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Moving Ghana Beyond Aid: The Way Forward

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In this issue

EDITORIAL

Studies from development literature and leadership on how to build a nation, have shown a consistent and pragmatic processes and systems to follow. Studies on the determinant of the meteoric growth of Ghana's comparators at the time of independence specifically Singapore, South Korea and Malaysia have shown a consistent trend and efforts made to develop these economies. In the lead article "Moving Ghana beyond aid", the writer highlights ten basic principles and processes that have to be followed to achieve a sustainable growth and development to move the country out from aid dependency.

The creation and optimization of sustainable stakeholder value should be the objective of governance. Good governance is essentially about effective leadership which is clothed by the ethical values of responsibility, accountability, fairness and transparency. For this reason, responsible leaders must direct the company's strategies and operations with a view to achieving sustainable economic, social and environmental performance.

Effective Governance must therefore ensure that this is achieved. In the article on good corporate governance the writer identified ten good corporate governance principles that seek to ensure the success and long-term survival of organisations.

Corporate failures in recent times have become an issue in Ghana particularly with the collapse and absorption of some financial institutions. The collapse of institutions have dire consequences on investors and other stakeholders. There is therefore the need to assess how organisations are performing from time to time, as well as be in a position to predict when failure is imminent. The technical article examines the phenomenon of bankruptcy prediction from a developing economy perspective using the Altman Z-score model.

A recent IFAC SMP Survey identified attracting new clients as a major global challenge. A number of strategies can be implemented to acquire new clients but real success comes when multiple strategies are used simultaneously. The Survey mentions marketing tools and strategies as a means for an SMP to position itself properly to meet the challenges in this competitive era.

To transform SMP challenges into opportunities, external growth strategies that can be exploited include: advertising; seminars; networking; referrals; building a brand; social media marketing; and joining a network, association, or alliance.

Each approach needs to be considered in relation to jurisdictional laws and/ or professional regulations.

These and many more are being presented in this edition for your reading. Please forward your comments on any of the articles or this edition of the journal to:

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Kevin Dancey to Lead Global Accountancy Profession

Mr. Kevin Dancey, FCPA, FCA

Transformative Leader Appointed as IFAC CEO-Designate

IFAC—the International Federation of Accountants—announced, after an extensive global search, Mr. Kevin Dancey, FCPA, FCA—former President and Chief Executive Officer of CPA Canada as IFAC's next Chief Executive Officer. He will succeed current IFAC Chief Executive Officer, Fayez Choudhury, whose term expires at the end of the year.

Kevin has a long history of leadership in both the accountancy profession and public service. In addition to leading CPA Canada and the Canadian Institute of Chartered Accountants, he has served as PwC's Canadian Senior Partner and Chief Executive Officer. Prior to the firm's global merger with Price Waterhouse, Kevin was Coopers & Lybrand's national tax practice leader. Beyond the profession, Kevin has served Canada's citizens in a variety of public service roles. He currently chairs Finance Canada's Departmental Audit Committee and is National Coordinator of the CPA Canada Martin Family Initiative, which mentors Canadian indigenous youth. Kevin holds a Bachelor of Arts (Hon.) in Mathematics & Economics from McMaster University.

"Kevin's deep experience running large and complex membership organizations and an accountancy firm provides outstanding foundations to take IFAC forward," IFAC President, Rachel Grimes said. "His leadership qualities, and his global relationships, will help ensure that IFAC continues to grow its leadership role on the world stage."

Kevin sees his selection as the next IFAC Chief Executive Officer as a "singular honour and a career capstone," He said "Accountants positively influence the global economy in a multitude of ways. "I'm looking forward to being a passionate advocate for the 3 million professional accountants represented by IFAC's more than 175 member organizations in over 130 jurisdictions."

Mr. Dancey joins on May 14, 2018, and will work closely with Mr. Choudhury to ensure a seamless leadership transition.

Source: www.ifac.org

History of the 114-year-old WCOA Accounting Conference

The World Congress of Accountants (WCOA) was first held more than 110 years ago, at the dawn of the 20th century.

From that first event, subsequent conferences have been woven between major global events including the Great Depression and two World Wars. Today the World Congress of Accountants is a large-scale, international event which occurs, like The Olympic Games, every four years.

With the 20^{th} Anniversary conference due to be held in Sydney in November 2018, we take a look back on the accounting event's history.

1904, St. Louis, USA

The very first World Congress of Accountants was actually named *International Congress of Accountants*. It occurred in St Louis, Mississippi, against the backdrop of the third Modern Olympic Games and the St Louis World's Fair. The latter drew nearly 20 million visitors who took in 1,500 exhibition buildings and showcased the wireless telephone and an early fax machine.

According to the *Journal of Accountancy,* the rise of large corporations in the decades before the congress – and some spectacular panics and stock market crashes – underscored the importance of proper accounting procedures and financial reporting.

"At a time long before codified generally accepted accounting principles or auditing standards," wrote Anita Dennis in *Taking Account of History*, "participants were developing and discussing some of the standards and procedures that would form the basis of professional practice."

This would set the scene for Congress to come.

1926, Amsterdam, The Netherlands

It wasn't until 1926 that another Congress was convened. Its purpose was to promote the exchange of information and comparison of accounting methods across the world. According to author Spencer E. Ante, writing in *Creative Capital: Georges Doriot and the Birth of Venture Capital,* attendees included "important financial figures such as G. H. M. Delprat, the Secretaire Generale of the Netherlands Bank."

1929, New York, USA

The third Congress came right at the end of the Roaring 20s. It finished exactly one month before the stock market crash that heralded The Great Depression.

1933, London, UK

According to *The History of Accounting (RLE Accounting): An International Encyclopaedia* the second European conference included subjects like the "Science of Accounting" and "Consolidated Accounting."

1938, Berlin, Germany

The pre-war years were a trying period for accountants and not just in the host country of the 1938 World Congress of Accountants. In Germany, local regulation was taken over by the state. Just 315 representatives (from 33 countries) attended the Berlin Congress.

1952, London, UK

The post-war Congress saw seven accounting associations host 2,510 delegates from 36 countries. Topics included managerial and inflation accounting. It was suggested at the time that accounting might make an international contribution to "resolving economic problems that were at the root of the recent wars."

1957, Amsterdam, The Netherlands

At the second event in Amsterdam, External and Internal auditing took centre stage.

1962, New York, USA

This Congress paid close attention to the effects of a world economy on auditing and financial reporting. There were calls for global harmonisation of accounting practices.

1967, Paris, France

The City of Lights saw a Congress extend its focus on the harmonisation of accounting practices along with discussion on accounting for consolidated and government entities.

1972, Sydney, Australia

The 10th Anniversary Congress was held in Sydney and focused on many subjects including the common goals of international accounting. Members of the profession came from all corners of the globe, including Bermuda, Malta, Uganda, with the largest delegation coming from Japan. There was even a ceremonial postage stamp produced for the occasion.

Those present continued their calls for the establishment of a harmonising, global accounting body. In 1973 the International Accounting Standards Committee (IASC) was formed. According to Mary E. Harston, quoted in *The History of Accounting (RLE Accounting): An International Encyclopaedia*, this was "perhaps the most significant contribution of these Congresses to date."

1977, Munich, Germany

In 1977 the International Federation of Accountants (IFAC) was established, designed to represent the accounting profession at an international level on all matters except setting accounting standards. It was a celebration of decades of conversation and collaboration and a focus of the Munich Congress.

Since 1977, The World Congress of Accountants has been held under the auspices of the International Federation of Accountants every five years, switching to every four years in 2002.

1982, Mexico City, Mexico

This Congress was the first held by IFAC, and the first in the developing world. It focused on the professional responsibilities of accountants in a changing world.

1987, Tokyo, Japan

The 13th gathering was the first held in Asia, and the first rebranded from *International* to *World* Congress of Accountants. It dealt primarily with international accounting and auditing standards.

1992, Washington D.C., USA

This Congress focused on the accountant's role in the global economy. The focus reflected IFAC's promotion, according to Mary E. Harston, of a "unified worldwide accounting profession that understands accelerated business globalisation, changing capital markets and a demanding public."

1997, Paris, France

Dominated by the developed world and the drive toward globalisation, this Congress was held against a backdrop of the recently formed World Trade Organisation.

2002, Hong Kong, China

The first China-hosted Congress was addressed by Chinese Premier Zhu Rongji, who said the Chinese government had "attached great importance to the development of the accounting profession, and has made unremitting efforts in the building of the accounting system, the making of auditing rules and the training of professionals in this area… Accountants and investors from around the world are welcome to bring their talent into greater play in China and seek greater career expansion by taking advantage of China's vigour and vitality."

2006, Istanbul, Turkey

This Congress focused on generating economic growth and stability worldwide.

2010, Kuala Lumpur, Malaysia

The topics of this Congress included "accounting ethics, governance, standards, convergence, and development of the accounting profession" plus "integrated reporting and sustainability" and "Islamic finance." The diversity of thought was matched by the large attendance – more than 6,000 people – from 134 countries, and organisations including The World Bank, Transparency International, the Financial Stability Board, the European Commission, the International Forum of Independent Audit Regulators, and the International Accounting Standards Board.

2014, Rome, Italy

More than 4,000 delegates descended on Rome with a large contingent from Africa (1,100 from Nigeria alone). Pope Francis made an address. Meanwhile, according to CPA Canada, "ethics and the public interest were overarching themes. And it was standing room only in the Fighting Corruption and Fraud session."

2018, Sydney, Australia

This Congress will mark the 20th anniversary of WCOA, and is expected to see more than 6,000 delegates visit Sydney during November, 2018.

Source: www.wcoa2018.sydney

IPSASB Proposes New Lease Accounting Model for Public Sector Call for Comment on Exposure Draft 64, Leases

The International Public Sector Accounting Standards Board (IPSASB) has released for comment Exposure Draft (ED) 64, *Leases.* ED 64 proposes a single right-of-use model for lease accounting that will replace the risks and rewards incidental to ownership model in IPSAS 13, Leases. ED 64 also proposes new public sector specific accounting requirements for leases at below market terms (also known as "concessionary leases") for both lessors and lessees.

For lessees, ED 64 proposes accounting requirements that are converged with the International Accounting Standards Board's

IFRS 16, Leases, by requiring the recognition of a right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low-value assets. For lessors, ED 64 proposes a right-of-use model specifically designed for public sector financial reporting that differs from the risks and rewards incidental to ownership model for lessors in IFRS 16 by: (a) Continuing to recognise and measure the leased asset according to the applicable IPSAS; and (b) Recognising a lease receivable and a liability (unearned revenue) as a result of the lease contract, except for short-term leases. The proposals in ED 64 address common public sector lease contracts where a lessor and a lessee are part of the same economic entity.

"Leases, including concessionary leases, are very important financing mechanisms in the public sector and in international organisations," said IPSASB Chair Ian Carruthers. "The proposals in ED 64 will provide better information on the financial impacts of leases and therefore enhance both the accountability of an entity for its management of resources and improve the quality of information for decision-making."

How to Comment: To access the Exposure Draft and its summary At -a Glance document, or to submit a comment, visit www.ifac.org/publications

IESBA Proposes Revised Ethical Requirements Prohibiting Improper Inducements

The International Ethics Standards Board for Accountants (IESBA) released for public comment the Exposure Draft, Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements. The proposals strengthen the Code of Ethics for Professional Accountants by clarifying the appropriate boundaries for the offering and accepting of inducements, and by prohibiting any inducements with intent to improperly influence behaviour.

The proposed comprehensive framework covers all forms of inducements and applies to both professional accountants in business and professional accountants in public practice. It also provides enhanced guidance on the offering and accepting of inducements by professional accountants' immediate or close family members. "Inducements with intent to improperly influence behaviour are a very major concern for the public interest, and they include the issues of bribery and corruption. Inducements made with improper intent are unacceptable and should be prohibited," said IESBA Chairman Dr. Stavros Thomadakis.

Among other matters, the proposals also require professional accountants to address any threats to compliance with the fundamental ethical principles in accordance with the Code's conceptual framework where there is no improper intent.

"The development of the proposals was informed by input from Transparency International UK based on their experience and insights in the area of bribery and corruption," noted IESBA Technical Director Ken Siong.

Source: www.ifac.org/publications

ICAG NEWS TIT BITS

ICAG Holds Induction Course For Newly Qualified Accountants

The Government is willing to engage the Institute of Chartered Accountants, Ghana (ICAG) to promote the public interest and place transparency and accountability higher on the national development agenda.

Mrs Abena Osei-Asare, Deputy Minister for Finance, who made this known at the opening of the first induction course in Accra, for newly-qualified professional accountants for the year 2018, underscored the importance of professional accountants in Ghana's march towards socio-economic development and in pursuit of the 'Ghana Beyond Aid' agenda.

She said Ghana required not only physical infrastructure to facilitate economic growth and move the country beyond aid, but also the talents of professional accountants to help manage resources efficiently and provide financial leadership.

Making Ghana a nation that is able to finance its development agenda with its own resources rather than with foreign aid, she said, required deliberate efforts at improving financial management practices and being more accountable and transparent in the use of public funds.

Mrs Osei-Asare, therefore, urged all professional accountants, including the newly-qualified accountants to support efforts to make Ghana independent of foreign aid for its national development efforts.

That support, she said, meant committing to the ideals and high ethical standards of the accountancy profession, namely good corporate governance, effective internal control, proper risk assessment, professionalism and business ethics.

In his remarks, Mr Christian Sottie, President, ICAG, urged the newly-qualified accountants to work hard to uplift the image of ICAG.

Mr Sottie also stressed the need for the newly-qualified accountants to seek further professional development to improve their skills in order to be effective, efficient and relevant at all times.

The inductees were taken through various topics, including professional ethics, the Chartered Accountants Act 1963, Act 170, personal branding, the conduct and the need to join district Societies, etc.

Source: ISD (G.D. Zaney)

ICAG holds Public Lecture on Ghana Beyond Aid

The Institute on the 21st of March, 2018 organised a public lecture on the theme "Ghana Beyond Aid; How can we get there?" The lecture was well attended and was held at the Auditorium of the College of Physicians and Surgeons in Accra. Leading the discussion, the main speaker Professor Stephen Adei outlined measures that must be put in place to put the country on a sustainable growth and development.

He stressed that the country needs to grow and develop and try to be self-sufficient as a surest way of moving the country beyond aid. He stressed that there is no way a country can develop by relying on aid, and sited countries such as Malaysia, Singapore, South Korea, etc. which have once depended on aid but have now become developed countries. He admonished that Ghana should emulate their steps and come out from aid dependency mentality and do something for our own.

Prof Stephen Adei outlined ten steps that can be taken to move the country beyond aid. These include leadership, change of work culture, fight against corruption, clear developmental agenda and social capital development.

The other speaker, Dr. Paul Yaw Ansu, a Senior Policy Advisor talked about efforts Government is making to transform Ghana beyond aid. He mentioned efforts to raise adequate revenue, introduction of various policy interventions as well as control of expenditure.

Ms. Rebecca Lomo, a Council member chaired the function.

ICAG Adopts Mobile Money as a means of Payment

The Institute has partnered with the Ecobank to introduce the Mobile Money App to facilitate receipts and payments from students and members to the Institute and vice-versa.

Find below three simple steps to follow when making payments to the Institute.

Step by Step guide to mobile App payment

Ecobank partners with ICAG to make it easy for you to pay your fees using the Ecobank Mobile App in 3 simple steps.

1. Download the App
2. Fund your Account
3. Pay your Fees

Enjoy a more convenient and reliable means of paying your fees today, anywhere and anytime. No more queuing in the Banking Hall.

Ecobank _on ICAG _on.

HOW TO DOWNLOAD THE ECOBANK MOBILE APP - Step 1	FUND YOUR ACCOUNT FOR ICAG FEE PAYMENT – Step 2	BILL PAYMENT PROCESS FOR ICAG – Step 3
✍ Download the Ecobank Mobile App ✍ Select "Ghana" under Country	✍ Fund your Xpress/Bank Account through the nearest	✍ Open the Ecobank Mobile App ✍ Click on Pay Bill ✍ Select ''Institutions''

✍ Select “English” under Language ✍ Enter your Mobile number and accept the Terms and Conditions ✍ Enter personal details, wait for a 6 digit One Time Password (OTP) via sms, input your personal 6-digit PIN, repeat PIN. ✍ Wait for a notification of a successful account opened Fund Xpress account and pay Fees under the Bill payment process	Ecobank Xpress point agent or your Bank ✍ Dial Telco USSD code to fund from a Mobile wallet; MTN (*170#), Airtel Money(*500#) and Tigo Cash(*501#) ✍ Transfer funds from wallet to Xpress Account or Bank Account Repeat step-by-step process under the Bill payment process to pay fees to ICAG	✍ Select “Institute of Chartered Accountants Ghana” under the Pay Bill option ✍ Select Account to be debited ✍ Click on Student and Member Fees ✍ Enter Payment Reference Number, Amount Click Pay and Enter PIN

FEATURES

How to Transform SMP Challenges into Opportunities

By Christopher Arnold, Head of SME/SMP and Research, IFAC and Mats Olsson, IFAC SMP Committee Deputy Chair and Partner, Adrian & Partners AB

The recent IFAC Global SMP Survey identified key challenges many small- and medium-sized practices (SMPs) face. These articles from the Global Knowledge Gateway break down the data from the survey and provide information, ideas, and tips to help SMPs address these challenges as well as best practice examples from IFAC SMP Committee members, together with the range of other tools and resources available.

Attracting New Clients

Attracting new clients is the top global challenge facing SMPs, and is one of the top two challenges for Europe, Africa, the Middle East and Asia regions. A number of strategies can be implemented to acquire new clients but real success comes when multiple strategies are used simultaneously. This harnesses the momentum of marketing efforts and is more likely to bring attention to your practice. In addition, since most businesses already have an accountant, growing your practice usually means enticing clients away from other firms. To achieve this, a compelling reason to change must be part of your pitch.

External growth strategies include:

- advertising;
- seminars;
- networking;
- referrals;
- building a brand;
- social media marketing; and
- joining a network, association, or alliance.

Each approach needs to be considered in relation to jurisdictional laws and/ or professional regulations.

Advertising

Advertising is one of the most powerful ways of getting your firm's name and message out in the market. Helpful tips to get the best value from advertising spending include:

- identifying a target audience or market segment for your advertising;
- making it clear how the service will benefit clients; creating messages that are credible, sincere, and avoid exaggerated or unsubstantiated claims;
- using a headline that captures the readers' attention; and
- including a "call to action" where the reader is told to call or visit the website. In addition, Search Engine Optimization (SEO) and Marketing (SEM) can bring your firm website to the top of search results when specific words or phrases are searched (this usually includes a charge when a user clicks on an advert and goes to your website; many different vendors can help identify key words to target).

Seminars

Seminars can be an effective form of marketing. A number of formats can be used.

- Organize a seminar with senior firm representatives to deliver presentations. This provides a reason to advertise, promote your practice, and establish brand and name recognition for your firm as a recognized expert. Existing clients can be invited and encouraged to bring non-client business associates.
- Speak at seminars hosted by others, such as financial institutions or business associations, which may hold breakfast meetings and can often be free of charge. This could include a specific session that requires technical knowledge. Seminars also offer an opportunity to follow up with an article for your website or local media on key points.

Networking

"Word of mouth" is often one of the best forms of marketing and is effectively achieved through networking. Networking is not about trying to make a "sale" to each person at an event; instead, your objective is to meet people who can refer others to your practice. Creating a networking plan and measure success in relation to time invested is useful. Encouraging firm representatives to attend events and not feel that they have to impress people through charm or technical knowledge is important. As in most things, you and your representatives should be yourselves to build connections with people. This takes the pressure off and you can just relax and chat normally. It also gives people a greater chance to get to know staff and feel comfortable. If they are, they are more likely to refer others to your practice.

Referrals

The best time to ask a client for a referral is when your firm has just successfully completed an engagement or project as it's easier to say, "If you know of anyone else who may appreciate our work, we're always happy to take on referrals." This lets your client know that your firm is open for referrals, and looking for new clients. Another option is to work through a structured program of meetings with potential referrers. Often referred to as "people of influence," these contacts include bank managers, lawyers, and others in complementary businesses, such as financial planning or finance broking. Firms that successfully follow a structured, formal approach set aside a regular time to meet with potential referrers.

For example, they arrange lunch meetings with a different bank manager every Wednesday in a month. The next month they may meet with a different lawyer each Wednesday. The following month it might be financial planners or finance brokers. Then the cycle starts all over again with the bank managers. This allows for a systematic approach to working through a contact list and also allows relationships to be built from which referrals will come. Existing and past staff can also be a source of new clients. Encourage staff to connect with their own networks and consider offering incentives for recruiting new clients.

An "alumni" network of past employees could be created to keep them in contact with your practice. Past employees may progress into management positions and can be a valuable source of contacts. Consider staying in touch though newsletters or emails, seminar invitations, or an annual gathering—all of which ensure regular contact.

Building a Brand

Branding is an important area of marketing. To make marketing as effective as possible, your brand needs to send out clear messages that encompass your firm's brand. Marketing messages should not only build on your brand but leverage it as well. Done well, branding can:

• lower the cost of acquiring new clients;

• create business opportunities based on market perceptions;

• reinforce confidence and comfort levels of existing clients; and

• build the value of your practice's goodwill.

Your brand is the message your firm wants to convey to the market. It pervades all areas of your firm, and goes beyond the logo and letterhead. It covers the services offered, the way it deals with clients, and the image of your firm it wants to present. It becomes the banner that your firm markets and sits over all the services offered. Specifically, it means the way the website looks, graphic design, and logos used in the communications and presentations. It also includes the way your firm interacts with clients and staff, even down to the words used. By building and promoting a brand, your practice establishes expectations at a high level in the market. When the actual service is delivered—for instance, the financial statements or tax returns—the accuracy, presentation, and look and feel of the material needs to be consistent with the expectations that have been set.

Social Media Marketing

Successful practices are embracing social media and using it to engage with clients, attract new clients, promote their services, and attract staff. Social media is about building a community. Successful social media strategies reinforce that people like to deal with people, rather than businesses, to create relationships. While successful strategies are often built around the individuals, it is the business that reaps the benefits. Engaging partners and staff in social media is a great starting point. Firms can use LinkedIn, Facebook, and Twitter to invite their clients to receive updates, participate in discussions, share case studies and experiences, post testimonials, establish discussion group, and allow clients to connect with each other. Blogging is another way of sharing timely updates with clients; it can also drive new clients to your website. All social media should include links back to your firm's website to drive traffic to your business. Social media should complement, but not totally replace, traditional marketing techniques. Remember, before new clients contact your firm, they typically check out social media sites or search for your practice online.

Networks, Associations, and Alliances

The 2015 Global SMP Survey found that attracting new clients was the top benefit of joining a network, association, or alliance, followed by broadening your client experience and branding and marketing. Only 28% of respondents reported their SMP belonged to a network (11%), association (10%), or alliance (7%), but 24% indicated that their practice was considering joining one. Joining provides your firm the opportunity for referrals from non-competitor firms, as well as broadens the range of services offered without the fear of losing them to national or international firms.

Source: www.ifac.org/publications

Transforming Ghana Beyond Aid: the Way Forward

By Prof. Stephen Adei

Studies from development literature and leadership on how to build a nation, have shown a consistent and pragmatic processes and systems to follow. Studies on the determinant of the meteoric growth of Ghana's comparators at the time of independence specifically Singapore which now has \$51,000 per capita income, South Korea \$29,000 and Malaysia a little shy of \$10,000 compared with our paltry \$1,500 (figures rounded for ease of recall), have shown a consistent trend and efforts made to develop these economies.

The following ten (10) factors have been identified as development parameters Ghana has to apply to achieve the Ghana Beyond Aid vision. They are:

1. Leadership quality and commitment. According to Myles Munroe for leadership to deliver such agenda must be "just, legitimate and qualified". "Leadership is cause, everything else is effect". (Adei, 2004)
2. A new Ghanaian in terms of culture, work ethic, patriotism, discipline and non-xenophobic nationalism. "Culture matters".
3. Credible development of vision and transformational agenda.

4. Efficient professional and ethical governance and development institutions especially that of the Public Service, Judiciary and the Police. The latter of the two should anchor development in the Rule of Law.
5. Quality social capital especially that of pre-university education, health and sanitation.
6. A quantum shift in the way we do politics
7. Sustained improvement in economic infrastructure especially that of electricity supply
8. Macroeconomic environment that promotes not just economic stability but growth, high level of national savings, fiscal discipline, reduced debt, a decisively Ghana-first industrialisation, agricultural and leading sectors development including enhancing productivity and market efficiency.
9. Strong anti-corruption regime and value for money management of publicly funded programmes and projects.
10. Labour market efficiency and equity.

How ready are we on these fronts to deliver on the Ghana Beyond Aid vision? We should hazard answers to this question not by way of offering panaceas but to focus attention on the task ahead. For a start, it is believed that as a nation we have the capacity to achieve not just a statistical $12,000-$15,000 income per capita but one which reflects the economic, social, cultural and political maturity of a middle income country in one generation of 25 years.

Leadership

There is an emerging consensus that leadership has been the bane of Africa's development (Adei 2004). For most part of its 61 years as an independent nation, Ghana has suffered from military adventurism and dictatorship, prolonged Civilian leadership was experienced between 1951 and 1966 and under the 4th Republic. Under Kwame Nkrumah, Ghana witnessed its golden days of development from 1951 into the sixties when we lost some direction in the 1st Republic. The 4th Republic was initially a continuation of the military strongman Jerry John Rawlings but since he acquiesced to the Economic Recovery Programme (ERP) from 1983 the economy experienced growth into the 4th Republic. Under Kufuor, Ghana enjoyed an 8 year civilian rule since Nkrumah, the Busia and Limann administrations having been cut short by soldiers in two years each. The nation experienced significant improvement in social and economic indicators from 2001 and, hopes for sustainable development were raised. These were dashed with the health constraints of Atta Mills as Mahama's regime definitely was a disappointment on many leadership fronts. While 15 months is too early, to assess any government, Akuffo-Addo has demonstrated leadership vision, energy and commitment.

However, the quality of leadership to drive Ghana's development agenda should include the performance of key Ministers, Parliamentarians and Bureaucratic leaders. Ghanaians as a people do not trust our political leaders who are perceived as self-centred, self-seeking and corrupt. In order to mobilise Ghanaians to pay just taxes, be patriotic and support the Ghana Beyond Aid agenda the political and bureaucratic leaders must go the extra mile in modelling authentic transformational leadership with integrity to carry Ghanaians along.

To that end, Article 71 office holders cannot go through the constitutional gimmick to award themselves huge emolument increases on top back-pay and ex-gratia awards to the extent that today the least Member of Parliament earns more than thrice that of a Chief Director. And the gap is widening every four years. This is totally unacceptable.

That said, we seem to have at the helm of affairs of the nation a President in the person of Nana Addo Dankwa Akuffo-Addo who seem to have what it takes to drive a Ghana Beyond Aid agenda in terms of vision, agenda, modelling the way etc. as Kouzes and Posner predict. It will take more than a vision and transformational leadership of the President Nana Akuffo Addo to achieve the Ghana Beyond Aid Agenda. It is the bounding duty of the President to ensure that the broader political leaders (Ministers, MPs, MMDCEs) as well as the bureaucratic leadership embrace his vision and support it with performance. It is the broader political and bureaucratic leadership as a class currently that requires a lot of improvement.

The President's first task is to build a credible "guiding coalition" a la John P. Kotter, if he is to lead Ghana Beyond Aid especially his Cabinet and those top echelon of his staff in Jubilee House. "The fish rots from the head" according to Bob Garratt (1999). At the same time "Leadership is cause, everything else is effect" (S. Adei. 2004).

A New Ghanaian

Even though economic and political matters dominate Ghanaian discourses the most formidable constraint on our ability to achieve Ghana Beyond Aid has to do with attitude towards the State; culture in terms of values, norms and behaviour of the people; work ethic etc. To many Ghanaians, most of our political leaders not excepted, Ghana is the proverbial community goat whom no one cares about. Worse still many think of the Republic as "Ɛsono nam" (Elephant meat in the village context) which everybody goes to cut a piece for their enjoyment with no conscience as they think there is plenty to go around.

All the countries who have made it in recent times have had to work consistently to change the attitude and mind set of their people through a combination of leadership by example, civil education – formal and informal, rigorous enforcement of laws, and incentive to new behaviours. To that end they undertake total mobilisation of the media, provide incentive for good behaviour and sanction indiscipline and miscreant behaviour. Today we are spending millions of dollars to clean up our refuse we left behind, stop galamsey and do many things which other countries by virtue of their discipline and attitude do not have to.

The Ghanaian worker is among the least productive in Sub-Saharan Africa. We have an "Aban adwuma" (government work) mentality which by default gets extended to all formal sector employment whereby the worker is there to give the least in terms of effort and expect the highest in terms of pay. Moreover, many go to work looking for other opportunities to earn extra income through pilfering or corruption. What would be required to get to the Ghana Beyond Aid is A NEW GHANAIAN.

A major focus of the Ghana Beyond Aid agenda therefore has to be a deliberate and consistent effort to change the attitude, behaviour and thinking of the Ghanaian towards the Republic. Values of integrity, honesty and discipline should become the norm rather than the exception. We need to change our culture through a combination of leadership modelling, civic education (formal and informal), rewarding good behaviour, strict enforcement of laws and sanctions against deviants, all aimed at creating patriotism, non-xenophobic nationalism etc.

Credible Development Vision and Transformational Agenda.

The good book, the Bible, says "without vision people perish". Nations as companies and individuals require credible vision to progress fast. The Ghana Beyond Aid vision resonates well with the elite, political classes and the international community. But go to Makola, Hwiremoase, Golokuati, Zebilla or Elubo dwellers, it does not catch on. Visions have a way to be embraced over time by more and more people. But it may take longer with Ghana Beyond Aid. Try to translate it into any of our local languages and you will find out that it is not easy.

It is therefore suggest that we tweet the Ghana Beyond Aid mantra to address the concerns of most Ghanaians such as education, jobs and sustainable livelihood so that all Ghanaians would be inspired, motivated and mobilised to support it. The government's own documents have a suffix that can be appended to the mantra as follows: *Ghana Beyond Aid: Prosperity and Equal Opportunity for All In One Generation (2040).*

More importantly, a credible agenda to realise the dream must be elaborated. *The Coordinated Programme of Economic and Social Development Policies 2017-2024,* is an attempt to do that. That said, we should agree with the World Bank's Senior Director Dr. Michal Rutkowski that the programme needs to be targeted. There should not be more than 5-10 key levers with deadlines to drive the agenda. For example, Ghana will go very far if we have quality free pre-university education, a national railway network, integrated iron and bauxite industry, cheap and reliable energy supply, highly reduced corruption and interest rates below 15% within the next 3-5years. If we had these the country will be on an irreversible course to sustainable development. This is not to downplay the other initiatives but only to illustrate how to focus energies. The tonic of continued fiscal discipline, reduced inflation, exchange rate stability, one district one factory, one village one dam and all the other political flagships can be pursued through normal budgetary processes and monetary policies. What we need is selected game changers.

Efficient Professional and Ethical Governance and Development Institutions

The governance framework of a country is important for several reasons. It is critical to ensure peaceful political environment for development. One can safely say Ghanaians have rejected the one-party system of Nkrumah's latter days and military dictatorship for a democratic dispensation. However, research by the Institute of Economic Affairs (IEA) suggests that the majority of Ghanaians are wary of the Winner-Take-All syndrome in our body politic, the dominant role of the executive vis-à-vis the legislature.

Key government institutions such as the Electoral Commission, CHRAJ, National Commission on Civic Education (NCCE) are weak and perceived as weak, under-funded and not neutral. It is sad that currently three key officials within the Electoral Commission are facing Impeachment charges on self- incriminating accusations of corruption. The immediate past head of CHRAJ was removed for unethical behaviour.

Inefficiencies in other key institutions such as the Lands Commission, Registrar

General's office, Passport office, GRA among others have constrained Ghana's development in the past and require urgent reforms to promote the Ghana Beyond Aid agenda.

Institutional constraints must be addressed with systematic public sector reforms that reduce process, infuse transparency into the systems, put the onus on officials to complete certain processes within well-defined time frames rather than citizens. Unless the heads of these institutions are held accountable for efficient delivery of public goods, we will find it difficult to implement the Ghana Beyond Aid agenda.

Quality Social Capital

Human beings are both the means and the end of development efforts. This is so obvious that it is easily overlooked in development discourses. If we do we will be talking on specific variables such as population growth. Reducing by one percentage point the rate of population alone will positively impact economic and social welfare in the medium to long term and that will put premium on quality education for girls for example.

The fascination with free pre-university education is therefore in the right direction. Free SHS may become one of the biggest development initiatives in this century, the challenges in the short to medium term notwithstanding. The government must expedite resolution of the accommodation and logistics problems through establishment of quality community schools with facilities for teachers for example. The policy is right and it is a matter of debugging implementation challenges.

The main concern with human resource development however, is with basic school level where primary and JHS teachers are literally failing the kids and the nation by refusing to teach. They are paid after 3 years' training above university graduates ostensibly because they have professional skills yet they specialise in producing functional illiterates. Unless drastic actions are taken including decentralisation, empowering school heads with management and supervisory authority, discipline and the right to fire non-performing teachers thus restore old-time accountability of teachers to their Heads we will not make headway as a nation.

We can't have a situation whereby many so called trained teachers in public schools send their wards to poor private schools because they themselves do not deliver anything to write home about. While there is still room to improve access and infrastructure the dire need at the basic school level is not lack of resources. It is getting teachers to do what they are "paid" to do.

Above basic education the country needs quality vocational education, Technical Universities which are technical and not glorified social science institutions, and development oriented and innovative research. Our Universities must produce entrepreneurial, ethical and employable graduates.

However, the need for quality improvement in basic education far out strips all other social needs in terms of their long term development impact except the environmental and sanitation situations. We cannot wait further to improve the sanitation situation and stop permanently environmental degradation through the activities of the "galamseyers". Efforts with regard to the latter seem to be on course but equal attention has to be given to the sanitation problem via more robust civic education, strict enforcement of laws and regulations as well as incentives to do right such as the provision of waste bins and commercial use of properly segregated trash.

An important treat to the social dimension of the Ghanaian development agenda is ECOWAS. Politicians, and the President in particular, are hot on promoting regional integration. It opens a bigger market and come with economic advantages. But it has serious social consequence for us. For example, free movement within the sub-region can lead to Ghana becoming a de-facto state of Nigeria, with legal and illegal Nigerian residents outnumbering indigenous Ghanaians with attendant social problems such as the 419 menace, serious crimes like armed robbery and overwhelming our security system. On the positive side the ECOWAS offers a huge market for Ghanaian products and services including education. We must exploit the opportunities and minimise the threats and not just pursue a pan-African agenda blindly. Ghana Beyond Aid cannot be sacrificed on the altar of Pan-African dream yet.

A Quantum Shift in the Way We Do Politics

There is no denial of the fact that Ghana can boast of significant democratic gains. However, unless there is a quantum change in how we do politics further progress will be limited. For one, the winner-take-all syndrome; politics becoming the fastest way for people to move from rags to riches; the definite link between political power and corruption in our recent past; the perpetual tension between the two main political parties; the inordinate penchant for lying and exaggeration, have reached levels that must be stopped.

For example, if people spend so much as \$86,000 (nearly GHS 400,000) to win a nomination as MP it means their first preoccupation in Parliament will be to recoup their investment by hook or crook. It is said the majority and minority always agree on pay and benefits to MPs. As a result the Constitutional provision that article 71 office holders can fix their own pay through the executive and parliament mutual actions has become an inordinate avenue to raise their emoluments every four years with retroactive payment of back pay plus ex-gratia awards. Nobody should tell us these are Constitutional provisions. They are the outwork of Constitutional provision by the politicians. At this moment, one of the major bottlenecks in wage negotiations between the government and public sector employees is the inordinate emolument of Article 71 office bearers which is out of proportion compared with general public sector wage.

On the political front there will be the need for civil society pressure to sustain the hands of the President in prosecuting the Ghana Beyond Aid agenda by reigning in political excesses, self-centredness and sacrificing the interest of the Republic for personal gain. Already his bold initiative to give credence to decentralisation with One District One Factory (1D1F), one village one dam, planting for food and job, one million dollars per constituency will direct more resources to the district, election of MMDCEs will be great. But the culture and the way we do politics require equal attention.

Sustain Improvement in Economic Infrastructure

It is only worth mentioning for completeness as everybody knows that without cheap reliable and affordable supply of electricity and water modern development cannot take place. These along with an efficient means of transportation especially railroad supported by a good network of roads and air transport are needed to sustain economic growth and development. To date, Ghana's economic infrastructure does not even meet the best of third world countries and a lot should be done to deliver on that to support the Ghana Beyond Aid agenda. The government's programme to address the economic infrastructure deficit is in the right direction and must be followed through.

Macroeconomic Environment

It is relatively less difficult under able leaders to fix the economy. We seem to have a relatively good team under the current Minister of Finance, the Governor of the Bank of Ghana and the economic management team led by His Excellency the Vice President. Second, the economy is the focus of most international pressures from the IMF and the World Bank, bilateral development partners and the African Development Bank. Without sustained improvement in the economy we will not be independent of aid, improve our social indicators and move to the haven of optimistic self-reliant and productive nation.

The President aims at doubling our GDP per capita by growing the economy at 9.1% per annum on the average. In nominal terms we must grow at 11-12% over the next decade to achieve that. Though oil is welcome relief and the service sector is growing, we need to ensure that the productive sectors of agriculture, manufacturing and construction become the major drivers of long term sustainable development. With the measures already in place to stabilise the economy, additionally we can replace total net inflow of aid in a year or two with reduction of illicit outflows (corruption), increase in remittances, growth in exports and getting value for money when it comes to government programmes and projects.

Whatever we do there must be a definite bias to promote indigenous Ghanaian participation in all sectors of the economy. The South Koreans, Singaporeans and Malaysians all accessed foreign capital, technology and expertise but they made sure nationals, and indigenes in particular were major beneficiaries of their economic transformation. Sad to say, often times, our political leaders and bureaucrats make Ghanaians feel second class in their own country. "The other day I had to cause a stir at Kumasi Airport when Ghanaians were queuing for security check point to be opened, an Asiatic just walked by and was served and ushered into the VIP lounge. I told the officials that I will not be a second class person in my own country and insisted they served everybody immediately which they did".

The need for stable macro environment with low levels of fiscal deficit, inflation, interest rate or cost of capital, relatively stable exchange rate, simplified business processes, competitive tax regime both personal and corporate, promotion of private enterprise, all aimed at increasing local production, value addition, export promotion and over all Global Competitiveness is the tonic of development. Worth mentioning also are increasing national savings rate as a proportion of GDP to above 25% and attraction of direct foreign investment and other autonomous flows like remittances will provide much needed resources for self-reliant development.

All the above are economic development 101. We need audacious, innovative and indigenous economic thinking to accelerate our development rather than the trodden path of macroeconomic stability, inflation targeting and the so called Washington Consensus of Neo-liberal economics. For example "I want to see a one off borrowing form the Central Bank to clear off all arears and domestic debt which will raise inflation in the short run but also create space to increase capital expenditure in the budget". Again there are, not to be announced in public ways of frustrating cheap import from China without going foul of WTO rules. Economic orthodoxy is not the way to break the constraints of under-development.

Strong Anti-Corruption Regime and Value for Money Government Funded Programmes and Projects

In the Ghanaian context, without taming the corruption leviathan development will continue to elude us. It is estimated that about $3 billion or almost twice that of net external aid are siphoned out of Ghana each year. The Auditor General's report which is only a tip of the iceberg shows that internally the size of corruption in terms of lost revenue to the State could be equally high. Also despite procurement laws it would seem programmes and projects are meant to enrich private pockets more than deliver development. A conservative estimate will put the average cost of programmes and projects at between 30% and 50% above value for money estimates. In some cases, contingencies alone are as high as 25% and cost overrun has become the norm rather than exception in executing state financed projects.

Tackling corruption will therefore be pivotal in achieving the Ghana Beyond Aid agenda. The appointment of the Special Prosecutor should be seen as only the beginning of the solution. The passing of the right to information bill and implementation of the whistle-blower's act will help. As a nation we must insist on the open asset declaration of office holders NOW including politicians and senior public servants. If that drives bad people from public office we are sure there are enough decent people to step in. We may have to change the laws to make people with lifestyles beyond their means to account for their wealth.

Corruption is a major leakage in our development basket. It distorts the decision making of officials, it's a major source of bureaucratic bottlenecks and a major factor in our "do or die" Politics. Tackling corruption in politics, public service, in the police and judiciary are important for Ghana Beyond Aid.

Labour market efficiency and equity

On the labour front, Ghana's industrial and labour relations have been the best. However, certain brutal facts have to be confronted. First, the size of public sector wage bill for the less than 1 million employees cannot and should not be allowed to consume 40-50% of the total budget. This ratio must be reduced through modest annual adjustments or even a wage freeze combined with increased revenue mobilisation which incidentally is the responsibility of all the Public Services and not the Ghana Revenue Authority alone. As a nation we cannot consume what we have not sown, in this case not gathered in tax revenue.

Overcoming our aversion to pay legitimate taxes, widening the tax net and confronting segments of the Public Sector workers who by virtue of belonging to less than 10% of the labour force think they can consume half of the budget and also be a major source of systemic corruption must be confronted. "I will suggest that there should be a 5-year framework of public sector wage negotiation, starting with a wage freeze to bring public sector wages to not more than a third of revenue". This should include Article 71 office holders in support of a Ghana first agenda. I believe that what happens in the public sector sets the tone for the private sector. Public sector wage must be linked to government revenue mobilisation and productivity.

Conclusion

Ghana Beyond Aid tweeted with the suffix "Prosperity and opportunity for all in one generation" is a powerful and doable national vision to be embraced by all. The President's commitment and the management of the economy attest to an emerging political commitment to lead Ghana Beyond Aid. The main opposition must interrogate the vision and if their concerns are taken on board, for once, support the vision of Ghana namely: Ghana beyond Aid: Prosperity and opportunity for all in one generation.

I have sought to show however that what it will take for us to get there is no child's play. It will require:

- Leadership
- A new Ghanaian
- Credible development, vision and transformational agenda.
- Efficient professional and ethical governance and development institutions
- Quality social capital
- A quantum shift in the way we do politics
- Sustained improvement in economic infrastructure
- Macroeconomic environment
- Strong anti-corruption regime and value for money programmes and projects
- Labour market efficiency and equity

However, under just, clean and competent leadership, these are doable in one generation. Singapore did it, Malaysia did it, Mauritius is doing it, and Ghana can do it.

Effective Governance Within an Organisation and the Role of The Professional Accountant.

By Nii Adumasa Baddoo

The foundations of good governance have been laid in Scriptures through various injunctions and exhortations when God appointed Man as the head of the family in the days of Adam, followed by such exhortations as ' Men love your wives, wives be respectful to your husbands and children to obey their parents. In my humble view, what these biblical injunctions and exhortations seek to do is define (1) a Governance structure, making the Man as the head of the family (2) the establishment of relationships between Man, his wife and children and (3) the delineation of responsibilities of Man towards his wife and children and by equal measure, the responsibilities of the wife and children towards each other. Governance, therefore, involves structure, relationships, roles and responsibilities towards all the stakeholders in the family cell.

Overview of Effective Governance.

Various scholars have defined Governance in various ways, but for our discourse, I would consider the following definitions which, I think, sets the tone for an exciting debate on effective governance.

Prof Bob Ticker, in 1984, shed his perspectives on what he perceives good governance to be when he stated that "If management is about running business, governance is about seeing that it is run properly." Again the Cadbury report (1992) also states in clear terms that Corporate Governance ideally provides a system by which companies are *directed and controlled.* Beyond these, a former President of the World Bank, James Wolfensen in 1999, provided a classical definition which goes to the very root of the concept when he declared that corporate governance simply denotes corporate fairness, transparency and accountability and that within this context, the proper and effective governance of firms will take a centre-stage in the world economy in much the same way as the proper governance of countries.

Again, Sir Adrian Cadbury in 2003, in his foreword, on *Corporate Governance and Development* stated that "in its broadest sense, corporate governance is concerned with holding the balance between economic and social goals. Standards of corporate performance are, therefore determined by the measures which companies take for themselves, whether voluntary or otherwise , to improve the way they are directed and controlled and by the legal, financial and ethical environment in which they work."

The International Federation of Accountants (IFAC, 2009) in its *Key Principles of Evaluating and Improving Governance in Organisation* states, as its first principle, that the creation and optimization of sustainable stakeholder value should be the objective of governance'. Furthermore, The South African King III Code, issued in 2009 and updated in 2012, also proclaim that 'good governance is essentially about effective leadership and such leadership is clothed by the ethical values of responsibility, accountability, fairness and transparency. Responsible leaders direct the company strategies and operations with a view to achieving sustainable economic, social and environmental performance'. Effective Governance must therefore ensure that this is achieved.

The ACCA paper (Moxey and Berendt, 2014) supports the IFAC view of governance, and restates it more succinctly that the overriding objective of corporate governance is to create sustainable value. The need to measure value in social and environmental, as well as financial, terms needs to be accepted by everyone with an interest in good governance, namely, the boards and other stakeholders.

The Ten Governance Principles.

Jim Kaplan (nd), in his reflections on good corporate governance practices, proposed the following ten principles which seek to ensure the success and long-term survival of organisations, especially in the wake of some corporate financial scandals, like the famous Enron case of 2002 as well as the global financial crisis of 2008-2009. In the case of Enron, significant corporate governance failures such as stifling of shareholder rights, complete lack of transparency and disclosure, neglect of board responsibilities and tacit approval of insider dealings, amongst others were revealed.

(1) ***Performance orientation -*** emphasising the efficient use of resources to deliver shareholder value.

(2) ***Nomination and Compensating committees*** - that seek to emphasise the quality of leadership and providing best practice framework for the selection of the CEO and other principal officers and their levels of remuneration.

(3) ***Disclosure*** - promoting transparency by ensuring that the company's annual reports disclose a true and fair view of the company's state of affairs and that the financial statements are IFRS compliant.

(4) ***Audit committees -*** composed solely of independent directors with significant knowledge of accountancy, audit and financial reporting as well as a sound knowledge of the business.

(5) ***Code of Conduct -*** that provides a framework for the proper conduct of the business with systems that ensure full compliance with applicable laws and regulations

(6) ***Conflict of Interest -*** underscoring the fiduciary relationship between directors and the company to the extent that actual or perceived conflict of interest situations are identified, disclosed and explained to enable valid assessment of their adverse impact on the business to be made.

(7) ***Environmental and social commitment*** - seeking to strike a fair balance amongst corporate performance, social development and environmental development.

(8) ***Conduct of Board of Directors -*** that seek to ensure that the directors have a good mix of qualifications, skills and experience, receive the requisite training, are suitably compensated and receive proper notice of meetings.

(9) ***Responsibilities of Investors -*** that ensures that institutional investors, from a risk management perspective, actively monitor and vote on issues vital to the success of the enterprise.

(10) ***Role of directors in turnaround situations -*** where they are required to play a proactive role in business turnaround situations.

(Source: Jim Kaplan's Auditnet at* www.Auditnet.org/*corpgov.htm).

The OECD Prrinciples.

The Organisation of Economic Corporation and Development's (OECD, 2004), unique forum articulated the key principles of good corporate governance (CG) in a policy paper first endorsed by the OECD Council of Ministers in 1999 in Paris. These principles, according to the paper, constitute a global benchmark for policy makers, investors, corporations and other stakeholders in advancing the corporate governance agenda by providing specific guidance for legislative and regulatory matters in both OECD and non-OECD countries. The policy paper further explains that the Financial Stability Board, the international body that monitors and makes recommendations about the global financial systems, considers these *Principles* as one of the twelve key standards for sound financial systems, provide the basis for extensive co-operation between both OECD and non-OECD countries and most refreshingly constitute the bedrock for good corporate governance practices in both the World Bank and the IMF.(www.fsb.org)

The *Principles* have been subsequently reviewed to reflect recent developments and experiences in both OECD and non-OECD member countries to the extent that there is now heightened awareness amongst policy makers on the important role of CG in promoting global financial market stability, investment, economic growth and corporate competitiveness. Private sector institutions such as those managing pension funds and secure retirement incomes, the policy paper further states, have attributed their success stories to good CG practices.

Overview of the Key OECD Principles (2004)

I. ***Providing the Basis for an Effective Corporate Governance Framework***

The corporate governance framework should promote transparent and efficient markets, be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.

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II.The Rights of Shareholders and Key Ownership Functions

The corporate governance framework should protect and facilitate the exercise of shareholders' rights.

III.The Equitable Treatment of Shareholders

The corporate governance framework must ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to seek effective redress for violation of their rights.

IV. The Role of Stakeholders in Corporate Governance

The corporate governance framework should recognize the rights stakeholders established by law or through mutual agreements and encourage active co-operation between corporate bodies and stakeholders in the creation of wealth, jobs, and the sustainability of financially sound enterprises.

V. Disclosure and Transparency

The corporate governance framework should ensure greater transparency in corporate business as well as the timely and accurate disclosure of all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.

VI. The Responsibilities of the Board

The corporate governance framework should ensure the strategic guidance of the company through the effective monitoring of management by the board, and the board's accountability to the company and the shareholders.

G20/OECD Principles of Corporate Governance

The revised Principles, we are informed, were launched at the meeting of G20 Finance Ministers and Central Bank Governors in Ankara on 4-5 September 2015, and subsequently endorsed at the G20 Leaders' Summit in Antalya on 15-16 November 2015. These updated principles, according to the OECD, acknowledge the fact that good corporate governance provides the means for promoting economic prosperity, sustainable growth and financial equilibrium. The principles, the OECD further affirms, also acknowledge the fair and equitable treatment of shareholders and other stakeholders that make significant contribution to the success and long-term survival of an enterprise.

Nonetheless, many scholars are of the view that policy makers and regulators are faced with the important challenge of the adaptability of corporate governance frameworks to respond swiftly to the rapidly changing corporate and financial environments. Examples of such challenges include the increasing complexity of the investment chain and processes, the changing roles of stock exchanges all over the world and the emergence of new investors, investment strategies and trading practices.

The 2015 revision of the Principles of Corporate Governance, the OECD further contend, seek to address these and other emerging issues that are becoming increasingly relevant to the business community. The significant change in the 2015 version is the replacement of 2004 Principle III with a new principle which states as follows :

III. Institutional investors, stock

markets, and other intermediaries

The corporate governance framework should provide sound incentives throughout the investment chain and provide for stock markets to function in a way that contributes to good corporate governance.

Other significant changes include the insertion of provisions relating to risk management and related party transactions.

OECD Governance Principles from the Ghanaian Perspective.

The principles of the Ghanaian Corporate Governance systems are captured in (1) the Constitution of the Republic of Ghana (1992) under the directive principles of state policy and (2) the Ghana Companies Code (1963), Act 179 both of which essentially deal with Structure, Ownership, Control, Equity, Transparency, Disclosure and Accountability issues. A comparative analysis of the Key OECD and the Ghanaian Corporate Governance principles, highlighting some similarities in approach is shown Table 1 below:

Table 1. *Comparative Analysis of Key OECD and Ghanaian Corporate Governance Principles.*

OECD	GHANA COMPANIES CODE,ACT 179(1963)
Structure	Rights to form a company & Types of companies(s.8/9)
Rights and Ownership	Form and content of Regulations (s.16/17); Powers of companies(s.24)
Treatment of Shareholders	Membership and Rights of members to attend and vote.(s.30/31)
Role of Stakeholders	Shareholder rights, protection of creditors and Debenture holders (s.79/80)
Disclosure and Transparency	Filing of Annual Returns and Keeping of Books of Account.(s122/123). Signing and Publication of Accounts(s.131) Appointment and Remuneration of Auditors.(s.134) Removal of Auditors (s.135). Duties and Powers of Auditors (s.136) Remuneration of the Directors.(s.194)
Responsibilities of the Board	Meaning of Directors and Number of Directors.(s.179/180). Appointment of Directors and Competence of Directors.(s.181/182) Duties of Directors and Exercise of Directors Powers(s.203/204) Conflict of Duty and Interest provisions (s.205)

Source: OECD (2004) & Ghana Companies code, Act 179 (1963).

My information is that the bill for the revised Ghana Companies Code is currently before Parliament for consideration and it is my hope that the updated document will include some of the OECD (2015) provisions and also deal with issues of risk management and internal control.

Creating Shareholder Value through Governance, Risk and Control.

Governance is about creating sustainable value and delivering growth. Many governance scholars are of the view that achieving effective corporate governance is not just about business or financial markets but also involves economics, politics and fundamental aspects of human nature and decision-making. Indeed securing a better understanding of these issues should lead to improved ethical behaviour and better corporate decisions which are also informed by effective risk management and internal control practices. It must be recognised though that both risk management and internal control pose implementation challenges arising from poor corporate risk culture and low levels of integrity amongst some operating personnel who would want to destroy corporate values at all costs.

The Professional Accountant must confront these challenges by recommending the swift adoption of the two ***COSO (2013) Integrated Frameworks on ERM and Internal Control*** in order to preserve shareholder value. Beyond this, Accountants must create and sustain enterprise value through the provision of accurate, relevant and timely financial information to all stakeholders.

The Role of the Professional Accountant.

Table 2. *A matrix on the role of the Professional Accountant in the resolution of some governance problems.*

Stakeholder Group	Relationship with others	Point of Conflict	Nature of Conflict	Accountant's Role.
Shareholders/ Owners	Shareholders vrs Board. Shareholders vrs Management. Shareholders	Boards are highly paid in line with their functions. Management is also highly paid in comparison with their functions.	Agency problem whereby some individuals in top positions sacrifice the broader corporate objectives for personal gains. Tunneling	The Accountant is required to streamline the remuneration system based on the recommendations of the Nomination and Compensation committee to ensure equity and fairness.

	vrs Shareholders. Board vrs Shareholders	Majority shareholders expropriate the firms' assets at the expense of the minority. Boards are held accountable but not rewarded appropriately.	Reverse Agency problem	The Accountant must resolve this by full disclosure of minority interest. Accountant must streamline the pay structure based on a job study.
Board of Directors	Board vrs, Shareholders Board vrs Management Board vrs Regulatory authorities	Management is incapable of implementing the board's policies in a timely manner. Regulators may be unsupportive, slow and sometimes interfere with company operations.	Goal congruence crisis National policy crisis	Accountant must assist management to implement the policies timeously through strategic planning and budgeting. Indeed, best practice requires that the SP process must involve board, management, and employees. The ICAG, for instance, should help resolve the crisis by influencing the regulators to fashion out supportive rules, codes and regulations. For example, issues of high taxes which affect the cost of doing business.

Management	Management vrs Board. Management vrs. Shareholders	Boards showing tendency to wield excessive power over management, thereby creating gaps and potential conflicts. Management required to increase shareholder value but not adequately compensated.	Power crisis Mini-Agency problem	The Accountant should act as mediator by reminding both board and management about the provisions of the governance code regarding the powers and duties of directors and management. Accountant to assist by defining authority-responsibility-risk relationship in a proper way so that remuneration is commensurate with responsibility.
Regulatory authorities	Regulators vrs Board. Regulators vrs. Management.	Conflicts arising from non-compliance with regulatory requirements such as rules, codes and principles.	Non-compliance	The Accountant should act as a compliance expert and design a framework for compliance with all regulatory requirements for the benefit of both board and management.
Customers	Customers vrs. Board. Customers vrs. Management.	Lack of customer satisfaction in terms of quality product and cheaper price	Demand-Supply-mismanagement	Accountant to justify the commitment of both board and management to excellent customer service through written disclosures like 'Value –Added statements or Board

				commitment to high customer value.' to reduce the level of dis-satisfaction.

Source: Shil, N.C (2008): Accounting for Good Corporate Governance,JOAAG,Vol.3(1). Retrieved from joaag.com /uploads/3_shiFind.pdf.

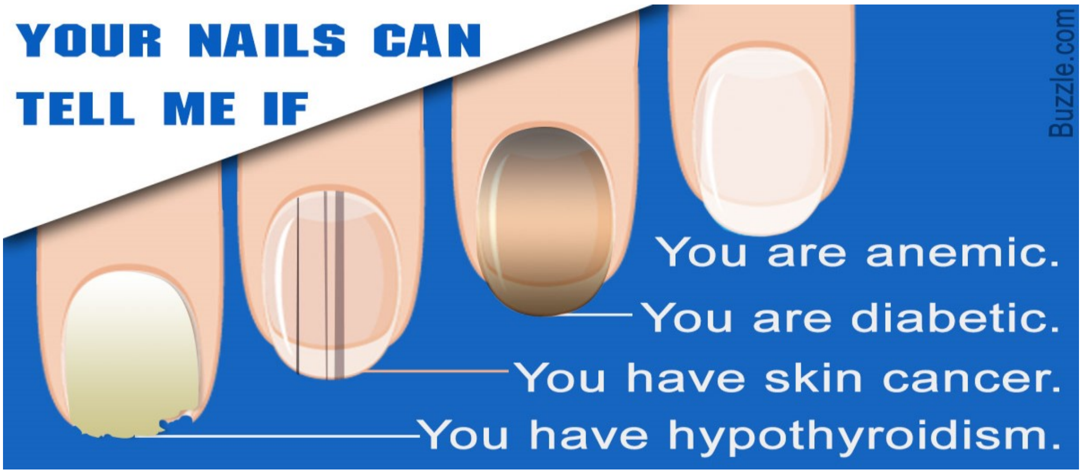
Agency problems, according to Shil (2008), arise when individuals occupying positions in the various stakeholder groups sacrifice the broader corporate objectives for personal gains, whilst Tunnelling denotes the situation where the majority shareholders overshadow the minority interests. The problem of non-compliance arises when the entities attempt to circumvent the laws, rules and regulations imposed by the regulatory authorities and lastly the Power or "ego" crisis occur when the board tries to usurp management's authority and vice versa. In all these conflict situations, the Professional Accountant has a duty to resolve these potential flashpoints by the application of good governance practices espoused in the OECD (2015) framework.

Conclusion.

Our discussion brings to the fore the fact that effective corporate governance, which is essentially a combination of processes and structures implemented by the board to inform, direct, manage, and monitor the organisation's activities, is a good recipe for the creation of Shareholder Value. But this value- creating recipe is not complete unless it is spiced with enterprise risk management (ERM) and effective internal control (IC). Hence, the COSO ERM – Integrated Framework (2013) and the COSO Internal Control-Integrated Framework (2013) should form part of the chemistry of creating enterprise value within the architecture of effective governance (www.coso.org) We are also reminded that the OECD (2015) Corporate Governance principles provide a global benchmark for measuring the effectiveness of corporate governance.

We are also exhorted that the Role of the Professional Accountant in the entire governance framework is quite phenomenal. He/she has to deal decisively with Agency problems, tunnelling, power or ego crisis and non-compliance with applicable laws, rules and regulations. In summary, the Professional Accountant acts not only as the key provider of financial information for decision-making, but also as an Adviser and Consultant to the Shareholders, board, management, regulatory authorities and the customers who create the business and the last but not the least, as a Compliance and Conflict resolution expert.

What Do Your Nails Reveal About Your Health?



An abnormality in the nails is often the first sign of a serious problem like nutritional deficiency, hormonal imbalance, or even melanoma. Buzzle takes a look at the minor and major health issues that your nails can reveal.

Did You Know...

....the nails on each of your fingers grow at a different rate, with those on the longest finger growing the fastest.

Your nails are basically dead proteins, and made of keratin - the same substance that makes up the horns, hooves, and claws of animals. But human nails are different -they are just a translucent cover over a bed of soft tissue full of tiny capillaries and nerves, and therefore, reflect any physiological changes.

Even a quick look at the colour of your nails can reveal a lot to a medical practitioner. But, colour is not the only indicator; white spots, grooves, and the lunular (tiny white semicircle at the base of the nails), can all say a lot about your well-being. The nails don't just expose the physical problems though, they can also uncover the mental state of the person - like stress or OCD.

Although useful for a quick diagnosis, determining an illness or disorder should be left to a physician, who is also likely to take the help of several other diagnostic tests to accurately determine the state of your health. Nevertheless, a change in the colour or texture of the nails can be indicative of several health problems, such as -

Nutritional Deficiencies

If you visit a physician complaining of fatigue or tiredness, he/she might first observe your hands, or fingernails to be precise. The reason for this is that, small changes in the appearance of the nails can be due to a number of nutritional deficiencies, such as -

➤ Koilonychia - or spoon-shaped nails can be caused due to iron deficiency anaemia or deficiency of vitamin B12. They can also make your nails whiter or paler as compared to their usual colour.

➤ Small white spots or lines on the nails can indicate a diet lacking in zinc.

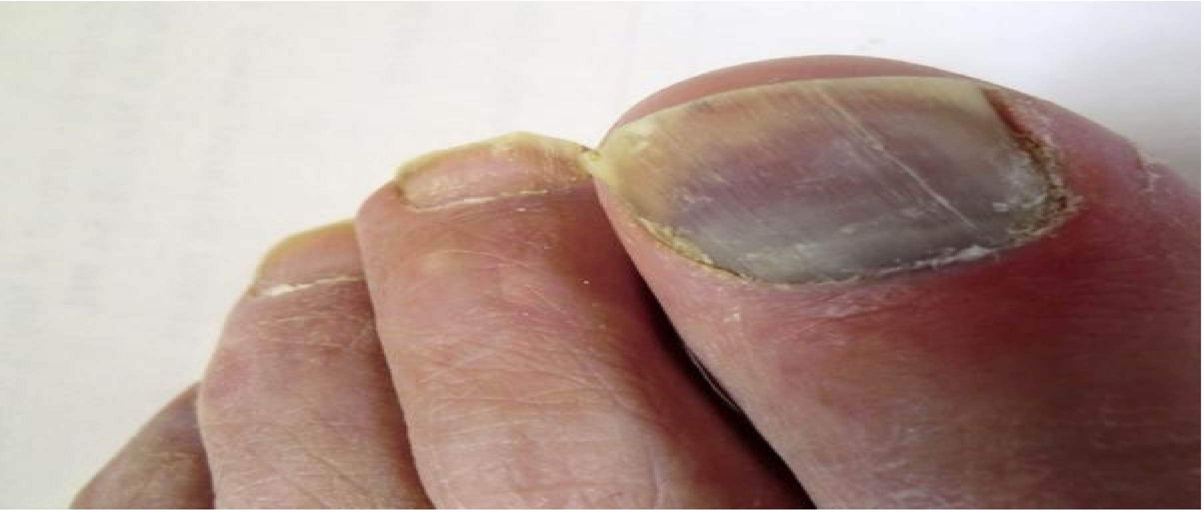
Fungal Infection

Fungal infections like candida yeast or athlete's foot can make the nails discoloured, turning them yellow, green, white, or even black. The infected nail or nails will also thicken and look very unsightly. They will start cracking, peeling, and the entire nail might even fall off.

Frequent infections can also be indicative of a compromised immune system or other diseases, for example diabetes.

Psoriasis

Damaged, ugly-looking nails can also be due to psoriasis, which causes the skin to erupt in red, scaly rashes. Nail psoriasis can give a yellowish-brown colour to the nails, or even separation of the nail from the nail bed, called onycholysis. Another sign of psoriasis is pitting of the nails, in which small, pin-shaped holes or pits appear on the nails.



Liver Diseases

Terry nails, a condition of the nails characterized by the presence of a dark band at the end of the nails, is a strong indicator of liver diseases like liver cirrhosis, although, they can also appear due to aging, heart, or kidney related conditions.

Thyroid Problems

The appearance of small, beaded, vertical bands on the nails can indicate thyroid problems. Brittle nails and vertical ridges are very common in people with hypothyroidism, along with dry skin, poor memory, and weight gain.

Melanoma

A vertical band of blacking or brownish coloration on the nails could be the first sign of melanoma or skin cancer. Although, this can also occur due to an injury or heart condition, it is best to get it checked by a physician.

Circulatory Problems

A bluish colour of the nails could be a sign of poor circulation due to a lung condition. Deprivation of oxygen can also lead to clubbing of the hands - in which the finger pads thicken and the nails curve down around them. It can result from several heart or lung diseases, like lung cancer, tuberculosis, or cystic fibrosis. Certain heart conditions can also turn the nail bed red in colour.

Nails, thus, can offer clues regarding some minor as well as serious diseases a person may be suffering from. But, a number of conditions can alter the nails in a similar manner, and therefore, they should be used for diagnosis, keeping in mind other symptoms and diagnostic tests too.

Disclaimer: *This Buzzle article is for informative purposes only, and should not be replaced for the advice of a medical professional.*

TECHNOLOGY CORNER

Bluetooth Technology: A Summary of its Advantages and Disadvantages

The advantages and disadvantages of Bluetooth technology are well-known to anyone who extensively uses Bluetooth for transferring data or sharing information. IEEE standards govern its networks and have standardized it for use with a vast range of compatible devices.

Bluetooth is a wireless technology for transferring data between two devices that are in close proximity with each other, and it has truly changed the world. The networks that it operates on are known as Personal Area Networks (PAN), and these connections are as secure as they come and offer no risk of intrusion or theft of data. The single biggest advantage is the fact that there are absolutely no wires or cables required, but its only limitation is that it can be used effectively over a maximum distance of 100 meters.

Its most common use is seen in the mobile phone market. All major smart phones in circulation today are equipped with a Bluetooth connection, which enables the devices to sync up with multiple other devices in the vicinity and exchange data. This technology is also very popular in tablets, laptops, notebooks Bluetooth headsets for mobile phones, printers, video game consoles, DVD players and TV remotes. There are a number of other areas where it is implemented as well and it is only a matter of time before the technology really encapsulates our daily lives.

The Pros and Cons of Bluetooth

People who regularly use it absolutely swear by it, especially because the data transfer speed that is provided is very impressive. Since multiple devices can communicate with each other easily, there are hardly any compatibility issues while using it, and this makes it an even more attractive prospect. However, in spite of all this there are a few limitations to it as well, and there are a few people who feel that there are certain areas that can be improved upon.

The Advantages of Bluetooth

Bluetooth technology is wireless, simple to use, and has no charges.

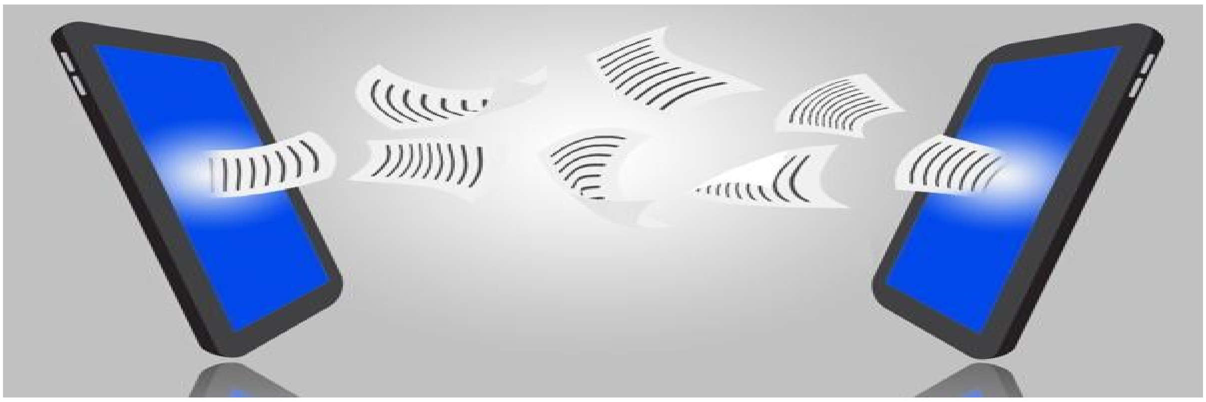
- Bluetooth does not require a clear line of sight between the synced devices. This means that the devices need not be facing each other, and it is also possible to carry out transfers when both devices are in separate rooms.

  The fact that this technology requires no cables and wires is something that has made it so popular. With so many devices engulfing our lives today, the need for clutter-free technology is becoming more intense.
- The maximum range that it offers is 100 meters, but this range is not the same for all similar connections. It depends on the nature of the devices and the version that they operate upon.

  The processing power and battery power that they require in order to operate is very low. This makes it an ideal tool for so many electronic devices, as the technology can be implemented pretty much anywhere.
- One major advantage is its simplicity of use. Anyone can figure out how to set up a connection and sync two devices with ease. Moreover, the technology is completely free to use and requires no charges to be paid to any service provider.

  The chances of other wireless networks interfering with yours are very low. This is because of the low-powered wireless signals that the technology adopts, and also because of something known as frequency hopping.

The Disadvantages of Bluetooth



Bluetooth technology has less transfer speed compared to direct Wi-fi.

- Though the transfer speeds are impressive at around 25 Mbps, certain other technologies like Wi-Fi Direct can offer speeds up to 250 Mbps. This is an area that can be improved upon in the near future. The battery usage during a single transfer is negligible, but there are some people who leave the tool switched on in their devices. This inevitably eats into the battery of these devices, and lowers the battery life considerably.
- Even though the security is good, it is even better on Wi-Fi Direct. This can be attributed to the (comparatively) larger range of Bluetooth and also to the lack of a line of sight. Someone who knows how to hack such networks can do so eventually.

Ultimately the points are fairly uneven, and the benefits of the technology easily outweigh any negative aspects. Bluetooth is widely used by millions of people from all over the world, and it is sure to spread even further as time goes by. The ease of use and convenience that it offers is unmatched, and it is only a matter of time before every single gadget and electronic device in our home makes use of this technology.

Source: www.buzzle.com

6. TECHNICAL MATTERS

Corporate Failure Prediction: Some Empirical Evidence from Listed Firms in Ghana

by

Kingsley Opoku Appiah (PhD)

This article was first published: in." China-USA Business Review 10.1 (2011), 32-41" by the author: K.O.Appiah.

Abstract

This paper examines the phenomenon of bankruptcy prediction from a developing economy perspective using the Altman Z-score model. Drawing on empirical data from a sample of 15 non-failed and failed companies listed in Ghana Stock Exchange. The author test Altman (1968) model via a cross section of different firms with dataset within 2004 to 2005.

Altman's Z-score is applicable in predicting bankruptcy in Ghana depending on the nature and size of the company in question. Since the literature on corporate failure in African contexts is rather parsimonious, this study makes an important contribution to the global discourse on corporate failure prediction in an increasingly globalised world.

Introduction

Previous researchers (Gilson, 1989; Gilson, 1990; Datta & Iskandar-Datta, 1995) argued that financial distress can be associated or attributed to corporate governance. It is also argued by Daily and Dalton (1994) that there is a relationship between corporate failure and corporate governance characteristics.

The global financial crisis has left many organizations in limbo about their going concern. This is evident from some of the world's top organizations filing for bankruptcy. Notable among them are; General Motors (GM), Chrysler, American International Group Inc., Delta Airline Limited (Mclntyre & Ogg, 2008).

This has renewed the debate among various stakeholders in the quest to identify firms with bankruptcy alerts (Gerald, 2002).

Interestingly, corporate failure literature and models are all based on developed countries (Beaver, 1966; Altman, 1968; Altman, 1973; Altman, 1984; Edmister, 1972; Trieschmann & Pinches, 1973; Sinkey, 1975; Deakin, 1977; Pinches & Trieschmann, 1977; Casey & Bartczak, 1985; Aly, Barlow, & Jones, 1992; Baldwin & Glezen, 1992; Dimitras, 1996; Altman & Narayanan, 1997).

Ghana has also had "her share" of corporate failure as evidence in Table 1. The collapse of Tano Agya Rural Bank, Tana Rural Bank Ltd, Meridian BIAO Bank, Bank for Credit and Commerce International were due to the collapse of their parent banks. Most recently, the Gateway Broadcasting Services, Ghana Co-operative Bank, Bank for Housing and Construction, National Savings and Credit Bank and many other corporate failures, in Ghana to some extent, indicate the urgent need for a reliable model which accurately predicts corporate health in Ghana.

Table 1: List of Corporate failures in Ghana

Company	Date	Status	Assets base($m)	Creditors base($m)	Staff count

UT Bank	2017	Official liquidation	387.4	>387.4	>260
Capital Bank	2017	Official liquidation	140	>140	355
Ghana Airways Limited	2005	Official liquidation	25	>200	1,400
Juapong Textiles Ltd	2005	Private liquidation	12	24	400
Bonte Gold Mines	2004	Official liquidation	1.2	20	350
Divine Sea Foods Ltd	2003	Receivership	0.8	>1.5	10
Ghana Cooperative Bank Ltd	2000	Official liquidation	2	7	400
Bank for Housing & Construction Ltd	2000	Official liquidation	12	16	1,000

Source: Adapted from Addo and Nipah, (2006)-

From Table 1, it is obvious that many parties including employees, trade vendors, trade receivables, shareholders, bankers and the government of Ghana lose substantially whenever a company fails (Warner, 1977; Zavgren, 1983; Jones, 1987; Boritz, 1991; Laitinen & Kankaanpaa, 1999; Charalambous, Charitou, & Kaourou, 2000).

Notwithstanding the cost of corporate failures in a developing economics as at the time of writing, it is alarming to note that, no attempts have been made by any researcher in finance to develop a corporate health model or perhaps, test the applicability of existing corporate failure models using empirical data from Ghana.

The importance of this paper is to assess the most popular bankruptcy prediction models, the *Z*-score model developed by Edward Altman in 1968 (Morris, 1997b). Particularly, the study attempts to add to present creative writing of predicting corporate failure by answering the question, to what extent is corporate failure predictable in Ghana using Altman (1968) *Z*-score model?

An Overview of the Bankruptcy Prediction Literature Review

Bankruptcy prediction is becoming increasingly important in corporate governance. Global economies have become cautious of the risk involved in corporate liability, especially after the collapse of giant organizations like WorldCom and Enron.

There have been several reviews of this literature on predicting corporate bankruptcy—but those are now either out-of-date (Scott, 1981; Zavgren, 1983; Altman, 1984; Jones, 1987) or too narrowly focused. All the above researchers focused exclusively on statistical models while others like Jones (1987) and Dimitras, Zanakis and Zopounidis (1996) do not give full coverage of theoretical models. Zhang, Hu, Patuwo and Indro (1999) restrict their review to empirical applications of neutral network models while Crouhy, Galai and Mark (2000) cover only the important theoretic current credit risk models.

None of the studies discussed above has provided a complete comparison of the many different approaches towards bankruptcy prediction. The above studies have also failed to provide solutions to the problem of model choice in empirical applications. There have been significant contributions on the theoretical developments topic since Morris (1998). Patrick (1932), Durand (1941) and Beaver (1966) applied accounting ratios, scoring model and univariate discriminant analysis to predict firm's financial health respectively.

The afore-mentioned methods create inconsistent signals since different variables could give conflicting forecast (Altman, 1968; Zavgren, 1983). Therefore, alternatives that guarantee consistency are imperative. This has set the scene for the studies using Multiple Discriminant Analysis.

Multiple Discriminant Analysis (hereafter refers to as MDA) derives a linear discriminant function which separates the variable space into two disjoint partitions. Altman (1968) was the first to use MDA methodology, to predict failure. The initial sample composed of 66 publicly held manufacturing corporations in the USA between the periods 1946-1965. Altman classifies the companies into two mutually exclusive groups-bankrupt and non-bankrupt.

Failed and non-failed companies were matched by size and industry and selected on stratified random basis. The discriminant function was developed using 33 firms in each group as estimation sample. He related 22 accounting and non-accounting ratios which experiment resulted in a single cut-off point for 5 financial ratios that were statistically momentous in predicting liquidation from zero to two years before the actual event occurred.

The original Altman model took the following form:

$$Z = 0.012\ X1 + 0.014\ X2 + 0.033\ X3 + 0.006\ X4 + 0.999\ X5$$

where:

X1=Working capital/total assets;

X2=Retained earnings/ total assets;

X3=Earnings before interest and taxes/total assets;

X4=Market value of equity/book value of total liabilities;

X5=Sales/total assets.

Using the above *Z*-score Altman used a cut-off *Z*-score of 2.675 resulting in 6% and 3% type I and type II error respectively for sample firms a year prior to failure. An attempt to predict bankruptcy two years in advance, increase the type I and type II errors to 28% and 6% respectively. Finally, Altman and LaFleur (1981) used a more suitable order of the original *Z*-score, given as:

$Z=1.2\ X1 + 1.4\ X2 + 3.3\ X3 + 0.6\ X4 + 1.0\ X5$

In order to test the models rigorously for both bankrupt and non-bankrupt companies, a new sample was introduced; 86 companies went bankrupt in 1969-1975, 110 in 1976-1995 and 120 in 1997-1999 resulting in Altman reducing the cut-off score to 1.81. He identified the range between 1.8 and 2.7 as "middle ground" in which the company's failure was uncertain. Altman's style was related to that of Beaver (1968), but for the concurrent use of multiple financial ratios in a given year, to predict an imminent collapse.

Altman, Haldeman and Narayanan (1977) used US data and covered the period 1969-1975 with a sample of fifty-three failed and fifty-eight non-failed companies. They derived a Zeta value based on seven financial ratios, where six of them were different from Altman (1968) preceding study. Like Altman (1968), to test the models rigorously for both failed and non-failed companies, a holdout sample was introduced. The study achieved an overall mis-classification of 7% for type I error and 3% higher (i.e., 10%) type II error a year prior to failure.

The predictive power of the model reduced significantly five years prior to failure to 70% and 82% for failed and non-failed companies respectively. This surveillance highlights a distress that the variables are irregular across various studies. Furthermore, these two studies were exceedingly precise in the short-run, but the precision shrinks vividly when the facts were for time periods of more than two years prior to ruin.

Joy and Tollefson (1975) among other researchers have criticized Altman's work on the basis of lack of evidence of ex-ante predictive ability of ratios. We find some merit in Joy and Tollefson's (1975) criticism of Altman's work on the decisive factor used by Altman to choose variables for exclusion in the model and lack of alternative comparisons with naïve alternative models.

Later, Moyer (1977) tested the efficacy of Altman's model on 27 failed and 27 non-failed firms between 1965-1975. These firms were paired on the basis of industry and assets size ranging from $15million to $1billion. Interestingly, the result indicated that the fore-casting accuracy on a genuinely post-dated sample of firm collapse was 75% a year before failure, which conflicts with the 96%, proposed by Altman (1968).

In re-estimating the Altman model parameters, Moyer used new data set and adopted the stepwise MDA approach. He claimed that better explanatory power could be obtained if market value of equity/book value of debt and sales/total assets variables are eliminated.

In addition to the above criticism, Altman's (1968) model is out of date since its predictive accuracy failed with the passage of time and limited in its coverage. The model is not applicable to some industries such as the retail, banks and railroads. However, these limitations are not worth mentioning since Z-score is the most widely-used model. Various equations now exist but they all follow the concepts of the original one (devised by professor Altman in America in 1968) although they are all different (Argenti, 1983; Kip, 2002).

The most important of the previous studies, which ignored the various limitations of Professor Altman's model and modified it, are Deakin (1972), Taffler (1977, 1983), Altman et al. (1977), Gentry, Newbold and Whitford (1987), Baldwin and Glezen

(1992), Keasy and Watson (1986), Aly, Barlow and Jones (1992).

More so, writers in financial management textbooks noted that Altman's model is not just providing a basis for predicting corporate failure, but also a tool to assist in credit evaluation, internal control guideline and a guide to portfolio selection (Van Horne, 1974; Bolten, 1976; Reed, 1976).

Finally, Moyer (1977, p.16) stated that "the result achieved from other dynamic approaches have not been sufficiently better than static naïve model to justify their serious attention at this time". On the basis of the above argument for and against Altman's work, this paper is opinionated that Altman's work represents an important effort to find ways of predicting corporate failure.

There are several models that seek to predict organizational bankruptcy. Among these are the univariate model (Beaver, 1966); Multiple discriminant analysis (MDA) (Klecka, 1981; Altman, 1993); Linear probability model (LPM) (Maddala, 1983; Theodossiou, 1991; Gujarati, 1998) among others.

The univariate model by (Beaver 1966) traditionally focused on financial ratio analysis. The underlining theory or rationale for this model was based on the assumption that if financial ratios exhibit significant differences across failing and non-failing firms, then those ratios can be used as a predictive variable. The Multiple Discriminant Analysis (MDA) (Klecka, 1981; Altman, 1993) is a linear combination of a certain discriminatory variables.

Bankruptcy score is used to classify firms into bankrupt and non-bankrupt groups according to their individual characteristics. The Linear Probability Model (LPM) (Maddala, 1983; Theodossiou, 1991; Gujarati, 1998) expresses the probability of failure or success of a firm as a dichotomous dependent variable that is a linear function of a vector of explanatory variables. Boundary values are developed to distinguish between failing and non-failing firms.

Given the general importance of statistical techniques in corporate bankruptcy prediction, it will be natural for purely statistical models to be used frequently. Despite the ability of the statistical models to predict corporate bankruptcy, their performance however, is questionable. MDA, Logit and Probit models all suffer from restrictive assumptions in one way or the other.

The frequent empirical violation of the LPM assumptions and the lack of large time series data sets required for CUSUM and partial adjustment models make it unlikely that any of these models will be of great practical value (Adnan & Humayon, 2006).

This paper acknowledges that discriminant analysis is not the only statistical technique for the development of corporate prediction model. Other suitable techniques such as linear probability model, logit analysis, probit analysis, non-parametric and regression analysis, etc., could have served the same purpose as MDA. The predictive accuracy of statistical tools such as MDA and others mentioned above are not significantly different (Zmijewski, 1983).

Argument for all statistical tools mentioned in the study and those not mentioned but reviewed prior to and during this research can be summed up in one sentence. That is, "no technique is consistently superior to other techniques" (Collins & Green, 1982; Tam, 1991; Taffler, 1995).

To conclude, MDA models are reliable to a certain extent in predicting corporate failure. However, it is difficult to assess since the assumptions of discriminant analysis may be valid or invalid in reality (Zavgren, 1985). As a result, a more reliable approach based on less or no assumption should be considered apparent; other methods should rank alongside the above statistical techniques, which is the focus of the next section.

Research Methodology

The paper adopted Argenti (1983), Moyer (1977) style of predicting corporate financial distress using fifteen listed companies in Ghana. The paper examines the usefulness of Altman's *Z*-score using an experimental case study setting. The author initially computed *Z*-score for two listed companies in Ghana for the fiscal years ending December 31, 2004 and 2005 based on their annual financial statement reports filed at the Ghana Stock exchange (see Figure 1).

Later the researcher validated the model using additional thirteen companies with the dataset in December 2005. The paired sample approach was adopted for the study based on the researcher's familiarity with previous empirical works and arguments (Beaver, 1966; Altman, 1968; Palepu, 1986; Barnes, 1990; H. D. Platt & M. B. Platt, 1990; Taffler, 1995).

The next stage was the design of the sample to fit the paired sample. Despite the MDA's requirement of random selection of sample, a matching by size based on turnover was used. Finally, the necessary data was then extracted from the Ghana Stock Exchange fact book to Excel spreadsheet for computation of variables and analysis of empirical findings.

Given the turnover of the failed company Metalloplastica Ghana Limited (hereafter refer to as MGL) for the study as ¢22,296,696,737 and ¢21,866,797,606 for 2004 and 2005 respectively (old cedis), Pioneer Kitchenware Limited (hereafter refer to as PKL) was selected as the non-failed since it recorded a similar turnover within the period under review. The unavailability of data for failed companies restricted the initial sample to one failed and one non-failed, perhaps the greatest limitation of the study.

Initial Testing of Altman's Model

With the research objective in mind; to what extent is the Altman's *Z*-score for corporate failure test applicable in Ghana, the author computed *Z*-scores for MGL and PKL. As depicted in Figure 1, MGL (the failed firm) recorded *Z*-scores of 1.37 and 1.25 in 2004 and 2005, respectively. This was encouraging since Altman's Model advances that companies with *Z*-score less than 1.8 are failed and or failing companies

PKL recorded a *Z*-score of 5.33 in 2005 and a rather deteriorating result in the prior year of 2.61 in 2004, which is below the threshold for healthy companies of 2.99. This disturbing type II error necessitated a validation of the model which is the focus of the next section.

Validation of Altman's Model

The researcher randomly selected 13 non-failed firms from the Ghana Stock Exchange Fact Book 2007. The relevant accounting data for 2005 was extracted and exported to Microsoft excel for computation of *Z*-score as shown in Figure 2. This resulted in Altman's *Z*-score crucially misclassifying 10 out of the 13 non-failed companies as failed as evidenced by a *Z*-score's ranging from 0.09 to 2.01 as shown in Figure 2 below.

This empirical finding supports Moyer's (1977) view that distress prediction models are fundamentally unstable in that, the coefficients of a model will vary according to the underlying health of the economy.

Interestingly, only 3 companies representing 15.38% were correctly classified, resulting in a type II error of 84.62%.

From Figure 2, it is amazing to see Altman's *Z*-score predicting leading companies such as Guinness Ghana Breweries Limited (GGBL) as bankrupt firms. This prompted the researcher to assess the profile of the non-correctly classified and correctly classified companies (see Table 2 and Table 3).

Table 2

Assessment of Companies Correctly Classified (Profiles for Non-Failed Companies Classified as Non-failed)

Company	Z-score	Turnover ¢'m	Total assets ¢'m	Nature of business/sector
PBC	7.65	2,304,175	302,246	Trading
TPGL	7.34	1,222,824	266,197	Distribution
CFAO	3.04	191,525	83,094	Distribution
Mean		1,239,508	217,179	

From Table 2 and Table 3, it is evident that the average total assets for the type II error group of companies and the correctly classified companies were ¢284,596m and ¢217,179m respectively. Further, the average turnover for the two mutually exclusive groups from Table 2 and Table 3 indicate an interesting results.

Thus, the average turnover of correctly predicted companies was 4 times that of the type II error group: specifically, ¢1,239,508m and ¢305,230m, respectively. The present findings in terms of total assets and turnover sharply contrast with Altman et al. (1977) argument that the size of a firm has some influence on probability of failure.

Table 3

Assessment of Type II Error Companies (Profiles for Non-Failed Companies Classified as Failed)

Company	Z-score	Turnover ¢'m	Total assets ¢'m	Nature of business/sector
ABL	0.09	13,742	204,142	Food & Beverages
AL	1.98	477,727	264,819	Manufacturing
BATCL	1.41	237,797	198,740	Food & Beverages
CGL	0.99	14,689	15,016	Printing

EICL	0.17	25,236	200, 094	Insurance
FML	2.01	312,464	157,983	Manufacturing
GGBL	0.92	799, 452	1,001,978	Food & Beverages
MLCL	0.84	111,754	149,268	Trading
SPPC	0.63	24,189	38,495	Manufacturing
UGL	1.71	1,035,247	615,421	Manufacturing
Mean		305,230	284,596	

Table 4: Z-Score of UT Bank using Altman's Z-Score (2000) model

VARIABLES		**X1**	**X2**	**X3**	**X4**	**X5**	**Z-SCORE**
COEEFICIENTS		**0.717**	**0.847**	**3.107**	**0.420**	**0.998**	
	YEAR						
UT BANK	2010	0.0509	0.0218	0.0235	0.0644	0.1446	**0.2995**
UT BANK	2011	0.0539	0.0120	0.0243	0.0552	0.1401	**0.2873**
UT BANK	2012	0.1255	0.0255	0.0268	0.0993	0.1345	**0.3709**
UT BANK	2013	0.1732	0.0227	0.0100	0.0706	0.1406	**0.3446**
UT BANK	2014	0.1918	0.0094	0.0102	0.0572	0.1390	**0.3401**

Note: Details of model available upon request

Discussion of Findings

From the analysis above, the present author believes that corporate failure cannot be predicted in Ghana using Altman's 1968 model due to the high percentage of type II error documented. However, failed companies can be distinguished from non-failed companies depending on the nature and size of the business. Specifically, the model distinctively predicted all companies in the distribution sector correctly, whilst that of large-sized firms based on turnover in the trading sector was also rightly classified.

Though professor Altman's model used data set from publicly quoted manufacturing companies, all the four manufacturing non-failed companies were wrongly classified. Given the inconsistent results using the financial data, which is subject to creative accounting, future researchers must consider external and internal non-financial data such as over-trading, inappropriate financial policies, lack of marketing efforts, acquisition, poor management, organization inertia and confusion and strong competition leading to changes in market demand. This notwithstanding, table 4 reports the Z-Score of UT Bank from 2010 to 2014. The Z-Scores were all below 1.9, implying UT Banks failure was eminent as far as 2010.

In addition, corporate demise life cycle in Ghana starts from rapid growth to maturity to turnaround/exit. The case of UT bank illustrates the perfect case of rapid growth. Here, the bank was a subsidiary of UT Holdings, which owns the following subsidiaries: (1) UT Logistics - Headquartered in Tema, Ghana, (2) UT Properties - Real estate development and management, (3) UT Collections - Debt Recovery, (4) UT Private Security - Armed and unarmed private security service, (5) UT Financial Services Nigeria - Loans and Lease financing solutions, (6) UT Financial Services South Africa - Headquartered in Johannesburg, (7) UT Life Insurance - Life Insurance.

The turnaround stage is characterized by the following four sub-stages. First, Financial crises which the company management and investment community may not be aware: This sub-stage is mostly in the short run and/or typical of public sector organization in Ghana where decisions are politically motivated. This stage displays signs of overtrading typical of private entities which inadvertently may be misinterpreted as success. **UT Bank, for example, received prestigious awards including** Bank of the Year 2011 (Ghana Banking Awards, 2011), Most Respected Company (PriceWaterhouseCoopers and B&FT newspaper, 2012), Best Bank, IT/Electronic Banking (Ghana Banking Awards, 2011), 1st Runner up- Customer Care, Retail Banking, Socially Responsible Bank, Medium Term Loan Finance and Advisory Service (Ghana Banking Awards 2011), and 2nd Runner up Corporate Banking (Ghana Banking Awards 2011). Capital Bank also swept three awards at the Ghana Banking Awards. The Bank was once named as one of Ghana Most Respected Companies. UT and Capital Banks were adjudged the Best Growing Bank, Best Bank in Deposits & Savings and Best Bank in Household/Retail Banking at the 15th Edition of the event while UT Bank was adjudged best bank in 2011 by the same institution.

Second, financial crises but the company management in control: In the long run companies' management or the government (if a public sector company) pursues re-structuring and business regeneration. A receiver was then appointed to realise and settle the remaining assets and liabilities respectively. Sezibera and Apea (2003) stated that before the liquidation of Ghana Cooperative Bank Ltd, the appropriateness of preparing financial statements as a going concern was questioned by its external auditors.

Third, financial crises but the company management losing control: Bad management obviously result in companies like, Juapong Textiles Ltd, Bonte Gold Mines, Divine Sea Foods Limited, Ghana Cooperative Bank Ltd, Bank for Housing & Construction Ltd, UT Bank Ltd and Capital Bank Ltd and many others losing control hence appointment of receiver manager. It is interesting to note that, as at the time of this write up, the Export Development and Investment Fund (EDIF) has given a lifeline to Juapong Textiles now called Volta Star Textiles Limited by injecting three million GHC to enable the company kick-start operations for the next three months (thinkghana.com News, n.d.). UT Bank and Capital Bank were also requested to submit restructuring and capital restoration plans. However, plans submitted were found to be unacceptable. For this reason, a pro-forma statement of financial position was prepared and a pool of bidders was asked to express interest. GCB Bank was then selected among three others on the basis of purchase price, cost of funding, branches to be retained, staff to be employed, and impacting the acquiring bank's capital adequacy ratio.

Finally, company management lost the business: Ghana Airways was sold at this stage, whilst Ghana Commercial Bank went through a major restructuring. UT Bank and Capital Bank are not exception. Specifically, on the 14 August, 2017- "The Bank of Ghana approved a Purchase and

Assumption transaction with GCB Bank Ltd that transfers all deposits and selected assets of UT Bank Ltd and Capital Bank Ltd to GCB Bank Ltd. Companies finally moved to liquidation and considered the company as a failed company. Bonte's liquidation was attributed to government regulatory institutions, like the Minerals Commission and the EPA as well as the determination of state regulatory institutions to protect transnational mining corporations in the name of foreign direct investment (Darimani, 2005) instead of assisting small local mining firms to grow.

Concluding Remarks

This paper adopted the style of Moyer (1977) and Argenti (1983) in testing the relevance of Altman's (1968) *Z*-score using dataset from the Ghana Stock Exchange Market between the periods 2004 to 2005. The findings showed that, Altman's *Z*-score wrongly mis-classified all the manufacturing, insurance, food and beverages and printing companies. However, it correctly classified all the distribution companies and also predicted the collapse of UT Bank.

This paper has enough grounds to advance the argument that, the nature of business to some extent influences the applicability of Altman's model in Ghana. With the trading companies, a mis-result was obtained, whilst PBC was correctly classified, MLCL was not. Given the turnover of ¢ 2,304,175m and ¢111,754m for the former and latter company respectively, we are tempted to believe that, the larger the size of trading companies, the higher the probability of the applicability of the *Z*-score under scrutiny.

This current study contributes to the field of accounting and finance, specifically on bankruptcy prediction from the perspective of a developing country. The study is, however, limited to the extent that it relies on only fifteen quoted firms in Ghana. In addition, Altman's model was based on US GAAP whilst the data for the study were based on Ghana National Accounting Standards.

Furthermore, given the relatively high type II error using Altman's model in Ghana and no type I error recorded, critics of this paper may argue that the research was biased taking into account the sample for the failed company as against 14 non-failed companies and many other limitation of Altman's model. One, therefore, needs to be cautious in generalizing the findings.

From the above criticisms, it would be useful to also consider the following for future research: How relevant is Altman's (1968) model in predicting the financial health of unquoted companies and/or banking institutions in Ghana? Also, to what extent can we predict corporate failure in Ghana using new set of variables and/or different statistical tools? An in-depth empirical research that includes a larger sample size might be opportune. This should improve our understanding on predicting corporate failure in Ghana.

QUOTES ………………

“Be who you are and say what you feel, because those who mind don't matter, and those who matter don't mind.”
— Bernard M. Baruch

“Two things are infinite: the universe and human stupidity; and I'm not sure about the universe.”
— Albert Einstein

“A room without books is like a body without a soul.”
— Marcus Tullius Cicero

“Be the change that you wish to see in the world.”
— Mahatma Gandhi

“I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.”
— Maya Angelou