishment ranges from the revoking of banking license, fines in the form of cash and several other punishments (Nair & Fisssha ,2010). For instance, the BoG in 2016 revoked the banking licenses of two (2) commercial, UT Bank and Capital Bank for failing to adhere to the rules and regulations in the banking sector. In 2018, the BoG revoked the licenses of five other commercial banks for a similar reason. These punishments ensure that banks in Ghana comply with the laws which will ensure the practice of good corporate governance. Also, Laeven and Ross (2009) indicates that rules and regulations in organisations ensure and promote good governance.

2.3.2 Shareholder's Role in Board Members Appointment

In the governance structure of rural banks in Ghana, the board of directors represents the shareholders within the bank and supervises the management of the bank (Antwi & Binfor, 2013). Shareholders elect board members in limited liability companies in Ghana of which rural banks are included (Nair & Fisssha, 2010). This is stated in section 31 of the Companies Code 1963 (Act 179) for companies in Ghana.

Eisenberg, (1969) showed that shareholders are allowed to elect board members in companies because they have their capital invested in the company so they must appoint people who they believe are in the best position to advice, direct and make decisions for their companies. All individuals who apply to be appointed to serve on boards after passing all the requirements stipulated by law have to go through the election process where shareholders vote to elect their board members. With this, shareholders are able to elect people who they believe will help them and their investment in the company to the boards of their organisations at Annual General Meetings (AGMs) (Galletti, 2015).

An organisational triangle which illustrates the idea that structure, processes and the people involved all contribute to the culture of an organisation. Eisenberg (1969) reports that shareholders are the base of the organisational triangle in the corporate norm since they vote to elect the board of directors who appoint the other people in the organisation. In large corporations, one principle of social policy which is the promotion of business efficiency is best served when shareholders are allowed to arrange the organisation of their corporation as they choose and provide rules based on their expectations to decision making (Galletti, 2015).

2.3.3 Appointment Based on Individual Skills, Experiences and Educational Qualifications

One of the main issues outlined by the Basel Committee in 2010 as the cause of the financial crisis in 2009 was the skills and qualifications of board members. Due to this, the Committee issued a set of principles to enhance corporate governance in banking organisations and highlighted the importance of the board and most importantly the qualifications and composition of the board in October 2010 (Sarkar & Sarkar, 2018). In Ghana, the BoG gives some directives on the skills, experiences and educational qualifications that are required of individuals that can be appointed as board members (Nair & Fissaha, 2010).

According to Bourdieu (1977), an individual's skills, experiences and qualifications are his embodied and institutionalised cultural capital. Institutionalised cultural capital in the form of educational qualifications acquired through learning confer on an individual competence and authority in a particular field. This means appointing individuals with a specific cultural capital in a field gives some assurance that they can perform their tasks. Likewise, embodied cultural capital in the form of experience and skills acquired through socialisation and learning help individual take decisions in certain situations. Bourdieu (1977) indicated that cultural capital gives an individual more power within their field. Therefore, individuals with these forms of cultural capital required by law are advantaged during the appointment of board members and their appointment also gives some assurance that they can perform their tasks.

For an organisation to maintain or improve its position within its field, it needs knowledgeable, skilled and experienced board of directors who can monitor the environment very well in order to perform their oversight functions efficiently and effectively (Sarbah & Xiao, 2014). Organisations face many problems if they fail to appoint skilled, qualified and experienced board of directors. In 1983, loan performance of rural banks in Ghana deteriorated because the board of directors of most rural banks had little experience and understanding of the banking business (Owusu Antwi et al, 2014). This was also evident in the merger of Akyempim rural bank and Gomoaman community bank in 2017 where the board were forced to resign because of the poor governance practices in the banks. Also, the directors of the rural banks were elected on the basis of their reputation in the community (Antwi & Binfor, 2013).

2.3.4 Appointment Based on Number of Shareholdings

Companies can set their own rule on the class of shareholders that qualify to apply to be appointed to their boards as board members and this is usually governed by regulations (Nair & Fissaha, 2010). They usually set their rules to allow only shareholders with certain number of shares to apply to be appointed as board members. This ensures that the board members take decisions that will favour the organisation since they have some interest in the organisation (Antwi & Binfor, 2013).

Bourdieu's (1977) concept of economic capital states that an individual with more economic capital in a particular field is more advantaged than those with less when competing for a position. Bourdieu (1977) defined economic capital as the physical and monetary resources that an individual owns and these resources determine the individual's position in the social order. The number of shares held by an individual can be classified as economic capital because it is a monetary resource that the person owns and it is also determined by the amount of money an individual has. Having more shares in an organisation gives an individual more advantage in getting a position over those who have less.

Becher, Campbell and Frye (2005) noted that, since board of directors are responsible for aligning company affairs with shareholder interests, companies must put in place measures to ensure directors share ownership which require that directors own at least some specified amount of company equity and that they hold equity granted as compensation for a minimum period before selling those shares in the company. This will ensure that the board of directors are invested in the company's current and future performance. Also, because they have investment in the company, they have an incentive to ensure it is performing well both in the short-term and the long-term (Galletti, 2015).

2.3.5 Appointment Based on Social Relations

Individuals who have relations with various stakeholders of an organisation are more likely to be appointed when applying for a post in the organisation (Wiersema, Nishimura & Suzuki, 2018). Wiersema *et al.* (2018) found in their study that, during appointment of board members, candidates who had shared connections and experiences with the existing board members and shareholders in terms of religion, school, geographic location or previous employment affiliations were more likely to be appointed over those who did not have. Given the huge implication of board appointments on the strategic direction of companies, it is necessary to recognise that social factors such as shared experiences and connections have influence on how individuals are perceived which can influence appointment decisions (Wiersema *et al.*, 2018).

Adu-Amoah *et al.* (2008) showed that social relations played an important role in the governance of rural banks in Ghana. They found that although the corporate governance system in Ghanaian rural banks was a western model recommended by the World Bank and implemented by the BoG, the locations and ownership of these banks allowed board members appointment and decisions to be often embedded in social relations. This affected the independence of the boards and also impacted on their role in maintaining corporate governance.

According to Bourdieu (1977), social capital which is made up of an individuals' network of relations helps its holders climb up in the social order. It gives its bearers more advantages when competing for a post within the field in which it is held. According to Bourdieu, the network of relations that one has helps determine the person's position in his field of practice and also serves as a tool to discriminate among equal individuals competing for a post.

2.4 Board Composition

Board composition can reflect various degrees of heterogeneity (Bhagat & Black, 2002). Common measures of board composition include the ratio of independent non-executive directors and board size (Rashid, 2011). Other measures of board composition in literature include gender and age diversity (Rashid, De Zoysa, Lodh, & Rudkin, 2010). In the sections below, literature on some of these measures are reviewed.

2.4.1 Board Size

Board size refers to the total number of directors on the board of any corporate organisation. Many scholars have recommended large board size (Barroso, Villegas & Pérez-Calero, 2011; Fernández et al., 2015; Palaniappan, 2017) but some other scholars are of the believe that a small board size is more appropriate for any organisation that wants to sustain improved performance (Ugwoke, Onyeonu & Modebe, 2013; Sarpal & Singh, 2013; Yasser et al., 2017). Forbes and Milliken (1999) argue that large board sizes provide an increased pool of expertise and have the capability to reduce the dominance of an overbearing CEO. Also, larger boards are believed to be able to make significant contributions in strategy development.

However, due to their sizes, larger boards are more prone to conflict among directors, have less time during board meetings for individual directors to speak up, are difficult to coordinate, and are late in strategic decision-making processes (Amason & Sapienza, 1997; Forbes & Milliken, 1999; Fernández et al., 2015; Palaniappan, 2017). Also, Herman (1981) and Barroso *et al.*, (2011) contend that large boards are weak boards because in-depth discussion becomes unlikely; diversity, contention, fragmentation and factions make it harder for the board members to work as a group and reach an agreement. Large boards may also be less participative, less cohesive and less likely to reach an agreement. Difficulties in communication and inhibition of the strategic action might exist which in turn limits the

board members' contributions (Dalton, Daily, Johnson, & Ellstrand, 1999; Forbes & Milliken, 1999; Goodstein *et al.*, 1994). Empirical studies have also shown that small boards sizes can help organisations gain better financial performance (Jensen, 1993; Daily, Certo, & Dalton, 1999). Empirical studies on board size have reported inconsistent findings.

Usually, issues related to board sizes are regulated by the rules and regulations that exist in the field. Nair and Fissha (2010) studied twelve (12) rural banks in Ghana in 2010 and found that the minimum size of a board of a rural bank in Ghana was five (5) and the maximum size was eleven (11). Nair and Fissha (2010) also found that although the number of directors with voting rights could not exceed the maximum number allowed, additional individuals could participate as co-opted members. They showed this followed the regulations on board size in the field of rural banking. Also, Appiah, Asamoah and Osei (2017) found that larger boards in Ghana may or may not have more seats to accommodate a wider community representation including customer base, labour pool and women.

2.4.2 Board Gender Diversity

Board Gender diversity has been poor among companies all over the world (Dewally, Flaherty & Tomasi, 2017). Studies have shown that it is females that are affected most in this situation as fewer women are appointed to serve on the boards of organisations (Adams & Ferreira, 2009; Huang & Kisgen, 2013). Men are preferred to women in board membership in organisations. Hodigere and Bilimoria (2015) found that the reason for fewer women involvement on boards was not only as a result of their human capital and professional network. They found that there are factors other than these two that impacted women's appointment to corporate boards. The factors include the norms and beliefs of the people who appoint board members in these companies. This has led to the institution of some rules and regulations in some countries to ensure gender board diversity.

In Norway, there is a regulation introducing a 40% quota of women board members in Norwegian listed companies (Eckbo, Nygaard & Thorburn, 2016). Ahern and Dittmar (2012) explored the effects of this gender board diversity regulation and it showed that this had led to a deterioration in the operating performance of the listed firms, due to the appointment of younger and less experienced members. Matsa and Miller (2013) also found that firms affected by the quota policy undertook fewer workforce reductions which increased the cost of labour and reduced short-term profits. This, in turn, led to the deterioration of the profits of the listed Norwegian firms. Although these post-quota female board members in Norway were more qualified than the pre-quota female board members, they brought about negative effects on the firms that appointed them (Bertrand, Black, Jensen & Lleras-Muney, 2014).

Adams and Ferreira (2009) found that gender diversity on boards of US firms brings mixed results. The results showed that it brought about enhanced monitoring abilities and boosted performance in weakly governed firms but undermined shareholder value in firms with strong governance. Women directors are usually appointed to serve on the boards of better performing companies but announcing the appointment of a female director does not bring significant abnormal returns. This means the market does not value them or their impact on performance more than male directors (Farrell & Hersch, 2005). On the other hand, investors react more favourably to corporate decisions made by firms with female executives, while male executives due to overconfidence engage in value-destroying mergers (Huang & Kisgen, 2013).

In listed financial firms in China, board gender diversity enhances firm performance, but there is no relation between the share of female directors and the performance of the largest 50 Chinese banks (Liang, Xu & Jirapon, 2013; Liu, Wei & Xie, 2013). Dewally *et al.*, (2017) reported that the increase in the number of women on boards in general terms was mostly as a

result of boards that were increasing in size. Women were not appointed to replace exiting male board members but rather were appointed when the board size grows. Also, they found in areas where religiosity was high that, female participation in the boardroom was lower and a more educated and qualified female population resulted to higher board participation.

The importance of board gender diversity has been increasingly recognised, due in part to the role played by male dominated boards in high profile corporate failures including Enron (Kaczmarek et al., 2012). Appiah *et al.* (2017) found that, the Ghanaian culture, the traditional sex-role in particular, impacts on the board gender diversity of multi-national firms in Ghana. They went further to report that, younger firms in Ghana may only recruit female directors on their board as strategies to meet certain internal goals or alleviate external pressures, and once the target is met, demand for females ultimately declines as the firm grows (Appiah *et al.*, 2017).

2.5 Board Decision Making

Decision making is one of the major reasons of the constitution of boards of directors. Policy formulation, approval of strategies and other major decisions in organisations take place during board decision making. Literature review showed that board decision making is made up of several factors. Below are some of the factors.

2.5.1 Board Meetings

Vafeas (1999) indicates that the number of board meeting increases annually when share price falls and operating performance of firms improves following years of increased board meetings. This suggests the frequency of board meetings is an important dimension of an effective board. Lipton and Lorsch (1992) find that the most widely shared problem directors face is lack of time to carry out their duties, and that (Conger, Finegold & Lawler III, 1998)

board meeting time is an important resource in improving the effectiveness of a board. Jensen (1993) have an opposing view that board meetings are not necessarily useful because the limited time outside directors spend together is not used for the meaningful exchange of ideas among themselves or with management which is a problem that is a by-product of the fact that CEOs almost always set the agenda for board meetings.

Belkhir (2009) is of the view that for board meetings to be effective, there ought to be a purpose for the meeting, timely notices and appropriate materials for members must be provided, must be chaired effectively, must follow proper meeting procedures and respect the time of board members, must have clear supporting documents such as an agenda, minutes and other reports, must ensure all participants voices are heard and respected, must have some social interaction and networking time, must accomplish results and have action items and lastly must be documented with minutes.

Holding board meetings can have many important benefits including demonstrating where management and control of the company is located, providing a background for meaningful discussions to take place, creating the opportunity for both executive and non-executive directors to articulate ideas and allowing for problem solving in a diverse manner (Booth, Cornett & Tehranian, 2002). Board meeting is directly correlated to board participation and thereby to the success of the organisation in achieving its mission (Hubbard & Palia, 1995). When a board culture that expects the participation of its directors in productive meetings is created and maintained, it increases the engagement of the board and an engaged board is one of the most valuable assets of an organisation (Zhu, Wang & Bart, 2014).

2.5.2 Consensus Decision Making

In the consensus based decision-making process, parties and stakeholders make effort seek to reach an agreement on a course of action to find a solution to an issue or set of related issues

(Adams, Licht & Sagiv, 2011). With this decision-making process, all members of a group reach an agreement on a decision, rather than a majority or a select group of representatives. This process helps stakeholders to find a mutually acceptable solution by working together. Consensus decision-making process helps all parties involved to design their agreement to fit their circumstances (Harpur, 1999). The assumptions, methods and results in the consensus process differ from the traditional majority voting methods. In the traditional majority voting process, the majority wins while the minority side loses. This usually leads to some issues coming back over and over and some issues becoming so contentious that they never get resolved (Hendry, Kiel & Nicholson, 2010).

Bruni Bossio (2018) stated that acting according to consensus process enables a group to take advantage of all group members' ideas. When individuals in a group combine their thoughts, a higher-quality decision can be created than a decision based on voting or a decision by a single individual. Individuals are more likely to implement decisions they accept and consensus makes acceptance more likely which reduce the rate at which members undermine a decision because it is the decision of the majority (Bruni Bossio, 2018). Consensus demands a high level of trust among all individuals in a group. People need to believe that each member is a fair and reasonable person of integrity who has the organisation's best interests at heart (Hendry *et al.*, 2010).

Studies have shown that encouraging board members to contribute to decision making usually leads to enriched decision making (Helmer, 1996; Ogbechie, 2009). Consensus building approach to decision making eliminates the risk of creating strategies that does not suit the needs of an organisation (Bruni Bossio, 2018). This means board members need to understand the impact of favouring certain values over others when making decisions and

they need to agree on a collective set of values relevant to their organisation and business model (Ogbechie, 2009; Bruni Bossio, 2018).

2.6 Board Members Remuneration

Board remuneration is the compensation given to board members for the responsibilities and risk involved in being an effective board member. According to Jensen and Murphy (1990), the general level of remuneration given to board members should reflect the daily rates and fees earned by the board members in their professional capacities. It is therefore required that board remuneration must be set at a level that will attract, motivate and retain individuals with high standards of ability and character needed in carrying out satisfactorily, board members' critical and demanding functions (Hubbard & Palia, 1995). Also, board remuneration should be set at the level which would not sway the independence of the non-executive director (Orlikoff & Totten, 2004). Failure to attract the right persons to the board could negatively affect the efficiency of companies regarding the returns to their shareholders.

Reimbursement of expenses of any member of the board of an organisation is usually paid in accordance with the organisation's internal regulations governing remuneration. The following actually incurred and documented expenses of members of the board are usually compensated for

1. Cost of travel to the place of the meeting of the board and / or a committee of the board and return
2. Cost of accommodation and meals related to participation in the meetings
3. Expenses not related to participation in the meetings but related to the activities of the board and approved in writing the board

Mehran (1995) states that remuneration for board members should not be dependent on company performance. In all fee determination, the remuneration fixed by the directors must be fair to the company. Board remuneration is usually paid as allowances and they are normally paid in the form of cash or shares. Mehran (1995) and Morgan and Poulsen (2001) argue that payment in the form of shares has the advantage of aligning the remuneration of board members to shareholders' interest, thereby raising the directors' focus on company performance and share value.

In many Ghanaian companies, board members seek approval from the shareholders to determine the fee paid as allowance. It is important that the financial interest of the board members does not overshadow the objective of the company as a whole. There is the propensity for some board members to turn the company into a source of income via the board allowances and fees. This would affect the financial performance of the company and eventually create all sorts of internal and external problems (Nair & Fissaha, 2010).

2.7 Politics in Governance

Politics are a part of organisational life because organisations are made up of different interests that need to be aligned (Barcharach & Lawler, 1980). A survey in by Gandz and Murray in 1980 showed that 93% of the total respondents surveyed reported that organisational politics exist in their organisation, and 70% felt that in order to be successful, a person has to engage in organisational politics.

Organisations serve as political structures which provide opportunities for people to build on themselves and provide platforms for the expression of individual interests and motives (Obisi, 2003). An individuals' development at various levels in an organisation is largely dependent on the accumulation of power as the main instrument for transforming individual interests into activities which influence other people (Zaleznik, 1970). Politics in

organisations involve the tactical use of power to retain or obtain control of real symbolic resources (Bacharach & Lawler, 1980). Therefore, individuals in organisations use politics to obtain advantages which are beyond their control (Omisore & Nweke, 2014).

People who are successful in organisational politics tend to be viewed positively usually because they are successful competitors in some aspects. One of the major issues with organisational politics is the promotion of a less competent person based on power and favouritism (Omisore & Nweke, 2014). Bourdieu (1972) is of the view that, politics in organisations arise from the accumulation of more power. The more power an individual gain within an organisation, the more political influence he gets in the organisation. With this political influence, the individual can influence most decisions within the organisation. This leads to the development of the habit of power leading to political influence in organisations.

Adu-Amoah *et al.* (2008) found that governance in Ghanaian rural banks was heavily influenced by politics. This means it was mainly individuals with more political power in the rural banks used their power to influenced governance in the rural banks. They associated this to the location of these rural banks.

2.8 Theoretical Review

The study adopted Bourdieu's "Theory of Practice" that helps to understand a practice to study the practice of corporate governance specifically of boards in rural banks in Ghana. In the sections below, the application of Bourdieu's ideas in corporate governance and the various concepts from the theory are presented.

2.8.2 The Concepts of Bourdieu's Ideologies Including his "Theory of Practice"

The concepts that make up his "Theory of Practice" are field, habitus, capital. Other concepts that move in line with his ideologies are doxa and symbolic violence which helps to explore

the effects of the main concepts. The sections discussed below presents the basic ideas of Bourdieu's theory in relation to this study.

Field

Fields, according to Bourdieu, are “networks of social relations, structured systems of social positions within which struggles or manoeuvres take place over resources, stakes and access” (Bourdieu, 1990 in Everett, 2002). Fields are the places in which interactions and discussions among social actors take place (Walther, 2014). They are the pre-requisites of the other concepts such that, capital, habitus, doxa and symbolic violence cannot exist and occur without a field. Autonomous fields have their own rules and regulations and are also always relational and dynamic social microcosms. Field is one of the most frequently used concepts of Bourdieu in organisational research (Malsch *et al.*, 2011).

Maclean, Harvey & Kling (2015) used Bourdieu's concept of field of power to explore the nature and practice of elite formation among the executive and non-executive directors of top 100 companies in France. They compared and contrasted why some people who enter the field of power failed to qualify for membership, exploring why some succeed as hyper-agents while others do not. They found that the basic requirement that determined who does and who does not succeed in entering the field of power in France is to be well schooled in the French system. They also found that corporate and extra corporate networking was very important to the composition and functioning of the field of power. Corporate agents that ascended to the elite in their companies, the majority serving executives, exhibited considerable diversity of type and connectivity.

Actors in a field focus on power, domination, and class as they interact with themselves (Drummond, 1998). Therefore, an organisation is a field of relations between individuals who are competing for personal advantage. In summary, fields are places of power relations where

practices of agents are not arbitrary (Walther, 2014). Once it has been understood that all interactions are anchored in a specific social field, it now has to be examined how positions on the respective fields are gained. In this study, the field is the rural banking field which is a sub-field of the financial institutions field.

Capital

From the basis that a social field represents the playground where certain rules apply, agents need to be endowed with a specific quantity and structure of resources they can put at stake in order to obtain the right to enter a social field (Bourdieu, 1972; Accardo, 2006). This means the agents made up of shareholders and board members in this study need some forms and number of capitals to enter and be successful in the rural banking field. Each field values particular sorts of resources for its actors that Bourdieu named capital (Bourdieu & Wacquant, 1992). Bourdieu distinguishes between four types of capital namely economic, cultural, social and symbolic capital, which agents mobilise in order to enter and move on within their social fields (Bourdieu, 1986). They give an individual power by determining his or her position within his or her field. This means when board members possess certain forms and number of capitals in the rural banking field, they can attain a certain position in the field. It also serves as a tool for social inequality (Bourdieu, 1986). Although all the types of capital appear to be distinct, in reality, they are very closely linked to each other and some can be converted to the other (Accardo, 2006). The concept of capital together with field has been frequently used in conducting corporate governance research (Malsch *et al.*, 2011). For instance, Kurunmaki (1999) used the concepts of “field” and “capital” to interpret how the various social actors with differently valued capitals in health care competed for power and control. Likewise, Ramirez (2001) used those same concepts to analyse the social closure attempted by accounting practitioners in France.

Economic capital is related to a person's fortune and revenues. It is made up of an individual's physical resources and monetary possessions. In the rural banking field, economic capital can be in the form of the monetary possessions available to actors in the field. This include shares held by shareholders, the properties of agents and the rural banks. This form of capital is directly convertible into money and can be institutionalised in property rights (Bourdieu, 1986). Economic capital is more easily transformed into the other types of capital than vice-versa. This means it is easy to acquire social, cultural or symbolic capital if an individual possesses economic capital than acquiring economic capital with any of the other forms of capital (Bourdieu, 1986).

Cultural capital is made up of an individual's personal attributes like skills, experiences and educational qualifications that is acquired by being part of a certain group. Cultural capital is the primary cause for status and relative positions within a social field (Bourdieu, 1986). It exists in three (3) forms. The embodied form of cultural capital is made up of long-lasting dispositions of the mind developed through practice. An example of an embodied cultural capital is a board member's knowledge on how interpret financial statements of his organisation. The board member's knowledge on the interpretation of financial statement was gained through constant practice of reading and interpreting financial statements and through this, long-lasting dispositions on financial statement interpretation has been created in his mind. The objectified form is in the form of cultural objects like books, ornaments, arts, etc. Lastly, the institutionalised cultural capital is in the form of credentials that confer on its holder some competence and authority (Bourdieu, 1986). Examples include PhDs and some religious titles like Sheik and Reverend. Aburous (2016) used cultural capital and habitus to study professionalisation among corporate accountants in Jordan.

Social capital represents an individual's entirety of social relations. It is made up of an individual's network of potential or actual resources that can be legitimised by the family, group or class membership and allows access to material and immaterial resources, information and knowledge (Gretzinger, Hinz & Matiaske, 2010). The network of relations board members in the rural banking field have within that field and other related fields of interest to the banks serves as their social capital which determines their position in the field. For instance, if a qualified person has a relation on the board of an organisation he is applying for job, the probability of that person getting the job is high compared to a qualified individual without any relation on the board of the organisation.

Lastly, symbolic capital is the power that arises out of the other forms of capital, but only when the arbitrariness of the possession and accumulation of these other forms is misrecognised. This is the most valuable form of capital because it gives an individual more power within their field (Bourdieu, 1977). A situation of symbolic capital is when individuals with the same number of shares apply to be appointed as board members and one is appointed because he possesses a skill needed on the board. Over here, although they all qualified to be appointed based on the number of shares held, one had a cultural capital that was needed so it acted as a symbolic capital when the arbitrariness of economic capital as a basis for appointment was misrecognised. Neu, Friesen and Everett (2003) used symbolic capital together with cultural good to produce an insightful analysis of the externally and internally legitimating functions of ethics discourses in the accounting profession in Canada.

Habitus

Habitus are the mental structures through which people make sense of their social world and dispose them to act in certain ways (Bourdieu, 1977). It is developed over a course of years through socialisation and learning. Through habitus, individuals are able to react in certain

ways during certain times because of the mental structures created by the persons' mind and body during socialisation and learning. Basically, habitus can be said to be the way of doing things in a particular field (Bourdieu, 1977). In corporate governance in the rural banking field, habitus include the process of board members appointment and decision making. These governance processes are developed through learning and it is always referred to when needed because they are in the minds of the actors involved. Malsch *et al.* (2011) showed that habitus is the most infrequently used concept from the theory of practice in organisational studies. One of the studies that have used habitus for organisational research include Aburous (2016) where she studied how cultural capital and habitus to analyse how professionalisation is enacted among corporate accountants in a postcolonial Jordan and how westernisation supports practices of inclusion and exclusion.

Doxa and Symbolic Violence

Doxa refers to what is taken for granted in any particular society or field. Doxa is the experience by which the natural and social world appears as self-evident. In societies that has doxa, question of legitimacy does not arise because symbolic struggles are not fought to contest what is essential because they go without saying just as they come without any saying (Bourdieu, 1977). Doxa is produced and reproduced in the habitus. It is produced and reproduced within the field by the dominant and the dominated further entrenching a system of social inequity (Bourdieu & Wacquant, 1992).

Symbolic violence occurs when doxa leads the unequal distribution of wealth or resources among agents and symbolic struggles are fought to contest what is essential within a field (Bourdieu, 1977). This usually happens in a doxic society because in a doxic world, due to the self-evident nature of the social order, two groups of individuals are created, that is, the dominated and the dominant. The self-evident nature creates this belief in people leading to

one group being treated well than the other which usually results in the unequal distribution of resources. Symbolic violence has the potential to do what political and physical violence do but it only does it more efficiently (Bourdieu & Wacquant, 1992). This is because symbolic violence is an act of cognition and misrecognition that lies beyond or beneath the controls of consciousness and will (Bourdieu, 1977).

2.8.2 Application of Bourdieu's Theory of Practice (1972) in Corporate Governance Studies

The "Theory of Practice" was introduced by French sociologist and anthropologist Pierre Bourdieu in his work, "Esquisse d'une théorie de la pratique" (Outline of a Theory of Practice) published in the year 1972. The "Outline of a Theory of Practice" was initially written in French in 1972 but in 1977, Richard Nice translated it into English. This theory was adopted together with his ideologies for this study because it is classified as a grand theory because it is an abstract and normative theory of human and conduct that is generic in nature and can be applied to different circumstances and areas of research within an organisation (Walther, 2014). For example, Alawattage (2011) adopted Bourdieu's concepts to unearth the way in which accounting calculative practices serve to reinforce the rigid hierarchical structures in gem mining in Sri Lanka. Hamilton and OhOgartaigh (2009) also used Bourdieu's concepts to show that auditors effectively reinforce the status quo and the constitution of hierarchy and inequity that exists in the accounting field by dominating the declaration of "true and fair view" of an organisation. Due to its nature as a grand theory, studies from different disciplines such as organisational studies (Nahapiet & Ghoshal, 1998), marketing studies (Holt, 1998), human resource management studies (Mayrhofer, Meyer,

Steyrer & Langer, 2007) and accounting studies (Aburous, 2016) have used Bourdieu's theory as theoretical framework. One important contribution of Bourdieu's theory is that it reconciles the dualism(s) of structure vs. agency, structuralism vs. constructivism, determinism vs. freedom and macro vs. micro (Bourdieu, 1972; Bourdieu & Wacquant, 1992 in Walther, 2014). This means using the theory to study corporate governance in rural banks will lead to a broadened understanding on the issues that influences it.

Bourdieu's theory also shows that individuals' daily life as social agents is influenced by an infinite amount of interactions like negotiations, discussions and conflicts. For instance, Aburous (2016) used cultural capital and habitus to show that, the enactment of professionalism among corporate accountants in Jordan was influenced by their postcolonial interaction. In order to get these interactions, it is important to first understand the circumstances and the places where these interactions are produced (Accardo, 2006 in Walther, 2014). This means the adoption of the theory aided in understanding corporate governance in Ghanaian rural banks by showing that corporate governance is as a result of the interactions among the social agents made up of shareholders, regulators and board members in the rural banking field. Bourdieu (1966) stated that interactions among individuals have to be considered in their respective social spaces that is subdivided into different social fields which serves as an arena of a practice.

In his theory, Bourdieu explains strategy or practice by the complex interplay of his main concepts, namely field, habitus and capital. This motivated the adoption of the theory because there is an interplay of all his concepts in the Theory of Practice and other ideologies such as doxa and symbolic violence in the practice of corporate governance in rural banks. Golsorkhi and Huault (2006) showed that Bourdieu's "Theory of Practice" does not constitute a cohesive theory within itself, but rather represents a flexible theoretical approach whose main

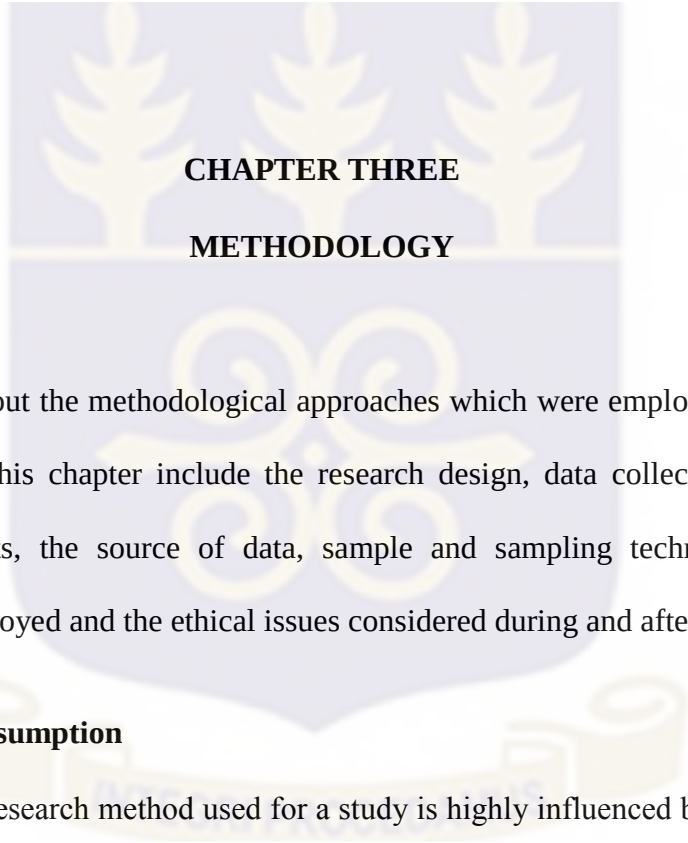
elements must never be considered detached from each other. This means it is almost impossible to explain one element of Bourdieu's theory without referring to the others.

The theories adoption was also influenced by the calls for new theories in conducting corporate governance research because previous studies focused on the agency theory, stewardship theory and resource dependence theory (Van Ness *et al.*, 2009; Zattoni *et al.*, 2013). Also, the calls for studies integrating theoretical concepts from different fields to broaden the understanding of an underlying phenomena in a field (Lounsbury & Ventresca, 2003; Chudzikowski & Mayrhofer, 2011) motivated the selection of Bourdieu's theory from the sociology field to study corporate governance in the accounting field.

Bourdieu (1977) believes practice is as a result of social structures on a particular field where certain rules apply and also of an individual's habitus, which is the embodied history that is manifested in the system of behaving, feeling, thinking and perceiving. Therefore in theorising corporate governance research in the field of rural banks in Ghana, habitus which encompasses the way of doing things in the practice of governance assures the collective belief in the rules and regulations of the practice and that actors who are board members in this study act in accordance with the positions held in the rural banking field, which is dependent on the relative amount and structure of economic (shareholdings), cultural (skills, experiences and qualifications) and social (network of relations) capital possessed. During interactions in the field, actors made up of board members in this study take certain things for granted because they appear self-evident and this usually lead to the unequal distribution of capital among the board members which when contested by the board members can affect the practice of good governance in the rural banking field.

2.9 Chapter Summary

The goal of this chapter was to review empirical research dealing with corporate governance in rural banks. The focus was on the major topical themes of the studies based on the objectives, the theoretical underpinnings and reporting of the major findings. Although the review showed that much had been done in relation to corporate governance, the review revealed that some areas have been neglected and this presents an opportunity for further research.



CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter talks about the methodological approaches which were employed for this study. Issues discussed in this chapter include the research design, data collection method, data collection instruments, the source of data, sample and sampling techniques used, data analysis method employed and the ethical issues considered during and after the field work.

3.1 Philosophical Assumption

The selection of the research method used for a study is highly influenced by the researcher's philosophical assumption (Cooper & Schindler, 2011; Creswell, 2014). The researcher's view is that, to better study corporate governance in rural banks, where you examine what influence the appointment of board members, the composition of the board, decision making by boards and board remuneration in rural banks, it has to be taken from how it is viewed in the rural banking field, the nature of knowledge available and the actors involved in corporate

governance in the rural banks. This influenced the choice of the research method for this study.

Corporate governance is created from the actions of the social actors involved who are the board members in this study (Saunders, Lewis & Thornhill, 2009). It is produced through the social interaction among the board members, shareholders and employees and it continuously take place daily leading to it being revised regularly. This means corporate governance keeps changing. In this way, board members will interpret their roles in corporate governance in their banks in accordance with the meanings they give to these roles (Saunders *et al.*, 2009). Therefore, the researcher's insight into reality is based on the subjectivist ontology which influenced the choice of interpretivism epistemology. These philosophical underpinnings acted as a guide in the formulation of the research questions and gathering relevant data needed to address issues of corporate governance in rural banks in Ghana.

The philosophical underpinnings selected for this study was deemed fit for the study because the study specifically sought to examine corporate governance in the field of rural banks in Ghana. To study this, the meanings given to the various features under study is dependent on the subjective meanings, knowledge possessed and interpretations that is socially constructed by the board members who are involved in the practice of corporate governance in the rural banking field (Saunders *et al.*, 2009). This means isolating the researcher and the participants from the social reality and meanings are impossible since it is the product of mutual understandings, practices and the interactions the research subject has with the world (Schwandt, 2000; Gray, 2014).

In business research, the development of knowledge is based on the beliefs on the way to generate, understand and use the knowledge that is regarded to be acceptable and valid (Johnson & Duberley, 2000). The interpretivist epistemological stance enabled the researcher

to develop an acceptable knowledge on corporate governance in rural banks to examine board members appointment, board composition, board decision making and board members remuneration after taking a subjective stance in the way of view of board members. The details of the of board members view and perception on corporate governance is focused upon and subjective meanings are read into the reality behind the views and perception of the board members (Saunders et. al, 2009).

3.2 Research Design

Based on the researcher's philosophical assumption and the premise that the study sought to understand corporate governance in rural banks in Ghana, the study adopted the qualitative research design to solicit for the views of the participants on the features of corporate governance in the rural banking field considered in the study. The qualitative research design was employed because it allowed the researcher to seek the individual views of board members in rural banks about their board members appointment process, the composition of their boards, their board decision-making and the board members remuneration. In doing this, the research design allowed to empirically investigate the meanings, experiences, practices, beliefs, knowledge and understanding of board members involved in the practice of corporate governance in rural banks in Ghana (Bryman, 2008; Saunders et. al, 2009).

Creswell (2007) explains that, in using the qualitative research design, an effort is made to understand a relatively small number of respondents' own frames of view of the world which was what I set out to achieve in my study. The study had a relatively small number of board members from rural banks in Ghana as participants and it helped in building a complex holistic picture and analysing their responses to provide detailed information on their views on corporate governance in rural banks in Ghana (Denzin & Lincoln, 2005; Cooper & Schindler, 2011; Creswell, 2014).

The research design also allowed the researcher to get closer to the respondents at their preferred locations and convenient hours to conduct interviews with them in order to gather data on their views and understanding of issues related to corporate governance in their banks which helped to achieve the aims of this study. The development of the research title and the development of instruments for data collection were also guided by the qualitative research design. The design served as a standard for the researcher to modify the interview questions and the research topic as the study was undertaken (Yin, 2012; Saunders *et al.*, 2012).

Again, the qualitative research design was used as it allows respondents to feel free and express themselves on the topic (Saunders *et al.*, 2012). Therefore, board members felt free and expressed their experiences, knowledge and understanding on issues regarding their board members appointment process, the composition of their boards, their board decision making and the board members remuneration and by this, there were no fixed responses to the questions that were asked.

3.3 Research Strategy

The case study approach was employed by the researcher to study corporate governance in Ghanaian rural banks. Myers (1997) stated that there are four research strategies based on the interpretivism philosophy and the qualitative research design. They are ethnography, grounded theory, phenomenology and case study. This study adopted the case study strategy because the strategy allows for an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence (Robson, 2002). Cohen *et al.* (2010) also indicated that case studies are essential to the analysis of the processes in corporate governance.

Multiple cases were selected for the study because although rural banks in Ghana have the same rules and regulations, they are based in different locations with people of different

cultures, beliefs and norms. Therefore, multiple cases allowed the drawing of rural banks across these areas to triangulate the data sources in order to understand corporate governance in rural banks. This strategy helped to gain a rich understanding of rural banks in Ghana and the practice of corporate governance since the case studies were able to generate answers to the research questions (Morris & Wood, 1991).

The adoption of the case study strategy means the study sought to explore what was happening in the practice of corporate governance in rural banks; to seek new insights into corporate governance in rural banks; to ask questions and to assess corporate governance in rural banks in a new light (Robson 2002). Saunders *et al.* (2009) stated that exploratory study is particularly useful if a researcher wishes to clarify his or her understanding of a problem, such as if he or she is unsure of the precise nature of the problem.

3.4 Selection of Cases and Research Participants

In this study, rural banks refer to the financial institutions that are licensed by the BoG to provide rural banking services and other services to people in the rural areas in Ghana. The study covered only corporate governance issues related to boards, specifically, issues related to board appointment, board composition, board decision making and board remuneration in rural banks in Ghana. Since rural banks are based in different locations with people with different cultures, beliefs and norms, the selection of cases was based on the ARB Apex Bank groupings of rural banks in Ghana based on their locations. Cases were selected from all the groups. This ensured the view of members of each group was collected to provide an understanding for corporate governance in the field of rural banks in Ghana. The criteria for the selection of cases are listed as follows.

1. Rural banks included in the study were the BoG licensed rural banks
2. The respondents from these BoG licensed rural banks were active board members

3. The respondents were board members with much experience as board members of a rural bank, that is those who had served for at least a year as board members in rural banks in Ghana

4. The respondents were those who were easy to identify and were willing to take part in the study

This selection criteria were based on the ability of cases to maximize the understanding of corporate governance in rural banks in Ghana (Stake, 2003). The list of licensed banks was collected from the BoG's website. The board was selected to be studied because of their key role in corporate governance. The board is the highest-level corporate governance mechanism in any organisation (Fama & Jensen, 1983). They are appointed by the shareholders to develop directional policies, approve strategies, ensure accountability, appoint, supervise and remunerate senior executives in organisations (Sarkar & Sarkar, 2018). When things go wrong, it is the boards that often become the centre of attention (Adams *et al.*, 2010). Studies has also shown that, having a good functioning board to ensure good corporate governance (Bruni-Bossio, 2018). This made the board members of the selected cases the respondents of the study since they had the experiences, knowledge and understanding of corporate governance in their rural banks and were in the best position to answer the research questions.

3.5 Sample and Sampling Technique

The population for the study is made up of all board members in rural banks in Ghana. As the criteria of inclusion were set to include only active and experienced board members from BoG licensed rural banks in Ghana, a total of twenty-five (25) respondents from nineteen (19) rural banks in Ghana were involved in this study. The twenty-five (25) respondents included two (2) board members each from six (6) rural banks and thirteen (13) board members from thirteen (13) rural banks. Two board members from the same bank were

interviewed because, although their bank may have a way of doing things, the researcher believed they had different ways of viewing the world so soliciting for their views on corporate governance in their banks might bring out individual experiences and understanding of corporate governance within their banks.

Data collection ceased when the twenty-fifth (25th) respondent was interviewed. This was because, after the interviewing the eighteenth (18th) respondent from the thirteenth (13th) rural bank, it was realised that all the objectives that the study sought to achieve had been achieved. The key issues related to corporate governance in rural banks to the best of the researcher's knowledge were brought to bear in the analysis of the interview data. The responses from interviews conducted with the additional seven (7) respondents from six (6) rural banks were confirming the evidence that had been already established in the previous interviews. This means, data saturation was reached when the eighteenth (18th) respondent was interviewed. The concept of data saturation is backed by Saunders *et al.* (2009) who suggests that the point of data saturation is where new information does not arise anymore from a data source.

Also, there is no estimated sample size in addressing the research issue because generalisations were made to theory rather than about the number of cases. Saunders *et al.* (2009) acknowledged that in a qualitative study, a large number of samples are not necessary. However, Creswell (2007) suggested that for a general study, you should expect to undertake between 25 and 30 interviews especially when the sample is drawn from a heterogeneous population or the focus of the research question is wide-ranging. Saunders *et al.* (2009) stated that the validity of case studies is not enhanced by the number of cases but rather the strategic selection of the cases. Similarly, Creswell (2007) posits that choosing a large number of respondents in a qualitative study results in superficial perspectives and the overall ability of

a researcher to provide an in-depth analysis declines with a unit increase in the number of respondents.

From the considerations above, it was comparatively necessary to employ the purposive sampling method in the selection of rural banks and board members. The purposive sampling method is a non-probability sampling method and with this sampling method, samples are not randomly selected and the result of the study can only be subjectively inferred to the selected sample (Field, 2009). The rule of selection in purposive sampling is when the researcher uses his own judgment to achieve a particular interest (Robson, 2002).

The study purposively sought to study corporate governance in rural banks in Ghana and in doing so, only rural banks licensed by the main regulator of the banking field of Ghana, the BoG, to carry out rural banking activities were purposively selected. This helped to ensure that banks selected were regulated and compliant with the various rules and regulations on corporate governance in the field. After this, board members from these banks with experience and knowledge on board members appointment, board composition, board decision making and board members remuneration were purposively selected and interviewed. This enabled the researcher to obtain interview data from experienced and knowledgeable board members that answered the research questions.

The purposive sampling method started with obtaining the list of licensed rural banks from the website of the BoG. After that, the groupings of rural banks based on their locations was accessed from the website of the ARB Apex Bank. From the website of the ARB Apex Bank, all active board members of licensed rural banks in Ghana was accessed. In order to have access with the respondents, the researcher sent letters to the boards of some of these banks asking to permit and grant him interviews for his work which some banks replied. Interviews were carried out on set dates and through referrals from some of the board members, other

board members who to the best of their knowledge were experienced and knowledgeable about corporate governance issues in rural banks were identified to participate in the study.

3.6 Procedure

The research started with a review of literature to establish what is already known on corporate governance in rural banks in Ghana. A meeting was scheduled with my supervisors to discuss the outcome of the review and the topic for the study was settled on. A proposal was then developed to introduce the study and the way the research was going to be carried out. My supervisors looked at these two and made some recommendations which were considered and factored into them.

After this stage, an interview guide was prepared for pilot interviews with some selected board members. I met with my supervisors and we discussed the contents of the guide and the necessary corrections were made to it. The interview guide is shown in Appendix 1. The research topic and the researcher were introduced to participants in the first section of the guide. The next section sought to identify the participants and their organisations. Questions that centres on board members appointment were presented in the third section. The fourth section had questions that sought to know the composition of their boards and the last section had questions on board decision making. The guide was piloted to see if the questions were understandable and communicated clearly. At the piloting stage, a tape recorder was used to record the interviews to test my recorder check its efficiency.

Most of the questions in the interview were clearly communicated with only a few ones being reframed to make them easily understandable. Most of the interview questions were in the form of a narrative as shown in Appendix 1. The narrative part requested the participants to describe specific corporate governance processes in their banks. Additional questions were about their experiences and their perceptions on other aspects of corporate governance in

their banks. During interviews, some follow-up questions were asked based on the individual responses given by the respondents to throw more light on what they said as well as acquire more information for the study.

The pilot interview helped in knowing how the respondents understood corporate governance in rural banks, their knowledge on it and the perceptions they have about it. This enabled the researcher to reframe some of the questions on the interview guide for the main interviews. I went back to the field for the main interviews after analysing and extracting themes from the pilot interviews. Each interview was analysed and thematic areas were identified. The findings, analysis and discussions together with the summary of findings and conclusions chapters were developed. Corrections were made to a draft that was submitted to my supervisors and the final work was printed and submitted to the Department of Accounting, University of Ghana.

3.7 Data Collection Process

The table below presents the details of the interviews conducted, rural banks and their board members that participated in the study.



Table 1.0 Details of interview and selected respondents from rural banks in Ghana.

Location	Rural Banks	Respondents	Age	Duration of Interview	Period of Membership	Date of Interview
Western	Rural Bank 1	Board Member 1	52	55 minutes	9	15/02/18
		Board Member 2	53	30 minutes	4	02/03/18
	Rural Bank 2	Board Member 3	63	1 hour	9	14/03/18
	Rural Bank 3	Board Member 4	75	50 minutes	16	05/03/18
		Board Member 5	68	20 minutes	5	14/03/18
Central	Rural Bank 4	Board Member 6	48	30 minutes	8	15/03/18
	Rural Bank 5	Board Member 7	68	1 hour	8	20/02/18
Ashanti	Rural Bank 6	Board Member 8	45	1 hour	8	05/03/18
	Rural Bank 7	Board Member 9	72	40 minutes	13	21/03/18
		Board Member 10	42	30 minutes	4	22/03/18
	Rural Bank 8	Board Member 11	64	55 minutes	3	22/03/18
		Board Member 12	58	20 minutes	7	23/03/18

Eastern	Rural Bank 9	Board Member 13	45	40 minutes	7	23/03/18
	Rural Bank 10	Board Member 14	63	1 hour	6	27/04/18
		Board Member 15	53	25 minutes	8	27/04/18
	Rural Bank 11	Board Member 16	59	50 minutes	5	29/03/18
Volta	Rural Bank 12	Board Member 17	70	50 minutes	10	02/02/18
	Rural Bank 13	Board Member 18	62	20 minutes	7	02/02/18
Greater Accra	Rural Bank 14	Board Member 19	60	1 hour	7	03/05/18
		Board Member 20	62	35 minutes	9	09/05/18
Brong Ahafo	Rural Bank 15	Board Member 21	55	1 hour	4	06/04/18
	Rural Bank 16	Board Member 22	51	50 minutes	6	06/04/18
Northern	Rural Bank 17	Board Member 23	68	30 minutes	8	13/04/18
	Rural Bank 18	Board Member 24	66	35 minutes	9	13/04/18
	Rural Bank 19	Board Member 25	64	50 minutes	8	12/04/18

Source: Field data, 2018

A total of twenty-five (25) face-to-face interviews were carried out with active board members from rural banks in all the ARB Apex Bank groupings to gather information on corporate governance in their banks. The interviews took place at the houses of board members, their offices, offices of the ARB Apex Bank and venues for general meetings for board members. To ensure confidentiality and anonymity, pseudonyms were created to identify the rural banks and the board members that were involved in the study. Rural banks were labelled from 1 to 19 and board members were labelled 1 to 25 respectively. It can also be seen that there are cases in which two board members from one Rural Bank were interviewed. This was done because each board member has his or her own understanding of things that occur on their boards. Although their organisation might have one way of doing a thing, they both might view this thing with different lenses based on their understanding.

The age of board members interviewed for the study was between the ranges of 42 to 75. Most of the board members were pensioners, meaning, they are not engaged in any active

full-time job because they are past the retirement age in Ghana which is 60 years. The board members indicated that, since they are retired, they can dedicate much of their time to helping the banks succeed. Also, since they are pensioners, they have acquired some experiences throughout their working days in which they can bring on board to help the banks. They have the skills they used in their working days so they can make effective use of it by serving on the boards of the rural banks during their pension days.

Membership on the board of the rural banks was from 3 to 16 years. Most of the board members claimed to have served for 5 or more years. They associated their long membership on the board to the fact that, their banks have been making more profit since they joined the board. Due to this reason, the shareholders believe in them and they think they are the best people to make decisions for the bank. Data gathering through interviews started in February 2018 and ended in May 2018. Interviews lasted from 30 minutes to 1 hour. Interviews that lasted for 30 minutes were cases in which a second board member from the same rural bank was interviewed.

The source of data collection for this study was the primary source. Interviews through the use of a semi-structured interview guide was used as the tool to collect data from board members of rural banks in Ghana. Per the researcher's philosophical assumption and the research design employed, in addressing the research issue the researcher had to get the meanings given by board members on corporate governance and this is dependent on the subjective meanings, knowledge possessed and interpretations that is socially constructed by these board members who are involved in the practice of corporate governance. Therefore, engaging with the board members in their social reality helped to understand from the direction they are talking from (Schwandt, 2000).

Also, the objectives of this study support the use of interviews for data collection. The study sought to find out how board members are appointed, how the boards are composed, how decisions are taken by boards and how board members are rewarded in rural banks in Ghana. The study sought to find answers to “hows” and “whats”. Interviews are found to be the right method to answer questions like this (Myers 1997; Saunders *et al.*, 2009). Interviews help to unveil issues by getting closer to the respondents to interact with them one on one basis to get their opinions on the subject matter (Patton, 2002). Semi-structured interviews were appropriate for the study because it allowed the researcher to use pre-formulated questions as well probing questions to elucidate and add insights as and when the interviews and the study proceeded (Myers 1997; Saunders *et al.*, 2009). By not sticking to a completely thought through set of questions enabled the discovery of previously unknown facts and connections.

Notes were also taken during the interviews and all the interviews conducted were recorded with a tape recorder. This was to enable the researcher to playback the voices and check against the field notes. Flick (2009) stated that notes taking should be done if the interviews are recorded. Flick (2009) is of the view that, the first step in analysing qualitative data is the process of writing. The field notes helped in remembering the locations interviews were carried out, the times they took place and the individuals who were interviewed at those specific times.

3.8 Data Analysis

The collection of data and analysis were done simultaneously as data collection produced only qualitative data (Milles & Huberman, 1994). After each interview, audio recordings were transcribed and read several times to create an overview of the data collected. It was possible to do this because Dilley (2004) posits that the extraction of meanings for qualitative data derived from interviews and publicly available documents do not follow any laid down

format. The transcribed data were sent through an e-mail to the respondents to confirm whether what has been transcribed were the exactly the responses they gave. Many of the respondents did not reply to this e-mail. The word-for-word transcription format was used and almost every single word used by the respondents was documented. All twenty-five (25) interviews conducted in this study was transcribed.

Qualitative data reduction, data condensation, data display drawing and verifying was carried out and themes emerged from the reflections following Milles and Huberman (1994). In line with Rubbin and Rubin (2012), selecting, sorting, and processing of information was carried out to extract the major themes that emerged. Coding of the transcribed data helped to extract the implicit and explicit themes that emerged. Open coding was carried out on the transcribed interviewed data and this helped to get the various categories in relations to the research objectives. One of the categories was on the appointment of board members in rural banks in Ghana. This category helped to understand how and what goes into the appointment of board members to the boards of rural banks in Ghana.

After the open coding to establish the main categories, axial coding was also done to identify the sub-themes under each of the main categories that were identified initially. Common themes from the literature and interview data were grouped under themes (Creswell 2007). Themes such as board size, gender representation on boards and diversified board were identified as board composition in rural banks.

Similarly, some categories such as board decision making had board meetings and consensus building decision-making process as sub-themes. Some selective quotes were crafted from the transcribed data to highlight on the sub-themes. Finally collated and quotations were crafted from the literature review to match with the empirical findings from the study. The quotations and evidence were used to clarify the meanings or evidence crafted to readers to

understand the what and how goes into corporate governance in rural banks (Rubin and Rubin, 2012). Memoing was finally done to establish the link between themes extracted, theory and existing literature. The link was either confirmatory or contradictory (Punch, 2009). This is consistent with Creswell's (2009) approach for searching for similarities and differences.

3.9 Validity and Reliability

A qualitative researcher must be concerned with issues relating to validity and reliability when designing a study, analysing results and ensuring the quality of the study (Golafshani, 2003). The concepts of validity and reliability have been represented with other related terms by some qualitative researchers. Lincoln and Guba (1985) used the term "dependability" in qualitative research and this directly corresponds to the notion of "reliability" in quantitative studies (Golafshani, 2003). They also employed "trustworthiness" when they explained validity and reliability in qualitative studies. According to Golafshani (2003), reliability is the extent to which results are consistent over time and validity is the degree to which a research measures what it was intended to measure or how truthful the research results are.

Issue of validity in qualitative research has to do with the research being correct, accurate or true (Robson, 2002). This means, for a study to be valid, it must be trusted by all individuals who read it. This trust can be obtained when clear reasons are given to the findings of the study. Field (2009) noted that the validity of a study increases when a clear and detailed description of how data collection was done is provided. Lincoln and Guba (1985) believe that a research is reliable if someone else can fully depend on it, thus, one is convinced about the findings and can pay attention to it.

The data collection process used in this study shows the trustworthiness of this study. The board members were clearly told the purpose of the study was to solicit for their views,

understanding and perceptions on corporate governance in their banks specifically the appointment of board members, board composition, board decision making and board remuneration in their banks. This gave them a clear view of what exactly the study sought to find and the information the researcher needed. There was a precise procedure in collecting the data which involved the selecting the right issue for the study, choosing the right sample with the right research design, using a semi-structured interview guide for the data collection and being guided by a theory for the analytical process to arrive at clear findings. This makes the study trustworthy and reliable (Robson, 2002; Field, 2009).

Also, as stated earlier, triangulation was done to establish the link between themes extracted, theory and existing literature in the same context and this helped to ensure the reliability of the study. This helped to establish that the responses that were given by the board members as they answered questions on corporate governance in their banks were in line with theory or literature as acknowledged by Silverman (2009). Therefore, the study passes the validity and reliability test.

3.10 Theoretical Lens

Reeves *et al.* (2008) stated that theories provide the comprehensive and complex conceptual understandings of things that cannot be pinned down like how organisations operate, how societies work and why individuals interact in certain ways. They went further to state that theories give researchers many “lenses” through which they look at social issues and complicated problems which helps in focusing their attention on different aspects of the research data and providing a framework within which to conduct their analysis. Due to this, Saunders *et al.*, (2009) recommended that researchers should work hard to gain a better

understanding of the theoretical lens used in their studies to make the findings trustable and credible.

Bourdieu's "Theory of Practice" (1972) was employed in this study to theorize corporate governance in rural banks in Ghana. The theory served as a guide in designing the research questions, the selection of relevant data, interpreting interview data and proposing explanations of causes or influences (Reeves *et al.*, 2008). Also, the theory helped in relating the findings of the study to an existing theory. This was carried out because scholars have shown that it is important to relate research findings to an existing theory in order to show that the findings have a broader theoretical significance (Marshall & Rossman, 2006; Saunders *et al.*, 2009).

The theory was a good fit for the study because its concepts and constructs perfectly provide a complex and comprehensive conceptual understanding of corporate governance in the rural banking field of Ghana. Calls from scholars to use new theories other than the agency, stewardship and resource dependency theories in corporate governance research to bring out new perspectives for future theoretical underpinnings on corporate governance research motivated the adoption of Bourdieu's theory (Deadman & Filatochev, 2008; Van Ness *et al.*, 2009; Zattoni *et al.*, 2013). The adoption of the theory was also motivated by Carcello *et al.*'s (2011) call for new paradigms to extend the existing research on corporate governance and Lounsbury and Ventresca (2003) and Chudzikowski and Mayrhofer's (2011) calls for studies integrating theoretical concepts from different fields to broaden the understanding of an underlying phenomena in a field

The concepts field, capital (economic, social, symbolic and cultural), habitus, doxa and symbolic violence from Bourdieu's theory were used in the study. Field helped in identifying and selecting the organisations engaged in the practice of corporate governance from their

organisational field which was the field of rural banks within the broader field of financial institutions in Ghana. Capital which is made up of economic (shareholdings), social (network of relations), cultural (skills, experiences, qualifications, etc) and symbolic (all other forms of capital) capital helped to identify the various forms of capital possessed and used by the actors (the board members) in the practice of corporate governance in the rural banking field of Ghana. Habitus showed how the board members and other actors used the capitals they possessed in the practice of corporate governance. Doxa helped in identifying things that appeared as self-evident and taken for granted by the board members and other actors in the practice of corporate governance in the field. Lastly, symbolic violence helped to identify cases in which doxa led to the unequal distribution of remuneration given to the board members.

3.11 Ethical Consideration

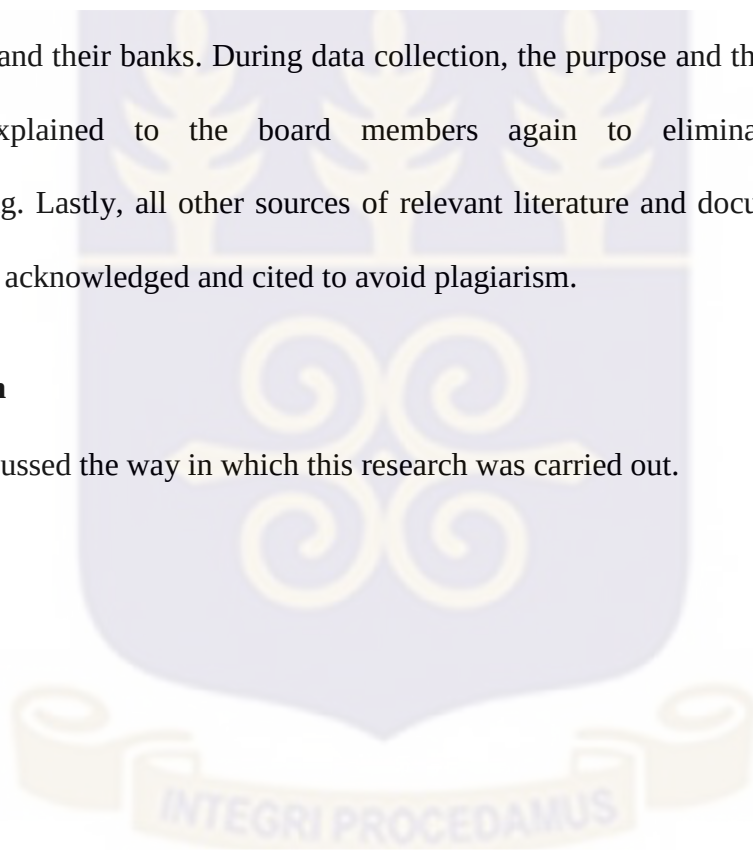
In addressing issues related to ethics in this study, the following precautionary measures were laid down to ensure the aim of the study was achieved. The ethical issues are in relation to access to participants and data, seeking for the consent of participants and their organisations, plagiarism and paraphrasing with respect to existing literature, confidentiality of participants and anonymity of respondents and their organisations.

Firstly, an application was sent to the ISSER Ethics Committee for Humanities of the University of Ghana Legon for ethical clearance to carry out with this study. The application was made up of signed introductory letters from the Head of Department of Accounting and my supervisors all of the University of Ghana Business School, a research proposal, a cover letter, a new protocol submission form, a protocol consent form, a sample of the interview guide, and a curriculum vitae.

After receiving ethical clearance, the introductory letters were sent to some of the rural banks and respondents with verbal clarifications on the targeted respondents to commence data collection. The purpose and the objectives of the study were communicated to the participants before the scheduled date and time for the interviews. The respondents consent form detailing out the ethical concerns were given to the board members who agreed to participate in the study to read and sign. Only the board members who consented to the form were involved in the study. The board members were assured the responses they gave, their names and that of their banks will remain confidential and anonymous. Pseudonyms were used to identify the board members and their banks. During data collection, the purpose and the objectives of the study were explained to the board members again to eliminate any possible misunderstanding. Lastly, all other sources of relevant literature and documents used in the study were fully acknowledged and cited to avoid plagiarism.

3.12 Conclusion

The chapter discussed the way in which this research was carried out.



CHAPTER FOUR

DATA ANALYSIS

4.0 Introduction

This chapter presents the empirical findings, discussions and analysis of data collected from board members of some rural banks in Ghana using semi-structured interviews. After reviewing interview data, thematic analysis was used to draw themes based on the components of corporate governance explored in this study that emerged. Presentation of the main findings and discussions of the emerging themes are given in the sections below.

4.1 Main Findings, Discussions and Analysis

Upon the analysis of the interview data, four main themes were extracted from the responses board members gave when they responded to the research questions. The themes are board members' appointment, board composition, board decision making and board members remuneration. Each of these themes is expatiated in the next sections.

4.1.1 Appointment of Board Members

The theme appointment emerged as board members explained how board members are appointed to the boards of their banks. The interview data showed that there are many aspects that goes into the appointment of board members in rural banks in Ghana. The aspects that go into the appointment of board members in rural banks have been categorised into six (6) sub-themes, which are regulated appointment process, shareholder involvement in governance, shareholdings influencing appointment, network of relations influencing appointment, skills, qualifications and experiences influencing appointment and lastly, number of shareholdings, network of relations and skills, experiences and qualifications coming together to influence appointment. All the board members interviewed explained their appointment process was made up of these aspects.

4.1.1.1 Regulated Appointment Process

This sub-theme shows that the appointment of board members in rural banks in Ghana is regulated by rules and regulations. As board members described how members were appointed to their boards, they stated it to be regulated by the certain rules and regulations. This response was due to the fact that, there are certain rules and regulations that organisations in Ghana are required to comply with and this is dependent on an organisation's status and the field in which they operate. Rural banks in Ghana are set up and owned by the members of the community in which they exist through the purchase of shares. This gives them the status of limited liability companies. Due to this reason, the bank is supposed to comply with the Companies Code 1963 (Act 179) of Ghana. Section 181 of the Companies Code 1963 (Act 179) gives out some regulations on corporate governance in limited liability companies, specifically the appointment of board members of companies. The board members interviewed indicated they complied with this regulation. These are some responses from some board members from the interviews.

“...board members’ appointment is regulated by law, that is the Companies Code...”
(Board Member 1)

“...the Companies Code provides the statute for appointments of members in our bank...” **(Board Member 2)**

“...our bank follows the Companies Code and the BoG recommendation on board members’ appointment...” **(Board Member 5)**

The board members also indicated that the appointment of board members onto the board of their banks is in line with the rules and regulation of the BoG who is the main regulator of all financial institutions in Ghana. They stated that the names of all members elected by the shareholders at Annual General Meetings (AGMs) were sent to the BoG for vetting and clearance from all wrongdoings before they finally started their duties as board members.

Guidelines on the appointment of board members in financial institutions in Ghana is given in section 58 of the BoG's Banks & Specialised Deposit Taking Institutions Act 2016 (Act 930). They indicated that failure to get clearance from the BoG will prevent one from serving as a board member in a Ghanaian rural bank. Evidence for this is shown in the quotes below.

"...you don't automatically become a member because it is a financial institution, the company will have to send your details to the BOG for clearance before you can finally become a board member..." (Board Member 1)

"...we send the names of the elected members to the BOG for clearance..." (Board Member 2)

"...and their names are sent to Accra (BOG)..." (Board Member 4)

Aside the Companies Code and the BoG's regulations on board members' appointment, the board members also indicated that their banks had their own rules and regulations regarding board members' appointment. This is supported by Section 181, subsection 3 of the Companies Code 1963 (Act 179). This subsection states that the appointment of board members shall be regulated by a company's own rules and regulations. This is what some board members had to say in the interview:

"...but every company has a regulation that determines how board members are appointed..." (Board Member 1)

"...but we also have own regulation together on the appointment of the members'..." (Board Member 3)

"...and use them together with our company regulations regarding board members' appointment..." (Board Member 5)

This theme of regulated appointment process falls in line with Bourdieu's concept field of rules and regulations. Bourdieu stated that a field is made up of a group of individuals or

organisations that is governed by rules and regulation (Bourdieu, 1977). Rural banks are in the field of rural banks based on their operations. They also have organisational statuses as limited liability based on how they are set and owned. In Ghana, organisations in the field of rural banks and limited liability companies have laid down rules and regulations that all member organisations are supposed to comply with. In the practice of corporate governance in these two fields, the rules and regulations that member organisations are supposed to follow are the BoG's rules and regulations and the Companies Code 1963 (Act 179).

Under the Banking Act of Ghana, the BoG has the overall regulatory and supervisory authority in all matters related to financial institutions in Ghana. Rural banks are incorporated licensed by the BoG to provide rural banking services to people in the rural areas in Ghana. The statutory role of the BoG in the operation of rural banks includes the licensing of new banks, supervision, and liquidation (Nair & Fissaha ,2010). In the practice of corporate governance, the rules regarding appointment of board members in the field of rural banks in Ghana are clearly stated in section 58 of the BoG's Banks & Specialised Deposit Taking Institutions Act 2016 (Act 930). This section states who can and cannot serve as a board member in a financial institution in Ghana. For one to be appointed as a board member in a rural bank, that person;

1. Must be adjudged to be of sound mind or not been detained as a person with a mental disorder under any relevant enactment
2. Must not be an individual that has been declared insolvent
3. Must not be convicted of an offence involving fraud, dishonesty or moral turpitude
4. Has not been a director, key management personnel associated with the management of an institution which is being or has been wound up by a court of

competent jurisdiction on account of bankruptcy or an offence committed under an enactment

5. Must not be director or key management personnel of another bank, specialised deposit-taking institution or financial holding company in the country
6. Must not be under the age of eighteen years (18 years)
7. Must have the prior written approval of the BoG
8. Has not defaulted in the repayment of the financial exposure of that person.

Any individual who possessed all the requirements stated by the Act can be appointed as a board member in any rural bank in Ghana. From the board members responses, it can be seen that the rural banks are complying with the BoG's regulation on board members appointment in the practice of corporate governance in the field of rural banks in Ghana.

Also, section 181 of the Companies Code 1963 (Act 179) gives out some regulations on corporate governance in limited liability companies, specifically the appointment of board members. Section 181 of the Companies Code states that, for one to be appointed as a board member in a company, that person must have consented in writing to be appointed as a board member prior to his appointment. Board member 5 from rural bank 3 said that his bank follows the Companies Code which is partly due to their status as a company when appointing board members. The other board members said something similar.

Banking regulations are used by governments to subject banks to certain requirements and guidelines (Barth, 2004). These regulations ensure there is good governance in the banks. When banks fail to adhere to the regulations, there are several punishments rendered to them. This includes the revoking of your banking license, fines in the form of cash and several other punishments (Nair & Fissaha, 2010). These punishments ensure that rural banks in

Ghana comply with the laws which will lead to the practice of good governance. Also, Laeven and Ross (2009) indicated that rules and regulations in organisations ensure and promotes good governance.

From the discussions above, it can be seen that rural banks in Ghana comply with the rules and regulations in the rural banking and limited liability companies' field when it comes to the appointment of board members.

4.1.1.2 Shareholders Involvement in Governance

The board members indicated from their responses that shareholders played an important role in the governance of their banks. They said this as they described the process of board members' appointment. Rural banks are established and operated by people in the community in which they exist therefore are classified as companies. The people own the bank through the acquisition of shares of the bank. Section 31 of the Companies Code 1963 (Act 179) lays down the rights of shareholders in companies in Ghana. It is through these rights that the shareholders are able to influence and engage in their organisations' governance. One way shareholders exercise their right to influence governance in their companies is with the appointment of board members. Shareholders of rural banks in Ghana appoint their board members at the AGMs of their banks. This is done by electing the members of their choice who apply to be on the board. During the election of board members, the vote is counted based on the number of shares a shareholder hold. A shareholder with one share has one vote and one with two hundred shares has two hundred votes during the election. This is shown in the quotes below.

“...once vacancies are declared, you can apply to become a member and once you have gone through the process and you are voted on by the shareholders at the AGM...” (Board member 1)

“...we are elected when we meet for the AGM of the bank by the shareholders...”
(Board member 5)

“...board members are elected at every AGM of the bank by the shareholders of the bank...” **(Board member 2)**

In some of the banks, the shareholders sometimes nominate and elect people they want onto the board. The nomination is usually based on the trust most of the shareholders have in a person or his social standing in the community. It is usually people with political backgrounds and traditional leaders who are given this appointment. This is shown in the quotes below.

“...sometimes the shareholders also nominate people they want to serve on the board like people they believe in within their community...” **(Board member 3)**

“...there was this time that the shareholders nominated and elected one of their traditional leaders to the board...” **(Board member 4)**

Furthermore, the board members indicated that the shareholders of their banks fixed the remuneration given to the board members. In some of the rural banks, the board members made proposals on their remuneration and the shareholders make their approval or recommendation. Some shareholders agreed to give higher rewards to some board members - the chairman, vice chairman and secretary. These findings are illustrated in the quotes below.

“...the allowances given to the board members are fixed by the shareholders at the AGM and they all agree on the amount to be given as reward...” **(Board member 1)**

“...the allowances are proposed at the AGM and shareholders make the approval or recommendation and once it is voted on then it is accepted...our shareholders proposed that the Chairman, vice chairman and secretary be given a little higher allowance than the other members...” **(Board member 3)**

“...we (board members) sometimes propose the allowance and they (shareholders) make their recommendations and vote on it...” (Board member 5)

Section 31 of the Companies Code 1963 (Act 179) sets out the rights of shareholders of limited liability companies. The section states that every member shall, notwithstanding any provision in the regulations, have a right to attend any general meeting of the company and to speak and vote on any resolution before the meeting. The appointment of board members in these companies by their shareholders is one way of excising the right given them by the Companies Code. Shareholders of rural banks in Ghana vote to elect their board members during their AGMs because their banks are companies.

Another way shareholders excise the right given to them by the Companies Code is to vote to approve or reject the board members remuneration. They are given this right because they have their capital invested in the company so they must appoint people to advice, direct and make decisions for their companies and fix the reward of board members to protect their investment (Eisenberg, 1969; Morgan & Poulsen, 2001). With this kind of responsibility, the shareholders are able to elect people they think will help them and their investment in the company to the board (Galletti, 2015). All board members responded that their shareholders elected the board members during their AGMs.

The evidence from the responses given by the respondents on shareholders involvement in governance falls in line with Bourdieu's concept field of maintaining the status quo. According to Bourdieu, people or actors within a field comply with the rules and regulations within that field either to maintain the status quo or do not comply to expand the boundaries of that particular field (Bourdieu, 1977). From the response given by the board members, we can see that the shareholders electing the board members is a way of ensuring compliance with the rules and regulations regarding appointing board members within rural banks in Ghana. This compliance is helping the rural banks maintain the status quo in the practice of

corporate governance within the rural banking field in Ghana. This means shareholders in rural banks in Ghana elect their board members and this is done to comply with the Companies Code 1963 (Act 179) regulations regarding the appointment of board members in limited liability companies in Ghana.

4.1.1.3 Shareholding Influencing Appointment

From the responses given by the board members, it was seen that the number of shares held by an individual played an important role in the appointment of board members. Before one would be appointed as a board member in a rural bank in Ghana, the person must have a required number of shares in that specific bank he wants to serve as a board member. The board members indicated it was the basic requirement for board appointments in their banks. The Companies Code 1963 (Act 179) talks about shareholdings influencing appointment. The quotes below show this finding.

“...members who can apply must be shareholders with at least 2500 shares...”
(Board member 2)

“...only shareholders with a certain percentage of shares can apply to become board members...” **(Board member 3)**

“...there is this policy to give a seat on the board to shareholders with 13% of the total shares...we have such a person on our board currently...” **(Board member 1)**

During the election of board members, a shareholder with more shares has more power to choose the person he wants since the vote is counted based on the number of shares one owns. This is shown by the quotes below.

“...the vote is counted based on the number of shares a shareholder holds so my vote will be one if I have 1 share and if you have 100 shares your vote will be counted as 100...” **(Board Member 5)**

“...when we vote at the AGM, it is counted based on the number of shares that the person voting has...” (Board Member 6)

“...those with more shares have more power in the voting because the vote is counted based on the number of shares owned by a shareholder...” (Board Member 8)

There are instances where people with more shares got the chance to be on the board but since they did not have the necessary skills, qualification or experience, they did not make any contribution to discussions at meetings. This is shown in by the quote below.

“...there is this man on the board who is there because his organisation has 13% shares in our bank...he doesn't have the necessary skills and qualification so he doesn't make any contribution during meetings...” (Board Member 2)

Subsection 4 of section 181 of the Companies Code 1963 (Act 179) states that a company's regulation may provide for the appointment of a board member or board members by any class of shareholders, debenture holders, creditors, employees or any other person. This means every company can set their own rule on the class of shareholders that qualify to apply to be appointed to their boards. The rule can be that only shareholders with a certain number of shares can apply to be appointed. From the responses above, a board member stated the number of shares required of a shareholder to apply to be appointed as a board member was 2500 shares. Some banks gave a seat on the board to individuals and groups with very high number of their total shares. This ensures that the board members have interest in the banks (Mehran, 1995; Morgan & Poulsen, 2001).

Evidence from the responses from the board members above supports Bourdieu's concept economic capital. Bourdieu defined economic capital as the physical and monetary resources that an individual owns and these resources determine the individual's position in the social

order and also serve as a major tool for social inequality (Bourdieu, 1977). From the responses, the economic capital available to the shareholders who are actors in the field of rural banks is the shares that they own in their rural banks. The number of shares one owns depends on the amount of money that person has because it is acquired with money. For one to be appointed as a board member in a rural bank, the basic requirement according to the board members is to be a shareholder of the rural bank in which you want to serve. Shareholders who are eligible to apply to be appointed are those with a certain amount of economic capital in the form of a number of shares. The number of shares a shareholder has helps him to get to the position as a board member in the rural banking field. For instance, there was a policy in rural bank 1 to give seats on the board to shareholders with 13% of the total shares of the bank.

Also, we can see only people with a certain number of shares can be appointed as board members. This prevents other people who might be willing to serve on the board with the necessary competences but do not have the required number of shares from getting appointed. From board member 2's response, it was only members with at least 2500 shares that could apply to become board members in the bank in rural bank. This makes economic capital a tool for social inequality. All these clearly show that economic capital in the form of a number of shares held can get an individual appointed as a board member in a Ghanaian rural bank. The number of shares an individual has also gives him more power to influence decision making in Ghanaian rural banks as explained by the board members.

4.1.1.4 Network of Relations Influencing Appointment

Some of the board members said that the relations people had with their boards and other organisations played an important role in the appointment of board members. From the responses in the interviews, the board members indicated that people who had relations to the

board members and other organisations had an advantage in getting appointed as board members over those who did not have those relations. People who had relations on the boards were recommended by the board members when individuals with certain skills were needed on their boards. Many of the board members indicated they were appointed because of their relations with board members of their rural banks. They indicated when someone with a specific skill is needed on their boards, they recommend people they know and it is usually their colleagues or former colleagues from work, friends, church members, neighbours and relatives. Below are some quotes to illustrate this finding.

“...they needed someone with my skill and one of my former colleagues from work serves on the board so he recommended me to them...” (Board Member 5)

“...I was recommended by my sister’s husband who is the chairman when they needed a someone with an agricultural background...” (Board Member 7)

Some board members also stated that an individual’s network of relations with other organisations also played a key role in the appointment process. Individuals who had relations with other organisations that can help the operations of their banks were sometimes elected to the board. The board members indicated they convinced the shareholders to elect these people by telling them what these people will bring along if they are elected. They indicated that, when these people are appointed, they bring along these organisations they have relations with to operate with their banks. This is illustrated in the quotes below.

“...sometimes we nominate people who have strong networks in big organisations to come serve on the board...because when they come they bring these big organisations along and you know how transacting with these organisations will help us...” (Board Member 8)

“...I was a director at the gold mine so maybe it played a role in my appointment...when I came I helped to reach an agreement with the mine to pay some of their workers through our bank...” (Board Member 11)

The theme of network of relation was also evident during the election of board members by the shareholders. During elections, many shareholders voted based on their relations with the people contesting. At some banks, the shareholders nominated and elected people like their traditional leaders to serve on the boards of the banks. The shareholders indicated they nominated and voted for their traditional leaders because they live with them in the community and they believe they will take good decisions on their behalf because he has been doing that in the community. This is illustrated in the quotes below.

“...our shareholders made suggestions that they wanted their chief to be on the board so we agreed because of the reasons they gave...so they voted for him at our AGM during the elections and he has been part of the board for the past 7years...” (Board Member 8)

“...most of the shareholders do not take into consideration factors like people’s skills and qualifications when voting at AGMs...one shareholder said to me he voted for a board member because they are from the same village...” (Board Member 15)

Evidence from these responses supports Bourdieu’s concept social capital. According to Bourdieu, social capital is the network of relations that one has. He said these relations determine the position of its holder in a field and it is used as a tool for social inequality (Bourdieu, 1977). From the responses, board member 5 from rural bank 3 said it was his social capital which is in the form of his relation with his former colleague from work that helped him to be appointed as a board member. His relation with his former colleague from work helped push him to the position of a board member in the rural banking field. From board member 11’s response, we can see it was his social capital which was in the form of his relation to the mining company that helped him get appointed as a board member. Many board members said their relations played an important role in their appointment.

Also, the relation shareholders had with their chief was the main reason they nominated and elected him to serve on the board of rural bank 4. It was the chief's social capital, that is, his relation with his people that got him the position as a board member in the bank. Because of the chief's relation with his people, they believed and trusted him to take decisions that was going to be in their favour. This relation got him the nomination and election to the board. This means an individual's network of relations is very important in getting an appointment as a board member in a Ghanaian rural bank. The finding from this work confirms the findings of Adu-Amoah, Tsamenyi and Onumah (2008). In their work, they found that social relation played an important role in the governance of rural banks in Ghana. They associated this to the locations of the rural banks.

4.1.1.5 Skills, Experiences and Educational Qualifications Influencing Appointment

The skills, experiences and qualifications individuals possessed also influenced the appointment of board members in rural banks in Ghana. People who had the needed skill, experience and qualification were appointed over those who did not have. Some board members indicated they were appointed to the board mainly because of their skills, experiences, educational qualifications and knowledge in some specific aspects of the operations of rural banks. Some the skills, qualifications and experiences they indicated are accountancy, medical practice, law, agriculture and risk analysis. The BoG's Banks & Specialised Deposit Taking Institutions Act 2016 (Act 930) gives some guidelines on the competences of people who can be appointed as board members. Below are some quotes to show this finding.

“...I can say it was my skill that got me to the board because they wanted an accountant and I was available so I applied...” (Board Member 4)

“...when I heard there was an opening for someone with a legal background on the board, I applied because I have been a law practitioner for the past 7 years...”
(Board Member 8)

Some board members also said that their companies’ regulations sometimes require an incoming board member to have the same or similar skill or experience as the retiring board member he is replacing. These regulations are backed by the Banks & Specialised Deposit Taking Institutions Act 2016 (Act 930). This help to get people with diverse skills and experiences on the board. This is illustrated in the quote below.

“...we have a policy that requires a new board member replacing a retiring board member to have the same skill that the out-going member has...” **(Board Member 2)**

The BoG outlined in their Corporate Governance Directive 2018 that, “board members shall possess, individually and collectively, appropriate experience, competencies and personal qualities, including professionalism and integrity. The competencies of board members shall be diverse to facilitate effective oversight of management and shall ideally cover a blend of the following fields: Banking, Law, Finance, Accounting, Economics, Information Technology, Business Administration, financial analysis, Entrepreneurship, Risk Management, Strategic Planning and Corporate Governance and other areas that the Bank of Ghana deems fit. Also, the board shall collectively have a reasonable knowledge and understanding of local, regional and where appropriate, global economic market forces as well as the legal and regulatory environment in which it operates”. This ensures people with the competencies needed to take decisions for the banks are appointed as board members (Sarkar & Sarkar, 2018).

Evidence from the responses above also falls in line with Bourdieu’s concept cultural capital. He stated cultural capital is the collection of personal attributes like skills, experience and

educational qualifications that one acquires by being a member of a social group. It is in three forms, the objectified, embodied and institutionalised. These forms have been explained in the second chapter of this study. Cultural capital like the other forms of capital also determines one position in the social order and serves as a tool for social inequality (Bourdieu, 1977).

From the responses, board member 4's institutionalised and embodied cultural capital in the form of his skill as an accountant helped him get appointed to the position of a board member in the Ghanaian rural banking field. It also made him get selected over all candidates who did not have those qualities. It is the same for board member 8 who had an institutionalised and embodied cultural capital in law. This means having the needed skills, experiences and educational qualification can get you appointed as a board member in the Ghanaian rural banking field.

4.1.1.6 Number of Shareholdings, Network of Relations and Skills, Experiences and Qualifications Coming Together to Influence Appointment.

Aside the sole roles played by the number of shareholdings, network of relations and skills, experiences and qualifications in the appointment of board members in rural banks in Ghana, they also combined to play an important in the appointment of board members. The board members indicated that, although a member might have the required number of shares or the needed skill, experience and qualification or a relation to the bank, just one or sometimes two of these factors cannot help one get appointed as a board member. For instance, having the required number of shares and a relation in a bank together with / or the needed skills, experiences and qualifications can get one appointed as a board member. They indicated shareholding was the basic requirement for board members appointment. This means one ought to have the required number of shares and all the other factors or either of them to get

an appointment as a board member in a Ghanaian rural bank. This is illustrated in some the board members responses below.

“...I am a shareholder and I have some qualifications and experience in accounting so I think these two things influenced my appointment...” (Board Member 1)

“...Although I had shares in the bank, it was my relationship with my sister’s husband who serves on the board and my experiences and knowledge in agriculture that helped in my appointment...” (Board Member 7)

Evidence of Bourdieu’s concept symbolic capital can be found from the responses given by the board members. Symbolic capital is the capital that arises when the arbitrariness of one form of capital is misrecognised (Bourdieu, 1977). This form of capital is the most valuable form of capital such that, it gives its owners more power within the field in which they exist. Board member 7 from rural bank 4 stated that although he had economic capital in the form of shares and social capital in the form of his relation with his sister’s husband, if it wasn’t for his experiences and knowledge in agriculture, he wouldn’t have been appointed as a board member. From this, we can see during the appointment of board member 7, the arbitrariness of his economic and social capital was misrecognised because although he had them, it wasn’t enough to get him appointed to the board of rural bank 4. When all these forms of capital of board member 4 was deemed illegitimate for board appointment, his cultural capital acted as a symbolic capital to help him get appointed. His cultural capital became his symbolic capital because, although he possessed the other two forms of capital that are required, they weren’t deemed fit to get him appointed as a board member. The responses given by all of the board members interviewed indicated symbolic capital was key to their appointments.

This means having the required number of shares in a rural bank, a network of relation in a rural bank or another organisation and some skills, experiences and qualifications needed at

boards of rural banks gives an individual more chance of getting appointed as a board member of a rural bank in Ghana.

4.1.2 Board Composition of Rural Banks

The theme of board composition came about as board members responded to questions related to how the boards of their banks is composed. The responses show that there are many factors that influence the composition of the boards of rural banks in Ghana. These factors have been categorised into four main sub-themes, which are, board size, gender representation on boards, individual skills, experiences and qualifications influencing board composition and politics in organisational leadership. The sub-themes are explained below.

4.1.2.1 Board Size

All board members stated that their boards were made up of a number of people. From their responses, it could be seen that boards of rural banks in Ghana are made up of members numbering from seven (7) to eleven (11). The board members gave several reasons for going with a specific number of board members. Firstly, some said the nature of the bank does not require it to have so many members serving on board. They made comparisons with the boards of the universal banks that, they even do not have large numbers on their boards how much more the rural banks. Others said the too huge a number can slow down their decision-making process and that their numbers make it easy to form a quorum. They said the small numbers do not require that many members to be present before a quorum can be formed but just a few members can get the quorum and this makes decision making faster and quicker. Below are some evidences from the interviews.

“...there are 9 members on the board...we believe too big a number will slow down decision making so with 9 members it will be easy to form a quorum during meetings...” (Board Member 2)

“...we are 7 members on the board...even the big banks some have 10 to 12 members so looking at our status as a Rural Bank we think 7 is okay because it will make decision making a bit faster...” (Board Member 5)

“...we are nine (9) and there are two (2) co-opted members... we think this number will make decisions making quicker. There is no inertia if you are too many and getting a quorum becomes difficult and there can be delays so that number is what we are working with...” (Board Member 9)

There was another form of membership and it is in the form of co-opting. With this form of membership, all the board members agree to choose one or more people with a specific cultural capital to serve on the board for some specific time. This helps in getting people with diverse skills on the board (Nair & Fissaha, 2010). Also, it helps in bringing on board a representative of a marginalised group in governance especially women (Dewally *et al.*, 2017). Below are some quotes from the responses of some board members.

“...we are 7 members and 2 co-opted members...because they (women) were not applying we decided to co-opt them to improve women involvement in board matters and also encourage them to apply” (Board Member 12)

“...we are working on that (improving women representation) right now we have two women on the board who were co-opted...we co-opted them because the shareholders weren't voting for them so through the co-option they don't go through an election but get the chance to be on the board...” (Board members - 15)

Large board size has been recommended by many scholars but others believe that a small board size is more appropriate for organisation that wants a sustained improved performance (Pennings, 1980; Judge & Zeithaml, 1992; Goodstein *et al.*, 1994; Golden & Zajac, 2001). Larger board provides an increased pool of expertise which is capable of minimising the dominance of an overbearing CEO (Forbes & Milliken, 1999). These arguments imply that larger boards are better at being able to make significant contributions during the

development of strategies. But large board size is more prone to conflict among members, have less time during board meetings for members to express themselves, is usually difficult to co-ordinate and is late in the strategic decision-making processes (Amason & Sapienza, 1997; Forbes & Milliken, 1999; Golden & Zajac, 2001). Some of these arguments were reiterated in the responses given by the board members as the answered questions regarding their board sizes.

The finding from this study contradicts the findings of Nair and Fissha (2010). In their study of twelve (12) rural banks in Ghana in 2010, they found that the minimum size of a board of a rural bank in Ghana was five (5) and the maximum size was eleven (11). The BoG's Corporate Governance Directive 2018 states that, the board of financial institutions in Ghana should have at least five (5) members and a maximum of thirteen (13) members. Although Nair and Fissha's findings fall within the ranges given by the BoG, the minimum number of members on boards of financial institutions have risen from five (5) to seven (7). The board members attributed this rise to the changes in the operations of the rural banks since 2010.

Operations of rural banks in Ghana have extended to include several other activities that only universal banks were engaged in over the years. Rural banks now engage in international money transfers, ATM services provision and some other services that weren't part of their operations (Antwi & Binfor, 2013). Due to this reason, rural banks will need members who have relevant ideas on these new operations to help their boards in taking decisions regarding these operations. The Companies Code 1963 (Act 179) which serve as a regulation for limited liability companies in Ghana also talks about board size in companies in Ghana. Section 180 of the Companies Code 1963 (Act 179) states that every company in Ghana shall have at least two (2) directors. Rural banks have statuses as limited liability companies so the findings from this study and Nair and Fissha's confirms the compliance to this code. Nair and

Fissha (2010) also found that although the number of directors with voting rights could not exceed the maximum number allowed, additional individuals could participate as co-opted members. This is confirmed by the findings from this study.

Evidence from this study falls in line with Bourdieu's concept field of rules and regulations (Bourdieu, 1977). Rural banks are in the field of financial institutions in Ghana based on their operations. This means all their practices must be in line with the rules and regulations set out by the main regulator of the field which is the BoG. The BoG through the Corporate Governance Directive 2018 that has set out that, in the practice of governance in the field of financial institutions, the board shall have at least five (5) members which is made up of the Chairperson and a maximum of thirteen (13) members. From the responses given by the board members, it can be seen they are all complying with this rule and in doing so they are maintaining the status quo regarding board size in the field of rural banks in Ghana. Also, in the field of limited liability companies, organisations are to have at least two (2) board members and the findings from this study confirms that rural banks in Ghana are complying with this regulation since they are regarded as limited liability companies (The Companies Code 1963, Act 179).

4.1.2.2 Gender Representation on Boards

Gender representation on the boards of rural banks in Ghana was found to be unequally distributed. From the responses of all board members, female representation on the boards of rural banks in Ghana was found to be very low. Some boards were an all-male board whilst others had one or two females on their boards. Several reasons were given for this low female involvement on their boards.

Firstly, some board members indicated that, the women in the organisation were always not voted for anytime they applied to be elected to serve on the board. According to the board

members, the shareholders indicated that they do not vote the women because they do not think they have that capabilities for serving on the board and also, they believed women become disrespectful when they are given a post. Other shareholders also stated works like being a board member is for men.

Some board members indicated that the women were not applying to be elected to the board. The women said they were not applying because they did not have enough time for activities like board meetings. Serving on the board will require them to dedicate more time to board meetings and other organisational stuff which they wouldn't do because they wanted to spend their time caring for their families rather than the board. Some of the women believed things like serving on a board are meant for men. This contradicts what Eckert (2013) said that, women who placed their families first are just as effective leaders as people who put work first, or for whom both things are equally important. She said what really matters is how much perceived control women have over how they are managing the boundaries between work and family.

Some board members also indicated that, looking at the community in which the rural banks exist which the rural areas, it is sometimes difficult to get a woman with the right capabilities to serve on the boards. This makes it difficult to have women on the board because they do not just want to represent women but they want to represent them to enrich discussions. These are some quotes from some board members.

“...I am sorry to say we don't have any woman on our board...they are refusing to apply because they said they prefer to use their time to care for their families than be at a board meeting...” (Board Member 5)

“...Women are represented poorly on our board. There is only one woman and we are making efforts to get more women who are capable to join the board...they are not voted for when they contest and I think it is because of the beliefs of the shareholders that when women get positions, they become disrespectful and they believe positions like this are for men...” (Board Member 2)

The board members said there were measures in place to increase women representation on their boards. Literature has suggested that increasing the presence of women on boards leads to increased monitoring and improved decision making while also providing better representation of firm stakeholders and increasing the number of outsiders on the board (Skala & Weill, 2018). One of the ways in which this was being done was through co-opting female members who had the capabilities to help with decision making. This is where all board members agreed to invite some women to join the board because of a specific skill or experience they have. With this process, the women do not go through any election process.

Another way women representation was being improved was that board members looked for women who were natives of the community in which the bank exists with the right mix of skills, experiences and qualifications and convinced the shareholders to elect them to the board. Eckert (2013) stated that, although companies knew that female board representation is the right thing to do, knowing this does not suddenly make it the easy thing to do. Some board members indicated it wasn't easy getting the women who are natives but it has enabled them to represent women on their boards. Below are some responses to illustrate this.

“...we are working on that (improving women representation) right now we have two women on the board who were co-opted...we co-opted them because the shareholders weren't voting for them so through the co-option they don't go through an election but get the chance to be on the board...” (Board Member - 15)

“...we went through a lot before getting the only lady we have on the board... she is a native and has experience in human resource management and she also worked in a bank so we got her and convinced the shareholders before they finally voted for her...” (Board Member 2)

Form the responses above, evidence of Bourdieu's concept habitus can be found. Habitus is the long-lasting dispositions of the mind and body that helps individuals to take decisions during certain times. Bourdieu stated that habitus is acquired through learning or

socialisation. It is the way of doing things in a particular field, that is, the culture of a particular field (Bourdieu, 1977). From board member 2's response, the habitus of the shareholders is that when women get positions, they become disrespectful. This belief the shareholders have is a long-lasting disposition in their minds that they acquired either through socialisation among themselves or learning from a particular source. This long-lasting disposition in their minds helps them take the decision during the election of board members where they vote against the women.

Similar can be said for the response given by board member 5. In his case, the women have the habitus that spending their time with their families is more important than serving on the board. They might have acquired this habitus by socialisation among their family. This habitus helps them take the decision not to apply to be elected as board members within rural banks. Hodigere and Bilimoria (2015) found that there are factors other than human capital and professional networks that impact women's appointment to corporate boards when they studied human capital and professional network effects on women's odds of corporate board directorships in listed public companies in the US. The factors include the norms and beliefs of the people who appoint board members in these companies.

4.1.2.3 Skills, Qualifications and Experiences Influencing Board Composition

The boards of rural banks in Ghana are made up of individuals with diverse skills, qualifications and experiences. The board members indicated that their boards are made up of people with diverse skills, qualifications and experiences that are relevant to the operations of the rural banking field. They had members with skills, qualifications and experiences in law, finance, accounting, risk, agriculture, human resource, marketing and agriculture. Having people with these diverse skills, qualifications and experiences on the board help in having enriched discussions during decision making. Also, the BoG stated in their Corporate

Governance Directive (2018) that “the competencies of board members in financial institutions in Ghana shall be diverse to facilitate effective oversight of management and shall ideally cover a blend of the following fields: Banking, Law, Finance, Accounting, Economics, Information Technology, Business Administration, financial analysis, Entrepreneurship, Risk Management, Strategic Planning and Corporate Governance and other areas that the BoG deems fit”. The quotes below are some responses from some board members on this point.

“...our board is made up of people with diverse skills and it helps us a lot. For instance, there was a loan application from a hospital we had to deliberate on before approval so a medical doctor on the board helped to understand certain things in the medical field before it was approved...” (Board Member 4)

“...there are people with different skills and experiences on our board. There two lawyers, two accountants, an agriculture expert and I have experience and skills in human resource so we all contribute to decision making by helping clarify something or give more information on something in our field that is being discussed...” (Board Member 14)

Skills, qualifications and experiences were also considered when selecting the heads of the sub-committees that exist in rural banks in Ghana. Board members indicated that when choosing the heads of their sub-committees, the member selected for a sub-committee must be someone with skills and much knowledge on the functions of the sub-committee. This helps them to get the right people for the right job. This ensures good decisions that favour their banks are taken. They indicated this wasn't considered in the selection of the board chairpersons. Below is a quote to illustrate this.

“...selection of the heads of the sub-committees is highly influenced by the skills and experience possessed by the member. I am the head of the risk committee and I was selected because I was a member of the finance committee in Parliament and I also worked as a Risk Analyst for 5 years in the bank...” (Board Member 2)

This diversification helped with board decision making. During board meetings, individual board members use their skills and experience to help in taking a decision. They use their knowledge on issues being discussed to help other members with little or no knowledge on the issues to take decisions during board meetings. They indicated this has helped in taking very good decisions for their banks. For instance, a member with a medical background once helped when a hospital applied for a loan. Since he has the knowledge in the medical field, he helped to verify whether the hospital is registered, whether they were following the laid down rules and regulations in the health field so that they don't give a bad loan. The information he gave to the other members together with their knowledge helped them decide whether to approve or reject the loan application. These are some responses to show this.

“...we have a medical doctor on the board so there was this time that we got a loan application from a hospital but because of his presence on the board we got to know the hospital was in a good standing so if we approve the loan it can be paid back within the stipulated time...” (Board Member 8)

“...anytime we have anything regarding legal matters we push it to the two lawyers on the board and they always deliver by giving us every bit of details regarding it...” (Board member 2)

From the responses above, evidence of Bourdieu's cultural capital can be seen. The individual skills, experiences and qualifications possessed by the board members are their embodied and institutionalised cultural capital. Cultural capital help determines one's position in the society in which they exist. From the responses, firstly, the skills and qualifications of the board members helped them get appointed to the board. Secondly, these same skills and qualifications helped them get selected as the heads of the sub-committees in the bank which is a field with positions like heads of the sub-committees in the social order. The cultural capital of the heads of the sub-committees here served as a tool for inequality by giving them more power during the selection of the heads. Also, board members stated their

boards are made up of people with diverse skills and qualifications. This follows the BoG's regulation on the competencies of individuals on the boards of financial institutions in Ghana.

Literature has shown that, for an organisation to maintain or improve its position within its field, it needs knowledgeable, skilled and experienced board of directors who can monitor the environment very well in order to perform their oversight functions efficiently and effectively (Quigley & Scot 2004; Sarbah & Xiao, 2014). Also, the regulations that governs rural banks ensures that they appoint people with the right mix of skills, qualifications and experiences. Qualification of board members was one of the things highlighted by the Basel Committee in 2010 to enhance corporate governance (Sarkar & Sarkar, 2018).

4.1.3 Board Decision Making in Rural Banks

The theme board decision making came about as board members responded to questions regarding decision making at the board level in their banks. From the responses given, it is clear there are some factors involved in board decision making in rural banks in Ghana. The factors involved in the decision making have been grouped into two (2) sub-themes and they are board meetings and consensus building decision-making process. The sub-themes are explained below.

4.1.3.1 Board Meetings

The boards of rural banks in Ghana have scheduled times of meetings. Most boards of rural banks meet once every month within a financial year. Some boards met once every two months. This shows that boards of some rural banks in Ghana meet at least six (6) times in a financial year. These meetings are used to obtain reports from the various sub-committees that exist in the banks. They also deliberate over other issues that are brought up. It is also at

these meetings that strategies are approved and major decisions are taken. The quotes below illustrate this finding.

“...we meet monthly...we are supposed to consider issues that affect the bank so we do it and also look at policies and then we review some actions that have been taken and then we'll look at the finances...” (Board member 5)

“...our main board meet monthly...the sub-committees submit their reports to the main board for deliberation...” (Board member 9)

“...the main board meet every other month and the sub-committees are supposed to be meeting in between so for instance if we meet in January the next meeting will be in March so the sub-committees will meet in February...” (Board member 1)

The number of times boards of financial institutions are supposed to meet for board meetings is stated by the BoG in their Corporate Governance Directive for financial institutions (2018). From the directive, a regulated financial institution in Ghana shall hold at least four (4) board meetings per financial year. Rural banks fall within the group of financial institutions based on their operations so are compelled to comply with this directive. From the responses given by the board members, it was seen that the least number a board of a rural bank in Ghana met for board meetings was six (6) times. This means the rural banks are complying with the rules and regulations regarding the number of times their boards are required to meet for board meetings.

Evidence from this finding supports Bourdieu's concept habitus resulting from a field of rules and regulations. Every field has its own rules and regulations that members are supposed to follow. Members who comply and follow these rules tend to maintain the status quo within the field but those who refuse to comply tend to push and expand the boundaries of the field (Bourdieu, 1977). From the board members' responses, it can be seen they have at least six (6) board meetings in a year because the regulation in the field of financial institutions in

require them to have at least four (4) board meetings within a financial year. This had led to the development of a habit of organising and conducting board meetings in the rural banks. The board members have long lasting dispositions in their mind that board meetings ought to occur at least four (4) times through learning from the Corporate Governance Directive (2018). In complying with the rules and regulations in the field of rural banks, it can be seen that they are maintaining the status quo within the field of rural banks. Barth *et al.* (2004) indicated that banks comply with the rules and regulations in their field to prevent punishments from their main regulators.

4.1.3.2 Consensus Building Decision Making Process

Majority of the board members interviewed said decision making at board meetings was mainly arrived at by building consensus among all the board members. Board members were not forced to agree to decisions that they disagreed with. Chairpersons ensured that issues related to every discussion were made clear to all board members and each member is made to submit their views and express any dissenting views they have. Board members support every decision that the board takes using this consensus building approach. Below are some quotes from the responses of board members to illustrate this issue.

“...we usually make decisions by building consensus among all the members. There are a few times that we had to put a decision to vote but mainly our decisions are arrived at based on consensus...” (Board Member 4)

“...we rarely vote when making decisions. This is because we always try to make everyone understand the issue at hand so that no one will complain when the decision is taken...” (Board Member 2)

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Some of the board members indicated that due to the consensus building decision-making process by their boards, voting rarely occurred during board decision making. Some of them

indicated that although they rarely voted, the opinion of the majority is accepted when voting occurs. They stated that neither the board chair or any member of the board could defer a decision when the majority of the members vote in favour of the decision. These are some responses from some board members.

“...the board chairman cannot defer a decision if a majority vote in favour of it. There is an instance where by the board chairman lost a vote when an issue with relationship on workplace was being discussed but we went ahead with it...” (Board Member 5)

“...I get everybody on board during meetings. I open up for people to have their say and I think people like me because I involve everybody...” (Board Member 8)

There is an evidence of Bourdieu's (1977) habitus resulting from rules and regulations. The BoG's Corporate Governance Directive (2018) gives some guidelines regarding decision making on boards of financial institutions. In section 50 of the directive, it states that “chairpersons of boards of financial institutions shall ensure that board decisions are taken on a sound and well-informed basis”. It goes further to add that, “chairpersons should encourage and promote critical discussion and ensure that dissenting views can be expressed and discussed within the decision-making process”. Evidence from the responses from the board members indicate they are complying with the regulations in the field of rural banking regarding board decision making. The compliance with the rules and regulations regarding board decision making has created a disposition in the minds of the people as they engage in the board decision-making process every time they meet. This habitus becomes the way of decision-making at board meetings and it always referred to by the members when making decisions at board meetings.

Studies have shown that encouraging board members to contribute to decision making usually leads to enriched decision making (Helmer, 1996 in Ogbechie, 2009). Consensus

building approach to decision making eliminates the risk of developing strategies that does not suit the needs of an organisation (Bruni Bossio, 2018). Given this, individual board members must understand the impact of favouring certain values over others during decision-making and they need to agree on a collective set of values relevant to their organisation (Ogbechie, 2009; Bruni Bossio, 2018).

4.1.4 Board Members Remuneration

The theme of board members remuneration was realised as board members answered questions related to the compensation given to board members for their services to their banks. The board members stated that they were remunerated with board sitting allowances, transportation and accommodation allowances and any other cost involved in execution of their duties as board members. They indicated board members allowances in rural banks in Ghana are fixed by the shareholders at their AGMs. The shareholders fix these allowances because they are the owners of the banks so they can willingly indicate the amount they want to compensate the board members with.

It is sometimes proposed by the board members to the shareholders at the AGMs. When it is proposed by the board members, the shareholders voice their opinions on it and a vote is cast to approve or reject the board proposal. Some of the board members stated that, in their banks, the shareholders fix higher allowances for their board chairmen, vice chairmen and secretaries. The shareholders justified this decision by stating that because of the added responsibilities that come along with the positions, it is reasonable to give them something higher than the other members. Board members with no post on their boards indicated they accepted and did not have any problem with this system of board compensation in their banks where some board members received more allowances than others. These are some responses from some board members.

“...we are given board fees and board sitting allowance. It is sometimes proposed to shareholders at the AGM... the Chairman and his vice receive a little higher than the other members...we agree to it because their roles give them added responsibilities so it is okay if they take higher allowances...” (Board Member 1)

“...board members allowance is approved at the AGM by the shareholders...we are not given the same allowance. The chairman is given I think 20% higher than the other members...it is okay because he does other things as the chairman that the other members do not do...” (Board member 6)

In Ghana, remuneration of board members in limited liability companies is regulated by the Companies Code 1963 (Act 179) and the BoG directives on board compensation. Section 194 of the Companies Code 1963 (Act 179) lays down the regulations on board remuneration as follows;

1. The fees and other remuneration payable to the directors in whatsoever capacity shall be determined from time to time by ordinary resolution of the company, and not by any provision in the Regulations or in any agreement, which provision shall be null and void.
2. The fees payable to the directors as such shall be determined from time to time by ordinary resolution of the company and not in any other way:

Provided that where the Regulations of an existing company contain any provision fixing the fees payable to the directors such provision shall continue in operation and have effect until the date of the first annual general meeting of the company held next after the commencement of this Code.

3. Unless otherwise resolved, the fees payable to directors shall be deemed to accrue from day-to-day and the directors shall also be entitled to be paid all travelling and other expenses properly incurred by them in attending and returning from meetings of

the directors or any committee of the directors or general meeting of the company or otherwise in connection with the business of the company.

4. Where any director holds any other office or place of profit under the company in accordance with section 192 or 193 of this Code, the terms of his appointment may provide for his remuneration in respect thereof but he shall not be entitled to any remuneration additional to the fees to which he is entitled as director unless and until the terms of his appointment to such office have been approved by ordinary resolution of the company

Section 83 of the BoG's Corporate Governance Directive in 2018 also lays down some regulations on remuneration of board members in financial institutions. They regulations are as follows;

1. The board shall actively oversee the design and operation of the compensation system. The board shall monitor and review the compensation system to ensure that it is effectively aligned with prudent risk taking.
2. Levels of remuneration shall be sufficient to attract, retain and motivate executive officers of the bank and this shall be balanced against the interest of the bank in not paying excessive remuneration.
3. Where remuneration is tied to performance, it shall be designed in such a way as to prevent excessive risk taking.
4. A committee of independent directors shall determine the remuneration of executive directors.
5. Executive directors shall not be entitled to sitting allowances and directors' fees.

6. Non-executive directors' remuneration shall be limited to directors' fees, sitting allowances for board and committee meetings and shall not be performance-related.

7. Where share options are adopted as part of executive remuneration or compensation, it shall be tied to performance and subject to shareholders' approval at an annual general meeting (AGM).

8. Banks shall disclose in the annual reports, details of shares held by directors and related parties (Corporate Governance Directive, 2018).

From the responses given by some of the board members on their board compensation systems, evidence of doxa that is likely to lead to symbolic violence can be established. Bourdieu (1977) used doxa to denote the things that are taken for granted in any particular society and the unquestioned truths that may be openly contested and discussed. From the board members' responses, it appears the idea of rewarding the board chair, vice chair and secretary with higher allowances exist because it is believed there are some responsibilities that come along with the post they hold and this has been taken for granted in the rural banking field and may be contested by the other members.

In a doxic society, the natural and social world appears as self-evident such that questions of legitimacy do not arise and symbolic struggles are not fought to contest what is essential because they go without saying just as they come without any saying (Everett, 2002). Just like a doxic society, the social order in rural banks in Ghana appears as self-evident where it is believed the board chair, vice chair and the secretary are regarded as those who do more work among all the board members. Therefore, it is seen as legitimate to reward these individuals with higher allowances for this perceived more work. The other board members agree to this because that is what they have acquired through socialisation in the rural banking field and also this is what the rural banking field pushes them to believe. The

tradition is silent in every doxic society and this is no different from the rural banking field in Ghana (Bourdieu, 1977).

Symbolic violence occurs when doxa leads to the unequal distribution of personal capital or wealth among a group and symbolic struggles are fought to contest what is essential within a field. From the responses given by the board members, symbolic violence will occur when the other board members contest the decision to remunerate the chairpersons, vice-chair and secretaries with higher allowances. In a doxic world, due to the self-evident nature of the social order, two groups of individuals are created, that is, the dominated and the dominant. From the board members' responses, it can be seen that the board chairs, their vices and the secretaries are regarded as the dominants and the other board members are regarded as the dominated group because of the self-evident nature that the positions they occupy puts them higher in the rural banking social order.

It is this belief and attitude that pushes the shareholders to fix higher allowances for these group of people. When this occurs, there is an unequal distribution of allowances among the board members where the board chair, vice chair and the secretary receive more allowances than the other members which when contested by the other board members will lead to symbolic violence in the rural banks where symbolic struggles will be fought among the board members. According to Bourdieu, symbolic violence can do what political and physical violence do but it only does it more efficiently (Bourdieu & Wacquant, 1992). This is because symbolic violence is an act of cognition and misrecognition that lies beyond or beneath the controls of consciousness and will (Everett, 2002).

4.1.5 Politics in Governance

Board chairpersons are elected by the board members any time the board members are appointed at the AGMs. During the election of the chairpersons of the boards of rural banks

in Ghana, the members indulged in various forms of organisational politics. Before the election of the chairperson, members interested in the position use their political power to influence the other members to vote for them. Interested members use the authority and power gained from their social relations, money and knowledge to convince the board members to vote for them. This is outlined in the quotes below.

“...to be on the board chair one has to campaign so it is like more of a popularity game. The most popular person gets elected to chair the board. There are instances where somebody more competent, one whom you think is more competent loses the election because there's somebody even though technically less competent he's very popular with the community where majority of the shareholder are...” **(Board Member 2)**

“the chair selection in our bank is mainly based on politics...you have to campaign to the members and it is usually the person who is more popular among the members contesting that wins...” **(Board Member 20)**

Politics is also present during the election of board members at the AGMs. Individuals who applied to be elected to the board campaigned to the shareholders to vote for them during the elections. Over here, mostly it is the wealthy and popular people within the community in which the bank and majority of the shareholders exist that get elected to serve as board members in the banks. The wealthy and popular people use their authority and power to influence the shareholders to elect them to the board. Below is a quote from one of the board members in relation to this point.

“...there could be two (2) or three (3) people competing for a post and it is the shareholders that vote and sometimes they vote based on their knowledge on the person whether the person's standing in the society or his educational background. Also, since there are politics in companies, some people influence the shareholders to vote for them not necessarily because of the skills or educational background. There is such a person on the board currently...” **(Board Member 6)**

Research has shown that organisations serves as political structures that provide opportunities for individuals to build on themselves and express their individual interests and motives (Obisi, 2003). The development of one's self, particularly at various levels in an organisation is dependent on the accumulation of power as the instrument for transforming individual interests into activities which influence other people (Zaleznik, 1970). Politics in organisations involve the tactical use of power to obtain or retain control of real symbolic resources (Bacharach & Lawler, 1980). Therefore, individuals in organisations usually use organisational politics to obtain advantages which are beyond their control (Omisore & Nweke, 2014).

People who are successful in organisational politics tend to be viewed more positively mostly because they are successful competitors in places they have political influence. One of the major issues with organisational politics is the promotion of a less competent person based on power and favouritism (Omisore & Nweke, 2014). This is evident in the responses given by the board members. People used their power and authority to influence board members and shareholders to vote for them. These people with the power might not have the right competences to serve as board members and board chairpersons but due to their political power, they use the organisation as a political arena to develop themselves.

This theme supports Bourdieu's concept habitus resulting from power. From the responses, the people interested in being board members and chairpersons in their banks use the power gained through the capitals they possess politically to influence their appointment. This is done by all members who wish to serve on the boards and members who wish to be appointed as chairpersons on the boards of rural banks in Ghana. The disposition to use politics to influence appointment as board members and chairpersons has been created in the minds of the people and they refer to this anytime there is the appointment of board members and election of chairpersons. The board members indicated the people acquired this

disposition through the observation of activities that goes on any time board members and chairpersons were elected in their banks. The finding from this study confirms the findings of Adu-Amoah *et al.* (2008). They found in their research that, politics played an important role in the governance of rural banks in Ghana.

4.2 Conclusion

This chapter presented the analysis and discussions of the findings from interviews with board members involved in the study.



CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Chapter Introduction

This chapter presents the summary of findings, conclusion and recommendation of the study. It summarises the study based on the purpose and objectives developed for the study. The

major findings are discussed and a conclusion is drawn. The chapter finally makes recommendations to practitioners, policymakers and researchers.

5.1 Summary of Findings

This study employed Bourdieu's (1972) "Theory of Practice" to examine corporate governance in rural banks in Ghana with boards as the centre of focus because of the important role they play in governance. The study specifically examined board appointment, board composition, board decision making and board remuneration in rural banks in Ghana.

First, the findings of the study provide evidence that the appointment of board members in rural banks in Ghana is influenced by an individual's economic capital in the form of shares in a rural bank, cultural capital in the form of skills, experiences and educational qualifications needed on the board of a rural bank, social capital in the form of network of relations in a rural bank or other organisations that are of interest to a rural bank and an individual's symbolic capital which is made up of all the other forms of capital. This means having the required number of shares in a rural bank, a skill, experience or qualification needed on a board, a relation on the board of a rural bank or an organisation and all these resources can get an individual appointed as a board member in a rural bank in Ghana. Economic capital was the basic requirement for board members appointment.

Second, the findings of the research provide evidence that the rural banking field of Ghana is governed by rules and regulations. Issues related to the appointment of board members, shareholders involvement in governance, board members qualifications, board size and board meetings are regulated by the BoG regulations and the Companies Code 1963 (Act 179). The findings from this study show that rural banks involved in this study complied with these regulations.

The study reported that there is poor female representation on the boards of rural banks in Ghana. This is as a result of the habitus developed by the shareholders who elected them at AGMs. Aside the habitus of the shareholders, norms and beliefs also played a role in the poor representation of women on the boards of rural banks in Ghana. Politics developed from the possession of more power in the rural banking field influenced the composition of boards in rural banks.

Lastly, the findings of this study reveal that some board chairpersons, vice-chairpersons and secretaries were remunerated with higher board allowances because the field of rural banks in Ghana makes shareholders who fix the board allowances believe these group of board members do more work than the other board members. This makes the rural banking field in Ghana a doxic society. This is because some board members are taken for granted because they it appears as self-evident that the other board members that occupy positions do more work than the others. This is likely to lead to symbolic violence when the remuneration system for the board is contested by the other board members because it leads to the unequal distribution of wealth.

5.2 Conclusion of the Study

Although economic, social and cultural capital influence the appointment of board members in rural banks in Ghana, symbolic capital had the most influence on board members appointment in the rural banking field of Ghana. This means people who applied for board membership in rural banks in Ghana who had in addition to their economic capital a social capital and / or a cultural capital which acted as a symbolic capital when needed were appointed as board members over those did not have. Individuals who were appointed as board members were those who had the economic capital in the form of the required number of shares in a rural bank and the social capital in the form of a relation in a rural bank or other

organisations and / or a cultural capital in the form of a skill, experience and educational qualification needed on the board. Therefore, an individual with a symbolic capital which is made up of all the other forms of capital in the rural banking field is more likely to be appointed as a board member in a Ghanaian rural bank than an individual who possesses only one or two of the other forms of capital. Previous studies (Adu-Amoah et al, 2008; Nair & Fissaha, 2010) reported economic capital, social capital and political relations influenced governance in rural banks in Ghana. Therefore, this study brings new insight into the other factors that influence governance in rural banks.

Board composition and board decision making in rural banks in Ghana is influenced by the habitus developed through the compliance with rules and regulations governing corporate governance in the rural banking field of Ghana and the norms and culture of the environment within which the rural banks exist. Previous studies (Adu-Amoah *et al.*, 2008) established social and political relations as the main factors that influenced governance in rural banks in Ghana but this study reported that habits developed through interactions among shareholders in their societies influence their decision to elect mostly males to the boards of rural banks in Ghana. Also, the number of times board meetings occurred in Ghanaian rural banks was shaped by the habits developed through complying with the corporate governance rules and regulations in the banking field.

Board members allowances are unequally distributed among board members in rural banks in Ghana and this is caused by the doxa that some board chairpersons, vice-chairpersons and secretaries are believed to be doing more work because of the positions they hold on the board. The habitus in rural banking field that the positions these group of board members hold comes with additional duties makes it self-evident that they do more work than the other members. The other board members can contest this board remuneration practice and

symbolic struggles will be fought on the board which will be symbolic violence if not addressed.

To the best of my knowledge, this is the first study to employ Bourdieu's theory to study boards in rural banks in Ghana. The theory helped to theorize the study. Although some existing literature on rural banks have some concepts like social relations (Adu-Amoah *et al.*, 2008; Owusu Antwi *et al.*, 2014) and economic capital (Aboagye & Otieku, 2010; Nair & Fissaha, 2010) in line with Bourdieu's theory, the study identified symbolic capital was the most influential capital when it comes to board appointment in rural banks in Ghana. The theory also established that habitus shaped board composition and board decision making. Also, doxa also helped to establish that there was unequal distribution of board allowances among board members in some rural banks because some board members held positions. This is likely to lead to symbolic violence when it is contested by the board members. This throws more light on the board of rural banks in Ghana.

5.3 Recommendations

From the findings of this study, the following recommendations were made.

Recommendations to Practice

Rural banks in Ghana should ensure that issues related to the unequal distribution of board members allowance in their banks is taken seriously and resolved. Some board members receiving higher allowances than the others because they hold positions on the board can affect the board in the performance of their duties. When symbolic struggles are fought on the board to contest the distribution of board allowances, it can affect the practice of good corporate governance because Bourdieu (1972) indicated symbolic violence is capable of doing what political violence does but it does it more efficiently. He also noted that the ethic

of distributing income among individuals in a group unequally will not endorse a healthy and safe workplace. Therefore, rural banks should deal with this issue to ensure the practice of good corporate governance.

Recommendations to Policy Makers

Policy makers should consider factors such as social capital which is in the form of an individuals' relation with board members or other organisations of interest to the rural banks when formulating corporate governance policies for these banks. The unequal distribution of board allowances also has the potential of affecting the practice of good corporate governance in rural banks in Ghana so policy makers must consider it in policy formulation in the rural banking field of Ghana. This will add up to factors such as economic and cultural capital that has been considered in existing corporate governance policies. These factors influence corporate governance in the rural banking field so considering them during corporate governance policy formulation will lead to an improvement in the practice of good corporate governance in rural banks in Ghana.

The study reported that rural banks were complying with the corporate governance rules and regulations in their field so policy makers should consider crafting new additions to corporate governance in the field of rural banks in Ghana in the future into rules and regulations. Doing this will ensure compliance with the new additions that will ensure good corporate governance in the rural banking field.

Recommendations for Future Studies

To the best of my knowledge, this study is the only work that has employed Bourdieu's "Theory of Practice" (1972) to study corporate governance in rural banks in Ghana. This

addressed the calls for new theories in corporate governance research and in doing so showed how the theory was applied to achieve the aims of the study.

Future corporate governance studies and studies employing Bourdieu's "Theory of Practice" can draw on the findings of this study. Also, this study opens the way for further studies into studying the different agents in the practice of corporate governance in the rural banking field like the shareholders since the findings of the study showed they made decisions mostly based on their habitus.

5.4 Limitations of the Study

Although the study provides more insight to board processes in rural banks in Ghana, only rural banks were included in the study so the findings apply to rural banks only. It may not be applicable to the universal banks and other micro-finance institutions in Ghana. This means the generalisation of this study is limited. However, relating the findings of a qualitative study to theory is a more appropriate way of showing a broader significance of the study than a statistical generalisation (Saunders *et al.*, 2009). This implies, the linking of themes that emerged in this study to an existing theory is a way to ensure credibility and broad significance of this study.

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Appendix 1

UNIVERSITY OF GHANA BUSINESS SCHOOL

DEPARTMENT OF ACCOUNTING

INTERVIEW GUIDE

RESEARCH TITLE: A BOURDIEUSIAN ANALYSIS OF BOARDS IN RURAL BANKS IN GHANA.

Dear Madam/Sir,

I am Felix Amoah, undertaking a study leading to the award of Master of Philosophy (MPhil) in Accounting at the University of Ghana Business School. This study seeks your opinion on some board processes in rural banks in Ghana. Processes like board appointment, board composition, board decision making and board remuneration will be the issues that will be covered in this study. Interview will last for about 30 to 50 minutes. I wish to assure you that everything you say is purely for academic purpose and will be strictly confidential.

Thank you.

Introduction

1. Can you please tell me your name and any organisation in which you serve as a board member?
2. Are you the chairman of the board, a chairman of a sub-committee or just a member?

Questions on Board members appointment

3. How are Board members appointed in your organisation?

4. What are some of your educational qualifications and how did these qualifications influence your appointment to the board?
5. Where do or did you work and what role are you playing or did you play?
6. Did these work experiences play any role in your appointment as a board member?
7. If you served on any board or supervisory team in any organisation before this appointment, did these experiences from these previous engagements help in your appointment as a board member?
8. If you have a qualification, skill or experience in accounting and finance (competence in accounting and finance), do you think it helped in your appointment as a board member?
9. Did your competence in accounting and finance help in you been given a special role as a board member (eg Chairman or Vice Chairman)
10. Would you want to share any other factors that would influence appointment of members to your board?

Questions on Board Composition

11. How many people are on the board of your company and why that number?
12. How is your board composed in terms of gender and why that distribution?
13. How is your board composed in terms of religion and is there any reason for that distribution?
14. How is your board composed in terms of skills and why that distribution?

15. Are all members required to be natives of a specific area? If yes, why?
16. Looking at the nature of the work of banks, accounting and finance are important aspects of it so does this make you consider a member's skill, qualification or experience in accounting when choosing the board chair?
17. Are members' skills, qualifications or experiences considered when selecting Chairmen of the various sub-committees? If yes, why?
18. How many times have the board chair been changed since you became a member and what do you think are the reasons that lead to the change(s)?
19. What changes have come along with the change(s) in board chair?
20. Would you want to share any other factors on the composition of your board?

Questions on Board decision making

21. How often does the board meet? Why do they meet?
22. How are decisions arrived at during board meetings?
23. Are members with a skill on an issue being discussed able to influence other members to agree to their submissions at the meetings? If yes, how do they do it? If no, why are they not able to influence the other members since they have a skill in the area of discussion?
24. Are members with experiences in an issue being discussed able to influence other members to agree to their submissions at the meetings? If yes, how do they do it? If no, why

are they not able to influence the other members since they have experiences in the area of discussion?

25. Are members with an educational qualification on an issue being discussed able to influence other members to agree to their submissions at the meetings? If yes, how do they do it? If no, why are they not able to influence the other members with their knowledge in the area of discussion?

26. What roles does members with skills, qualification or experiences in accounting and finance play when it comes to accounting decisions like budget approval and loans approval?

27. What roles does members with skills, qualifications or experiences in different fields other than accounting and finance play?

28. How are the board members remunerated?

29. Are all board members given the same allowance? If no, what causes the difference and are all members okay with the difference?

Thank you.

