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CORPORATE GOVERNANCE'S IMPACT ON SELECTED CREDIT UNIONS' PERFORMANCE

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Abstract

The idea of corporate governance has drawn a lot of interest in both academic and business circles as a result of the severe financial crises and the subsequent bankruptcy of some globally renowned companies. Corporate governance architecture now heavily emphasizes the board of directors' involvement in the demise and survival of corporate entities. The study specifically looks at the Ghanaian credit union sector when examining the impact of corporate governance on firm performance. Two cooperative credit union businesses from 2016 to 2020 fiscal period are intentionally chosen as the sample for the cross-sectional analysis. The recent publication of Ghana's corporate governance regulations and the recent cleaning up of the banking industry both occurred during this crucial time period. Corporate governance and both returns equity and earnings per share were found to have a weak but generally positive association. However, there was an inverse relationship between corporate governance and return on assets. The study findings also demonstrated that the sampled credit unions followed good corporate governance principles, but they were unable to find a link between these principles and improved financial results.

Keywords: Corporate governance; Performance; Cooperative credit unions, Ghana

INTRODUCTION

Internal control, stakeholder rights, relationships, the social responsibility of the company, the structure and function of the management committee, management accountability (referring to broader corporate goals to manage socio-economic resources efficiently), and other topics are all included in the relatively new concept of corporate governance. It also involves daily operations, strategic planning for the firm, market expertise, and a thorough understanding of the business itself. Corporate governance is, more specifically, the use of business procedures to achieve corporate goals. According to Byrnes et al. (2003), the Sarbanes-Oxley Act of 2002 introduced corporate governance in response to high-profile incidents like Enron, WorldCom, etc. The purpose of this study is to investigate how corporate governance affects business performance. This essay study also attempts to demonstrate how greater corporate governance may help a firm operate at its best. If done correctly, a company that is better governed performs better than one that is poorly governed.

The Organization for Economic Cooperation and Development (OECD) presented the idea of corporate governance for the first time by describing it as "procedures and processes according to which an organization is directed and regulated." The key tenets of good corporate governance include transparency, accountability, responsibility, independence, social duty, and fairness. Effective governance lowers risk and raises the standard of board decisions, which boosts business performance over the long term and benefits all stakeholders (Wong, 2011). Corporate governance is a set of principles that all organizations must abide by in order to be managed, directed, and controlled. It is ingrained by required norms and regulations that must be adhered to by all members of organizations that are closely associated, such as stakeholders and the board of directors, in order to forge strong bonds between all parties involved in the company (Weir, 2002). Three pillars support corporate governance: top management, shareholders, and directors (Balasubramanian, 2014).

The impact of corporate governance on firm performance is still a hot topic everywhere, including in Africa. There is evidence from notable studies (Drakos & Bekiris, 2010; Abdullah et al., 2014; Ogege & Bolouрremo, 2014; Adam, 2013; and Adebayo, 2013) that the variables of corporate governance—namely, the number of directors, the presence of non-executive directors and women directors, CEO duality, and the number of non-executive directors—are positively correlated with firm performance. The aforementioned idea was refuted by Adegbite et al. (2012), Adolph (2013), Fernández Méndez et al. (2017), Nyamongo and Temesgen (2013), Tai (2015), and Manini & Abdillahi (2015), who claimed that corporate governance characteristics were inversely correlated with business performance.

A knowledge-based, open, and accountable institutional culture is largely influenced by corporate governance. Following the early 2000s failures of several well-known institutions like Enron and WorldCom in the United States, banks' corporate governance was given a higher priority. After the crises, the general public pushed for organizational responsibility and transparency. The request resulted in the creation of the Basel frameworks (currently Basel 1, 2, 3, and 4) and the Sarbanes-Oxley (SOX) Act of 2002 in the United States, both of which aim to increase corporate accountability and provide improved risk mitigation, ethical, and legal business operations (Badu & Appiah, 2017; Fidanoski, Mateska, & Simeonovski, 2013).

Early in the 1980s, investors and the general public began to push for company management to be transparent, accountable, and performing well. This is when Ghana began to practice corporate governance. After the Bank for Housing and Construction and the Cooperative Bank of Ghana failed, it gained momentum in the early 2000s. The government then and there established the Securities and Exchange Commission Code of Best Practices to provide corporate governance values in public and private institutions incorporated in Ghana, thereby enforcing corporate and financial accountability in the banks (Badu & Appiah, 2017).

This was done to prevent the occurrence of the aforementioned crises in the future and to promote transparency and accountability in Ghana. According to the SEC Code, a board should have between eight and sixteen members. The Code emphasizes once more that the board should have a balanced representation of executives and non-executive directors, with independent or non-executive directors making up at least one-third of the board as a whole and, in any case, not fewer than two members. These measures were put in place to heighten board independence, as their independence is fundamental to financial institutions' performance. Reducing conflicts of interest among internal managers, executives, board members, and shareholders through oversight and reprimanding is one of a non-executive director's responsibilities. However, after ten years, these advancements have significantly stalled as commercial banks, particularly native commercial banks, have continued to post dismal financial results. Seven of Ghana's domestic commercial banks closed their doors in 2017.

The Bank of Ghana attributed this crisis to conflicts of interest, high operating costs, including board remuneration, misappropriations, and poor financial management in their 2018 banking sector report, which cost the government over GHS 10 billion to prevent investors from losing their money (Affum, 2018). If corporate governance is performed appropriately, it is possible to enhance the monitoring of managers' operations and reduce the associated agency costs. Good corporate governance supports improved levels of firm performance; this is the underlying principle. This position is supported by Gao et al. (2017) in their assertion that good corporate governance practices make firms less associated with fraudulent practices.

The recent literature on corporate governance has primarily focused on non-financial institutions, and even when it had to do with the financial sector, the focus was mainly been on the commercial banks and quite scarcely on the non-banking financial institutions like the cooperative credit unions. Although not quite recently, a lot of literature has been written on credit unions in Asia, America, and Europe, but very few publications have been done in Africa and Ghana in particular in recent times. It is against this background that this study is being conducted to address this lacuna.

Objective of the study

To determine the impact of corporate governance on the financial performance of cooperative credit unions.

Hypothesis

H1: There is no good corporate governance practices in place for cooperative credit union sector in Ghana.

LITERATURE REVIEW

Corporate governance practices

While promoting the effective use of resources, accountability, the use of power, and stewardship at the same time, corporate governance seeks to strike a balance between socioeconomic, individual, and collective goals. This aligns the interests of people, corporations, and society (Mohamad & Saad, 2010; Nkundabanyanga, Ahiauzu, Sejjaaka, & Ntayi, 2013; OECD, 2015; Wakaisuka, Aduda, Wainaina, & Cyrus Iraya, 2016). Corporate governance, at its most fundamental level, deals with problems brought on by the division of ownership and control. Establishing a clear relationship between shareholders and managers is just one aspect of corporate governance.

Corporate governance, according to the OECD (1995), entails a number of interactions between a company's management, board, shareholders, and other stakeholders. Additionally, corporate governance offers the framework for establishing the company's goals, determining how to achieve them, and keeping track of its success. The term "corporate governance" used in this study only refers to how a credit union is run and managed.

The OECD and Cadbury Reports (1992) highlighted governance principles as corporate governance practices (2015).Respect for shareholders' rights, equitable treatment of all stakeholders, duties of the board, transparency, and disclosure are among the corporate governance concepts (Sanda, Mikailu, & Garba, 2005). The board of directors must run the company in accordance with good corporate governance principles in order to maximize shareholder value and advance societal goals.

Keyes (2014) asserts that good governance standards will improve every company's performance and long-term viability. Keynes (2014) asserts that assembling a robust board of directors with the right qualifications and doing performance evaluations are the best governance procedures. Directors on boards should be knowledgeable, have the necessary expertise, be qualified and competent, uphold high moral standards, have a variety of backgrounds and skill sets, and have the time necessary to dedicate to their responsibilities. Another crucial corporate governance principle is outlining the duties and obligations of the board and the CEO (Keynes, 2014). Agumba (2008) added that the governance of SACCOs is focused on dividing up responsibility and authority among the management, the board, and several committees.

Mudibo (2005) states that the board of directors, board committees, including the audit committee, managers, and other employees make up the governance structure of credit unions. According to UNCTAD (2006), one of the board of directors' main duties is to make sure that shareholders and other stakeholders receive high-quality disclosures on the entity's financial and operational results. Information that would allow them to assess that management is operating the company in the best interest of all shareholders and stakeholders and not to unduly benefit any associated parties would be of interest to many shareholders and stakeholders.

Internal controls over financial reporting are improved by corporate governance procedures, according to Nalukenge, Tauringana, and Ntayi's 2017 research. In terms of independence, role performance, CEO dualities, and board financial knowledge, the corporate governance procedures mentioned by Nalukenge et al. (2017) revolve around an effective board. In contrast, Nalukenge et al. (2017) indicate that board role performance and financial knowledge are strong predictors of internal controls over financial reporting in credit unions, but board independence and CEO duality are not significant predictors.

Despite the fact that managerial skills and effective internal controls are important determinants of accountability (Mukyala et al., 2017), accountability is a hallmark of sound corporate governance. According to Bananuka et al. (2018), financial disclosures can be used to guarantee accountability. An efficient audit committee is required to oversee the internal controls required to achieve sufficient accountability (Mukyala et al., 2017), accountability is a hallmark of sound corporate governance. According to Bananuka et al. (2018), financial disclosures can be used to guarantee accountability. An efficient audit committee is required to oversee the internal controls required to achieve sufficient accountability. Once an audit committee is established, it may appoint an internal auditor, whose responsibilities broadly fall under the headings of reviewing and assessing the efficacy of internal controls, risk management, regulatory compliance, and enhancing governance procedures (Bananuka et al., 2017, 2018).

Corporate Governance Challenges

Sometimes, the board committee is compelled to give in to political pressure from outside parties and carry out actions that are against management ethics and standards (Mudibo, 2005). It has been noted that the board of directors can occasionally be corrupt because of conflicts of interest when making decisions. Most often, this has led to flagrant financial mismanagement and embezzlement by some elected officials who violate members' trust (Mudibo, 2005). In credit unions, unauthorized and illegal investments occur due to a lack of professionalism.

Additionally, leadership disputes and the protracted legal battles brought on by such disputes waste resources and divert attention from the good development of credit unions (Wanyama, Burton, & Helliar, 2009). The by-laws of cooperative societies do not clearly specify the operational monitoring and management responsibilities at the board level (Mudibo, 2005), which leaves potential for serious issues, including making strategic decisions without following a set process. According to Labie and Périlleux (2008), credit unions' management structures tend to have more complex corporate governance because of both their ownership and their democratic decision-making process.

Second, rather than achieving a balance between net savers and net borrowers, the board of credit unions may consist of elected members who may have conflicts of interest in one way or another, leading to less-than-ideal governance. Third, owners and management frequently have disagreements. By their very nature, professional managers are needed to promote the growth of credit unions. As the credit unions expand, professional personnel must be hired, and governance issues will surface if volunteer board committees attempt to make strategic management and decision-making rather than operational decisions (Branch & Baker, 1999).

Strategies to improve corporate governance

Henman (2015) offered several suggestions for ways to strengthen corporate governance, including developing a strategy for the board to critique and letting the strategy set the agenda, as well as effective board governance that involves evaluating the strategy and regularly informing various stakeholders. The organization must assess the board's makeup rather than just the directors' performance, encourage ongoing director reviews, and have a specific goal in mind when performing the assessment (Henman, 2015).

A strong internal control system is required for credit union corporate governance, and this can be attained when there is an efficient audit committee and an operational internal audit department (Bananuka et al., 2018). Increase commitment to policies in the face of changing circumstances, which would help, for example, in cases where decision-makers spend windfall revenues instead of saving them for the future or when leaders break peace-building agreements in the absence of binding enforcement, according to the World Development Report (2017). Enhance coordination to change expectations and elicit

According to the Public Management and Governance Research Group (2013), engaging stakeholders and increasing stakeholder participation are effective ways to improve governance. Elections and other democratic processes, as well as consultation in the formulation of policies and decision-making, all fall under the category of participation. Through participation, the government has access to crucial information about the goals and needs of people, communities, and private companies. While there may not be a clear correlation between democracy and all aspects of good governance, democracy fosters accountability, openness, and involvement.

Second, open information systems and transparency are vital components of effective governance because they enable the private sector to make wise decisions and investments. Openness and accurate information are necessary for accountability and the rule of law so that higher administrative levels, outside reviewers, and the general public may confirm performance and legal compliance. Stakeholders have access to a wealth of crucial information, and transparency and open information systems can facilitate the distribution of this information.

According to Boutros (2015), in order to strengthen governance, firms need to closely examine their internal business structures, procedures, and projects. A streamlined, easy-to-understand governance framework is necessary for success. The first step in doing this is forming an executive committee with the sole purpose of coordinating all organizational levels so that they all contribute to accomplishing clearly stated strategic goals and objectives. To ensure that plans are effective in achieving their intended aims, members of the executive committee should assess the company and its investment portfolio.

In order to anticipate future demands and prevent legal violations, a genuinely outstanding executive committee would also evaluate organizational performance (including procedures and policies).

Members of several subcommittees receive instructions from the executive committee as they move down the organizational structure. Department administrators with the authority to implement changes within their purview frequently serve on subcommittees. To determine if certain projects, procedures, systems, or departments achieved their aims, subcommittees must investigate performance. They will frequently need to provide suggestions for modifications or new concepts that will help systems and processes advance. After reading these articles, the executive committee can decide whether to support these directions and make financial investments in them or whether to develop new plans or improvement targets. The executive committee eventually adjusts the organization's strategic goal.

Corporate Governance of Credit Unions Overview

Researchers have paid less attention to credit unions in the non-profit cooperative and credit union sectors. Among the difficulties they have in common in the area of governance is the requirement to maintain director and board expertise as well as effective member monitoring of management. In a similar vein, credit unions differ from both general cooperatives and investor-owned firms in a number of significant ownership and governance characteristics, despite having a structure resembling the corporate triangle of owners, directors, and management (Monks & Minow 1995).

As a result, the pool of directing candidates is constrained by the number of credit union members who participate in the governance process and, more specifically, the directorial voting process at the credit union's AGM. Thus, the degree of member participation determines the quantity of directing candidates and their level of qualification. Over the past few decades, credit unions have undergone a lot of development. These developments raise serious issues for individuals who are concerned about the issue of governance in credit unions.

For starters, they now have a larger membership base as well as greater operational and financial sophistication (Hautaluoma et al. 1993; Ferguson & McKillop 1997; Branch & Baker 2000; Likens 2002; Goddard, McKillop, & Wilson 2008).They have generally moved away from the more traditional volunteer-based cooperative organization structure, in which governance included a credit union's members and their elected volunteer board of directors, in favour of one that involves a third component—professional management—that replaces volunteer-based management of day-to-day operations (Spear, 2002).

The three main categories of governance practices are external, intermediate, and internal (Ketilson & Brown, 2011). The constraints that the credit union must operate within are established by the institutions and practices known as "external governance mechanisms," such as legal and regulatory frameworks.

The governance methods and organizational structures of credit unions are significantly impacted by regulations and rules. Legislation, for instance, might be used to give regulatory authorities the power to create statutory standards for suitability and integrity that are primarily aimed at credit union boards and management. The composition and duties of the board, the functions of the board oversight committees, and the reporting arrangements credit unions have with government regulators.

Mechanisms of Intermediary Governance

Some have argued that intermediate governance mechanisms—those structures and procedures that encourage member engagement and participation in the larger cooperative family's efforts to ease these tensions—are necessary because these organizations have lost their way and are no longer under the control of their members. Credit unions are unique in that they practice democracy, which offers a method of decision-making and a transformative activity that fosters cooperation between opposed groups and the development of human potential (International Joint Project on Co-operative Democracy, 1995).

Credit union representative agreements give people the authority to make decisions on behalf of members, but they also allow members to hold their representatives responsible. Members are occasionally requested to make decisions or, at the very least, to express their ideas because credit unions have participatory processes. In practice, both structures coexist in cooperative groups. Members have a significant opportunity to participate in the governance of their cooperative and the decision-making processes of these entities.

There are three typical techniques credit unions utilize to select representatives, and these control structures have an impact on how much decision-making authority they have. The directors of the credit union are chosen by the credit union's members under a centralized control structure. This type of structure emphasizes local identity, strengthens bonds between constituents and their representatives, promotes greater member participation, and distributes authority among a number of constituents. Constituency control systems are more complex than centralized approaches, which may make them more difficult for members to understand. It also limits members' access to the board, demands more organizational resources to maintain, and prioritizes local concerns over organizational needs (Central Saskatchewan Credit Union, 1977).

A strong link between members and their cooperative, which is the primary objective of the cooperative movement, may be overlooked if credit unions are only emphasized for their democratic aspect (Fairbairn, 2003). This link has three aspects. First, there must be a reciprocal relationship between credit unions and their members in order for members to feel as though their credit union meets their needs.

The second element is transparency, which demands that members be informed about the credit union and the unique benefits it provides them in comparison to other financial service providers. The fourth and final element of the connection is cognition, or how credit unions recognize and react to changes in their membership, market, and environment. In order to achieve this, they must collect and analyze data, review organizational objectives, and support and promote innovation inside the business. Despite the importance of the democratic structure, the willingness—or lack thereof—of members to engage in the credit union is still a significant issue. Member voting is the main mechanism used by Credit Union CG to carry out its operations.

The AGM gives members a chance to voice their concerns, learn more about the credit union and its operations, and research and elect board candidates. It also serves as an important conduit of communication between members and the credit union. When Labie and Perilleux (2008) claim that because credit unions are democratic organizations, members define the organization's mission but that problems with governance develop when members do not influence the organization, they underline the need for member involvement.

In stark contrast to the actual engagement of credit union members, the legal claims of democratic ownership. The members' unwillingness to participate in AGMs has been highlighted in a number of studies. Davis (2001) specifically referenced it when he described the illusion of democratic government (Fama & Jensen, 1983; Rasmusen, 1988; Davis, 2001; Spear, 2002; Cornforth, 2003). In their research on Canadian and Irish credit unions, Goth, McKillop, and Ferguson (2006) find that when membership grows, the proportion of members who attend the AGM decreases.

METHODOLOGY

To fulfill the objectives of this paper and find out the relationship between corporate governance and firm performance, both qualitative and quantitative methods of research are used. The study makes use of secondary data, specifically data related to corporate governance and firm performance from the annual report and publicly available information. This paper will try to evaluate sampled credit unions' performance with the World Council of Credit Unions' (WOCCU) financial measuring tool, PEARLS, in addition to the financial ratios of return on assets; return on equity and earnings per share to find out the degree of corporate governance practiced and also identify some factors to measure the performance of the firm. The study uses cross-sectional analysis between firms and their financial performance via PEARLS (for measuring protection, effective financial structure, asset quality, rates of return and cost, liquidity, and signs of growth).

ANALYSIS AND DISCUSSION OF FINDINGS

Brief profile of the sampled organizations

In December 1997, St. Martin De Porres Cooperative Credit Union was established as a study group credit union. In June 2001, it was licensed by the Department of Co-operatives (DOC) and affiliated to the Ghana Cooperative Credit Unions Association (CUA). The company was recognised by CUA as the most successful credit union in the Ashanti Region during the 2009 fiscal year and the fastest-growing credit union in Ghana. A seven-member board of directors, staff, and committees for supervision, education, and loans each have three members. On the other hand, Konongo is where St. Gabriel's Cooperative Credit Union was founded in 1968. Tables 4.1 and 4.2 provide a summary of the financial performance of the sampled organizations' over the course of the study. The performance of the credit union from 2016 to 2020 is highlighted in the table below.

Table 1: St. Gabriel's Cooperative Credit Union – Performance for 2016 to 2020

	2016	2017	2018	2019	2020
Profit after tax (GHS)	1,682,100.39	2,214,624.17	2,752,714.31	2,480,250.55	210,511.11
Shareholders' funds (GHS)	867,820.50	1,473,435.50	1,987,256.50	2,452,121.50	3,278,796.50
Total Assets (GHS)	14,050,554.40	18,953,417.25	24,599,153.06	29,079,440.76	34,864,194.62
Return on Equity	193.83	150.30	138.52	101.15	6.42
Return on Assets	11.97	11.68	11.19	8.53	0.60
Earnings Per Share	1.94	1.50	1.39	1.01	0.06

Source: St. Gabriel's Cooperative Credit Union's Annual Reports (2016-2020)

Table 2: St. Martin De Porres Cooperative Credit Union's – Performance for 2016 to 2020

	2016	2017	2018	2019	2020
Profit after tax (GHS)	997,323.76	1,251,213.93	488,161.62	432,940.35	(844,695.67)
Shareholders' funds (GHS)	1,176,242.22	1,530,997.86	2,162,769.22	2,659,236.67	2,967,946.24
Total Assets (GHS)	16,641,703.92	21,688,924.34	25,959,769.22	30,246,544.37	31,044,914.69
Return on Equity	84.79	81.73	22.57	16.28	(28.46)
Return on Assets	5.99	5.77	1.88	1.43	(2.72)
Earnings Per Share	0.85	0.82	0.23	0.16	(0.28)

Source: St. Martin De Porres Cooperative Credit Union's Annual Reports (2016 to 2020)

Summary of performance of individual banks

With respect to the mean ROE score for individual organizations over the period, St. Gabriel's obtained a better result of 118.04 as against 35.38 from St. Martin De Porres. Figures for the ROA and EPS saw a similar trend with St. Gabriel's recording a mean performance of 8.80% and 1.18% respectively while St. Martin De Porres obtained 2.47% and 0.35% for the ROA and EPS respectively.

Aggregate performance of the Study organizations – 2016 - 2020

The PEARLS ratio framework's mean scores for a few selected ratios exhibited favorable performance for the first three (3) years, from 2016 to 2018; however, the performance started to decline from the 2019 and 2020 fiscal years. Both St. Gabriel's and St. Martin's recorded above-standard performances under profitability, with 129 and 1091.75, respectively.

Table 3a: Statement of Financial Performance for SMDPCCUL – 2016-2018

	Jun-16		Jun-17		Jun-18	
ASSETS	**SMDPCCL**	**SGCCL**	**SMDPCCL**	**SGCCL**	**SMDPCCL**	**SGCCL**
LIQUID FUNDS	536,497.31	299,449.06	778,031.42	399,796.35	598,025.69	**495,316.85**
LIQUID INVESTMENT	4,579,353.58	11,474,366.78	5,991,286.75	15,857,058.56	7,429,447.11	**19,876,190.90**
OTHER INVESTMENT	375,353.35	442,898.56	1,567,769.35	872,898.56	626,353.35	**1,627,069.55**
LOANS	8,354,596.98	1,205,664.37	11,330,447.72	1,194,606.07	13,598,709.56	**1,960,046.77**
OTHER CURRENT ASSETS	1,347,916.52	73,376.04	120,115.45	111,733.40	983,541.45	**145,662.91**
NON CURRENT ASSETS	1,447,986.18	554,799.59	1,901,273.65	517,324.31	2,723,692.06	**494,866.08**
TOTAL ASSETS	**16,641,703.92**	**14,050,554.40**	**21,688,924.34**	**18,953,417.25**	**25,959,769.22**	**24,599,153.06**
CAPITAL & LIABILITIES						
SHARES/EQUITY FUNDS	1,176,242.22	867,820.50	1,530,997.86	1,473,435.50	2,162,769.22	**1,987,256.50**
RESERVES	3,130,570.46	3,243,788.14	4,436,018.71	5,336,096.68	4,632,737.14	**7,660,474.45**
MEMBERS SAVINGS	11,309,744.28	9,872,252.58	14,630,870.82	12,059,973.57	17,591,229.74	**14,860,131.94**
EXTERNAL LOANS	911,798.58	-	825,667.43	-	1,207,599.64	**-**
OTHER CRNT LBLTIES	113,348.38	66,693.18	265,369.52	83,911.50	365,433.48	**91,290.17**
TOTAL CAP. & LIABILITIES	**16,641,703.92**	**14,050,554.40**	**21,688,924.34**	**18,953,417.25**	**25,959,769.22**	**24,599,153.06**

Source: St. Gabriel's Cooperative Credit Union & St. Martin De Porres Cooperative Credit Union's Annual Reports (2016-2020)

Table 3b: Statement of Financial Performance for SMDPCCUL – 2019-2020

	Jun-19		Jun-20	
ASSETS	**SMDPCCL**	**SGCCL**	**SMDPCCL**	**SGCCL**
LIQUID FUNDS	779,281.88	588,053.48	1,382,890.52	336,317.29
LIQUID INVESTMENT	7,831,182.11	23,864,048.32	7,466,241.79	17,184,223.07
OTHER INVESTMENT	651,353.35	1,814,515.82	641,353.35	14,793,653.37
LOANS	17,440,715.74	2,140,307.77	18,173,889.19	1,916,766.02
OTHER CURRENT ASSETS	812,024.83	125,381.31	598,223.38	120,658.31
NON CURRENT ASSETS	2,731,986.46	547,134.06	2,782,316.46	512,576.56
TOTAL ASSETS	**30,246,544.37**	**29,079,440.76**	**31,044,914.69**	**34,864,194.62**
CAPITAL & LIABILITIES				
SHARES/EQUITY FUNDS	2,659,236.67	2,452,121.50	2,967,946.24	3,278,796.50
RESERVES	4,743,663.44	9,724,486.39	3,785,130.75	9,480,136.64
MEMBERS SAVINGS	21,384,104.68	16,807,296.10	22,206,665.91	22,003,824.87
EXTERNAL LOANS	1,355,245.43	-	1,765,598.68	-
OTHER CRNT LBLTIES	104,294.15	95,536.77	319,424.98	101,436.61
TOTAL CAP. & LIABILITIES	**30,246,544.37**	**29,079,440.76**	**31,044,766.56**	**34,864,194.62**

Source: St. Gabriel's Cooperative Credit Union & St. Martin De Porres Cooperative Credit Union's Annual Reports (2016-2020)

Table 4a: Income Statement for St. Gabriel's Cooperative Credit Union – 2016 - 2018

AVERAGE ASSETS	**Jun-16**		**Jun-17**		**Jun-18**	
INCOME	**SMDPCCL**	**SGCCL**	**SMDPCCL**	**SGCCL**	**SMDPCCL**	**SGCCL**
INT. ON LOANS	1,736,040.99	375,252.10	2,652,243.77	386,241.00	2,839,169.10	508,520.50
INT ON FIN INV.	1,438,363.09	2,255,916.21	1,407,978.13	3,346,283.49	1,312,594.45	3,994,852.15
OTHER FIN. INCOME	50,190.46	150,433.19	51,349.46	190,107.70	77,194.40	129,907.94
	3,224,594.54	**2,781,601.50**	**4,111,571.36**	**3,922,632.19**	**4,228,957.95**	**4,633,280.59**
NON-FIN. INCOME	173,693.28	100,585.98	315,148.60	186,359.16	392,533.72	127,798.60
TOTAL INCOME	**3,398,287.82**	**2,882,187.48**	**4,426,719.96**	**4,108,991.35**	**4,621,491.67**	**4,761,079.19**
EXPENSES						
COST OF FUNDS	1,076,054.28	507,695.36	1,376,129.40	1,027,822.68	1,803,335.92	1,126,806.07
LOAN LOSS PROV.	188,680.85	196,023.47	96,020.00	34,012.50		-
PERSONNEL COST	412,499.65	-	824,906.01	253,491.11	991,431.95	278,369.24
OCCUPANCY	4,750.85	-	71,771.85	240.00	929.50	8,921.00
ORGNSTIONAL COST	261,608.85	169,248.90	236,144.60	199,622.50	790,454.76	258,996.90
SECURITY COST	118,730.24	43,355.39	175,421.70	52,695.80	215,054.36	75,165.00
ADMIN COST	338,639.34	283,763.97	395,112.47	326,482.59	332,123.56	260,106.67
TOTAL EXPENSES	**2,400,964.06**	**1,200,087.09**	**3,175,506.03**	**1,894,367.18**	**4,133,330.05**	**2,008,364.88**
NET MARGIN	**997,323.76**	**1,682,100.39**	**1,251,213.93**	**2,214,624.17**	**488,161.62**	**2,752,714.31**

Source: St. Gabriel's Cooperative Credit Union & St. Martin De Porres Cooperative Credit Union's Annual Reports (2016-2020)

Table 4b: Income Statement for St. Gabriel's Cooperative Credit Union – 2019 - 2020

AVERAGE ASSETS	Jun-19		Jun-20	
INCOME	SMDPCCL	SGCCL	SMDPCCL	SGCCL
INT. ON LOANS	2,756,439.50	641,021.40	2,206,998.30	760,506.50
INT ON FIN INV.	1,279,174.49	3,387,525.54	236,914.86	1,210,551.80
OTHER FIN. INCOME	377,299.84	183,967.94	276,216.48	73,155.97
	4,412,913.83	4,212,514.88	2,720,129.64	2,044,214.27
NON-FIN. INCOME	72,522.40	196,598.94	37,414.12	107,644.82
TOTAL INCOME	4,485,436.23	4,409,113.82	2,757,543.76	2,151,859.09
EXPENSES				
COST OF FUNDS	1,660,209.87	876,272.41	1,194,408.53	686,440.14
LOAN LOSS PROV.		-		-
PERSONNEL COST	1,196,138.51	309,330.32	1,120,850.80	382,432.20
OCCUPANCY	18,717.00	17,951.00	25,289.75	61,071.00
ORGNSTIONAL COST	684,862.03	288,496.63	538,173.60	287,786.39
SECURITY COST	193,569.27	105,548.59	175,110.00	94,056.00
ADMIN COST	298,999.20	331,264.32	548,406.75	429,562.25
TOTAL EXPENSES	4,052,495.88	1,928,863.27	3,602,239.43	1,941,347.98
NET MARGIN	432,940.35	2,480,250.55	(844,695.67)	210,511.11

Compliance with Corporate Governance best practices

The researcher sought to find out the credit unions' level of compliance as far as Ghana's Corporate Governance Code is concerned. Both organizations recorded similar score lines and this could be attributed to their adherence to the Department of Cooperatives (DOC) governance protocols for cooperative societies. A summary of their scores has been furnished in Table 4.

Relationship between corporate governance and performance

A Pearson correlation was run to establish whether there was a significant relationship between corporate governance and the selected performance variables of banks. The results showed a very weak, positive correlation between corporate governance and return on equity. The same was also recorded for both EPS and ROA.

SUMMARY OF FINDINGS

The purpose of this study was to determine whether the performance of credit unions in Ghana is positively correlated with the adoption or adherence to corporate governance principles. Since the annual reports were the only source of information on the corporate governance and performance of credit unions, only secondary data was used in this study.

The study's time frame, which runs from 2016 to 2020, is 5 years. The credit unions' corporate governance policies were evaluated using a scoring system. The Corporate Governance Code of Best Practices for Ghana is scored on how well it is being followed. Return on equity, return on assets, and earnings per share were the performance indicators that were chosen. The PEARLS ratio frame developed by the World Council of Credit Unions (WOCCU) for evaluating credit union performance was also used in this study.

In order to analyse the data, descriptive statistics were used. To ascertain whether there was a substantial association between corporate governance and performance measures, a Pearson correlation was run.

Corporate governance and both returns equity and earnings per share were found to have a weak but generally positive association. However, there was an inverse relationship between corporate governance and return on assets. The study's findings also demonstrated that the sampled credit unions followed good corporate governance principles, but they were unable to find a link between these principles and improved financial results.

CONCLUSION AND RECOMMENDATIONS

Corporate governance and performance have a mixed relationship; return on equity and earnings per share, two performance metrics, show a positive association while return on assets shows a negative one. Despite the fact that the credit unions adhere to optimal corporate governance procedures, examination of the data reveals that there may be more aspects that may be incorporated in order to get the necessary good results for positive credit union performance.

It is advised that industry regulators devote resources to finding out the precise requirements that will work for the cooperative sector as far as corporate governance is concerned, given that they fall under the category of non-banking financial institutions, given the noticeably higher corporate governance scores obtained by the sampled credit unions.

Future studies in this field, according to the researcher, should take into account additional factors in addition to cooperative governance, such as the Department of Cooperatives (DOC) in Ghana and the Bank of Ghana, as well as the COVID-19 pandemic's effects and the central bank's banking sector reforms. Given that all of the sampled societies' financial performance for the 2019 and 2020 fiscal years was underwhelming, this is advised.

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