EDITORIAL

The importance of corporate governance cannot be underestimated. Most often, corporate governance is assumed for only large and public listed organisations. Nevertheless, the principles of good corporate governance are also applicable to smaller and unincorporated organisations such as state-owned enterprises, educational institutions, government agencies, local authorities, associations and charitable organisations. Though there are varying definitions, The Chartered Institute of Public Finance and Accountancy has appropriately encapsulated the definition of corporate governance as, 'the structures, systems, and policies in an organisation, designed and established to direct and control all operations and relationships on a continuing basis, in an honest and caring manner, taking into account the interests of all stakeholders and compliance with all applicable laws and regulatory requirements.' The definitions of corporate governance clearly enlist the theories that underpin it.

The agency theory is based on a fundamental premise of the primacy of the shareholder. The shareholders or principals, of the organization, hire the agents to perform tasks, and expect them to act and make decisions in the shareholder's best interest. The assumption of this theory is grounded in efficiency of performance. Furthermore, the agency theory focuses on accountability and control, rewards and punishments, and risk minimization supported with information symmetry.

The stakeholder theory conceives the company as a value or wealth creating organization for the benefits of stakeholders. Stakeholders such as suppliers, investors, customers, political groups, employees, communities, government, and trade associations' needs also deserve and require management's attention in decision making. Value creation is therefore the fulcrum of good corporate governance practice under this theory. In addition, aligning stakeholders' interests to that of the organizations' objectives is value maximization.

The agency and stakeholder theories focus on the primacy of relationships. Organizational theory concentrates on effective utilization of organizational resources to meet business objectives. The concentration is on the role of the Board of Directors providing access to essential resources needed to realize the objectives of the company. Good corporate governance is therefore viewed as the "determination of the broad uses to which organizational resources would be deployed". Resource management is core to corporate governance practice under this theory.

Due to the considerable number of stakeholders' interests in a corporate entity, the board's responsibility is to ensure that the

interests of the various stakeholders are satisfied equitably. In practice however, divergent conflicts come up between the interests of directors and those of the shareholders and other stakeholders which at times drive the company into bankruptcy. The challenge of corporate governance therefore is to synchronise the numerous and diverse interests of the various stakeholders and that of boards of directors. As a result of this, laws and codes of best practices have been developed on company reporting and auditing to solve the problem through the delineation of the relationship between boards of directors, auditors and shareholders.

In Ghana for example, the regulatory framework for corporate governance is contained in the Companies Code 1963 (Act 179), the Securities Industry Law 1993 (PNDCL 333) for public listed companies and other legal and practising frameworks such as the Membership and Listing Regulations of the Ghana Stock Exchange, the adoption of International Financial Reporting Standards and the principles and codes of professional conduct imposed by the Institute of Chartered Accountants (Ghana) on its members. These regulatory frameworks deal with the right of shareholder, equitable treatment of shareholders, the role of stakeholders, disclosure and transparency, and responsibilities of the board.

For the Board to function efficiently, general responsibilities of the board require that, members are continuously trained to remain abreast with relevant and new laws, changing commercial risks, and liabilities for breaches of the law. Additionally, access to accurate and relevant information on timely basis is a requirement for corporate efficiency and decision making as well as ensuring that shareholders/stakeholders have the right to influence certain fundamental corporate issues such as changes in capital, amendments to the regulations, election of board members etc,. Financial and annual reports are also used as methods of conveying and disseminating corporate information to shareholders and investors. These financial reports also accentuate the financial status and financial performance of the company, and highlight information pertaining to ownership, ethics, and public policy commitments.

However, with the rapid change in corporate governance and its information accessibility, Ghana has not kept the pace with its regulatory framework on information technology (IT) governance. In other countries, their regulatory frameworks to a large extent address the governance of IT. Sarbanes-Oxley (SOX) Act of 2002, Financial Reporting & Governance impacts IT security systems, practices and controls in the USA. Furthermore, Federal Information Security Management Act (FISMA) protects information and systems. In the United Kingdom, the Combined Code on Corporate Governance and Data Protection Act of 1998 among others addresses privacy and IT governance. There are also European Union Data Privacy Laws, Electronic Transaction Act 772 of 2008 that deal with privacy and Security of Electronic records. The following regulatory framework in South Africa clearly emphasize on IT governance; PROATIA (Promotion of Access to Information Act) Act of 2000 deal with access to electronic records, Electronic Communications and Transactions Act of 2002 prevents abuse of information systems and KING III Code of Governance for Information Governance.

With these legal and regulatory framework, information Technology is no more being considered as a technical, operational and management tool but an essential policy factor to be considered in decision making by the Board of Directors in compliance to regulations. Corporate entities have leverage on the benefits of IT Governance which include gaining competitive advantage, reduction of operational cost, protection

against legal and regulatory compliance, improved customer trust, creating stakeholder confidence, protection of organisational reputation, mitigation of IT risks, and improved efficiency.

Examining Ghana's corporate governance laws, the IT governance issues have not been clearly defined in the corporate governance laws. It therefore hinders the full potentials of local industry and business as it does not give shareholders and stakeholders the necessary confidence in the safety of electronic data policy and management of its risks. It is therefore strongly recommended that Ghana examines its corporate governance laws vis a vis the pervasive significance and relevance of information technology in managing all corporate governance and its importance in supporting decision making at board levels.