



Institutional Governance Reforms: Examining the Case of ECOWAS

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Authors' contributions

This work was carried out in collaboration between both authors. Author ACI designed the study and wrote the first draft of the manuscript. Author JJC managed the literature searches, and analyses of the study performed. Both authors read and approved the final manuscript.

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ABSTRACT

In the last two decades, several member countries of the Economic Communities of West African States (ECOWAS) have put in place several institutional reforms aimed at improving corporate governance. It had been anticipated that the institutionalization of democracy would bring forth several expected benefits such as good governance, strengthen existing institutions, enhance corporate governance practices, and overall, improve the general welfare of the citizenry. This research uses data from World Bank Governance Indicators for all ECOWAS countries, and examines the quality of institutional governance from 1996 to 2012. The findings of this research show that the embracing of democratic culture has not significantly improved the quality of institutional governance of many ECOWAS countries. Rather, the data reveals that there has been an increasing trend of political instability and violence in some of the ECOWAS countries such as Guinea Bissau, Cote d'Ivoire, Nigeria, Senegal, Gambia, and Togo. In addition, regulatory quality and governance effectiveness for many ECOWAS countries are either declining or at best stagnated. Ceremonial institutional conformity tends to be the norm rather than the exception. More importantly, restraining of press freedom and institutionalized corruption have significantly negatively influenced the quality of corporate governance practices in the region. Therefore, it is

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important to strengthen the electoral institutions to ensure free and fair elections that will reduce political violence and enhance political stability and by so doing strengthen corporate governance practices.

Keywords: *Institutional quality; corporate governance; developing countries; institutional reforms.*

1. INTRODUCTION

Recently, an institutional based view of corporate governance has emerged and has whole heartedly been embraced in mainstream governance literature [1]. The central premise is that institutions matter [2]; this premise is consistent with numerous publications on corporate governance research that have persistently emphasized the formal elements of institutional environment for protection of investors' rights and property [3,4]. Current research does reveal that formal institutions do not have all the answers is looking to both formal institutions and informal institutions for answers [5,6].

Institutional theory stresses that the institutional environment and institutional quality strongly influence the development of formal and informal structures in an organization, often more deeply than market mechanism or market pressures [7,8]. The essential similitude in all institutional theoretical postulations is that higher level influences identified are used to elucidate processes, developments and outcomes at lower levels of analysis [9]. Institutional theorists have a tendency to avoid individual-level elucidations that are situated at the same level of analysis [10]. It is because of these reasons that they are criticized as structurally biased, even though this is a characteristic of institutional argument that has its advantage and its disadvantage too [11,12]. Institutional suppositions do not depend on cumulative individual action, neither does it depend on a predictive interactive game between several individuals, however it does rely on institutions that are capable of structuring action [8].

This research is aimed at expanding the growing debate on institutional quality in ECOWAS region by examining six key governance variables: political stability and the absence of violence, voice and accountability, governance effectiveness, regulatory quality, rule of law and corruption.

The selection of ECOWAS member states for this research was done for two primary reasons.

Firstly, most ECOWAS member states have similar socio-economic problems prevalent in their state, they have high levels of unemployment, high rates of poverty, a lack of enabling infrastructure such as constant electricity, good quality road networks, efficient telecommunication networks that are constraining the thriving of good corporate governance practices. Secondly, countries in the ECOWAS region experience the same institutional challenges such as weak enforcement of corporate governance regulations, institutionalized corruption, and a lack of political will and infrastructure to take legal action against errant offenders.

Of recent, few research papers have given due consideration as to whether institutional reforms such as adoption of democratic culture has improved institutional quality and corporate governance practices in ECOWAS region. This research examines how institutional quality influences institutional governance practices in the ECOWAS region. The research question this paper intends to investigate is, what influences does political stability, regulatory quality, freedom of press & media have on institutional governance in the ECOWAS region? This paper thus attempts to fill the research vacuum as there is a dearth of research studies from an institutional governance perspective in Sub-Saharan Africa.

1.1 Institutional Isomorphism

A fundamental tenet of institutional theory [13,11] proposes that institutional pressures guide governmental organizations to adopt similar strategies, structures, and processes [13,14]. Government, management, industrial union/associations, civil societies and other social actors define actions considered acceptable and exert pressures on corporations for conformity [15,16]. That is, external forces are at work to make corporations more alike – what institutional theory research literature identifies as "isomorphism" [17].

Isomorphism can be considered as a vital element of institutional theory. [18] describes

isomorphism as: "a constraining process that forces one unit of population to resemble other units that face the same set of environmental conditions" The theory of institutional isomorphism may help explain the observation that organizations are becoming more homogenous. The influential research paper by [17] documented three types of institutional isomorphism: coercive isomorphism, mimetic isomorphism and normative isomorphism.

Coercive isomorphism emerges as a result of external pressure exerted on an organization by an external agent such as a powerful constituent. For example, government regulations, political pressure groups, or a critical stakeholder. The principal reason for organizational compliance is to conform to the demands made by powerful constituents and also a desire for legitimacy through complying with the rules, regulations and norms that have been mandated by the group. Coercive influences on organizations could be formal, informal and may also include some elements of persuasion as well. [19] observes that coercive isomorphism occurs because organizations are inclined to comply with rules and regulations to avoid sanctions.

Mimetic isomorphism can be explained as situation where a corporation or an organization emulates another organizational structure, this normally occurs in situations where there is uncertainty and the organization has to make difficult decision about a problem which has ambiguous causes or no immediate and sensible solution to the problem [20]. An organization with this kind of dilemma decides to mimic another organization which it perceives has successfully dealt with a similar issue as the best option to take. For example, organizations tend to follow benchmark and best practice of others in their industry.

Normative isomorphism is primarily represented by normative pressures that have been induced by professionalization. Professionalization occurs through association and through formalized education, socialization and recruitment as well occupational autonomy as that produces a shared cognitive base which ensures that organizational structure are similar to one another [21]. Normative isomorphism takes place when norms are internalized within the organization along with outside coercive social pressure [20]. For example, companies sometimes become pressurized to follow best practice or normative guidelines.

1.2 External Influence on Corporate Governance in ECOWAS Countries

In reality, the quality of institutional governance will continue to influence corporate governance is practiced in developing countries; countries that have functional institutions are more likely to have better corporate governance than countries that do not [10]. The first institution that can significantly influence and coerce individuals and business organizations to abide by societal norms and culture is a democratically elected government [22]. In most countries, it is usual for the government to be held accountable for the collective welfare of its citizenry and when a government fails to deliver the dividends of democracy it is punished and when it does deliver democratic dividends it is rewarded. Some other countries where there is the presence of tyrannical leadership are not so lucky; the government in those countries are not held accountable for failure or success. One of the primary instruments that holds government accountable is a free and fair democratic election process [23].

Consequently, the first institutional quality examined in this piece of research is political stability and the absence of violence which is defined by [24] as "the perception of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism." In order for corporate governance to succeed at country governance level, it is important for a country to have in place a stable democratically elected government and political institution [14]. The government has the responsibility for enacting laws, enforcing them and creating an enabling environment for its citizens and businesses to thrive. To do so, governments make uses of laws and regulations to not only influence corporate governance practices, but also so to ensure monitoring and compliance to existing laws and statutes. As a norm, it is expected that a democratically elected government would be in a better position to encourage better corporate governance practices; this is so because, public office holders are held accountable by the public and will be punished or worse still, removed from office for failure in supervision of firms competently [25].

Financial theory postulates that in countries where there are effective legal and regulatory institutions, there is enforcement of right to

private property, the support for private contractual agreements, and legal protection for domestic and foreign investors. In such enabling environment, investors are more likely to invest in local businesses and facilitate investments that ensure domestic capital markets thrive [3,26]. The converse is equally likely to hold true, in countries where there are weak legal and regulatory institutions which are not supportive of the right to own private property or protective of the rights of domestic and foreign investors; the capital markets in such regions are most likely to be stunted and will also have limited capital inflows [26,10].

In their seminal paper, [3] maintain that it is impossible to achieve best practice in corporate governance in the nonexistence of effective legal and regulatory mechanisms. For corporate governance to be effective, it is critical that both legal and regulatory institutions are not only effective, but are also empowered to protect the rights of investors. This will, to a great extent, ensure that investors can depend on the law to support contractual agreement, and also resolve issues of disputes when necessary. In point of fact, developed countries such as Canada and France have strong legal and regulatory institutions, better laws that protect investors' rights, are more transparent in their financial disclosures and as such, are in better position to obtain external financing than countries in Africa and Latin America [3]. Developing countries are still struggling with developing sound legal and regulation institutions with the necessary enforcement structures and the private sector mechanisms that are desperately needed in supporting effective corporate governance structure [27]. Unfortunately, the case of countries in the ECOWAS region is not any different.

Indeed, it is beyond question that having legal infrastructure with an effective enforcing mechanism is influential to compelling business corporations to comply with the rules and regulations and also deter them from engaging in questionable or errant behaviour. However, in the absence of robust legal institutions, corporate governance activities are likely to be constrained as capital flows may be restricted. Disappointingly, at this point in time, there are few, if any, academic research papers that critically investigate the correlation between a nation's democratic practices and the state of its corporate governance. In spite of, there is substantial evidence to propose that a relationship does exist between close proxies of

corporate governance such as the size of the capital market. For instance, cross country research studies have found that countries with sophisticated financial-capital markets usually have superior enforcement standards of the rule of law [2], faster economic growth and a smaller black economy [28].

A second institutional quality that can significantly shape and mould corporate governance practices in the ECOWAS region is the press and news media. A free media can be a useful mechanism that is used in promoting socio-political stability. [29] investigates the influence of media freedom on various socio-political instability indicators and finds that free media diminishes different categories of socio-political instability. Research studies do show that political leaders are capable of manipulating the media for the sole purpose of creating civil unrest, and doing so with the intention of exploiting the situation to earn more votes [30]. The press and the media play a crucial role in reducing the information gap between government and citizens and also improve the implementation of government's public policy [31].

Furthermore, a free press and media encourages and promotes political participation as well as provides an inexpensive medium of expressing and airing mass grievances, this is essentially aimed at eliminating religious, ethnic and social conflicts [32]. More importantly, the press and news media promote both economic development and corporate governance by resolving the principal-agent problems through enabling the free flow of timely information, enlightening and educating the citizenry so as to broaden their political consciousness, and also, improving government transparency and accountability [33,34].

Without a doubt, the press and media have a significant role to play in the delivery of a diverse as well as broad range of information to the citizens; the more accurate, truthful and precise social valuation the citizens are capable of making. Notwithstanding, if a contentious issue is misconstrued, distorted or suppressed in the media as a consequence of government propaganda or pressure exerted by powerful corporations, there is every likelihood that the quality of the debate will be tainted or tarnished and no country can accurately diagnose its problems or resolve its issues and proffer solutions to it, in this manner [35].

Ultimately, the press and the news media can play a valuable role in influencing corporate governance practices in two ways [30]. Firstly, the press and news media can focus their attention on a particular issue, and in so doing compel politicians to commence corporate governance legislative reform with the conviction that inaction and indecisiveness may harm them politically or humiliate them in the eyes of the public, at the home front and abroad. Secondly, in the corporate world, the press and news media attention influences and shapes members of the board and managers' reputation in the eyes of shareholders, employees and the public at large.

There are some noteworthy examples in various parts of the world that reveal that a lack of press freedom is in some way associated with poor corporate governance practices. For example, the Cuban government can be classed as one of the world's most repressive. The state has exclusive monopoly of the media, article 53 of the Cuban Constitution states 'that they will be employed in the exclusive service of working people and interest of society'. Journalists, whose works ignore this, do so, at their own peril. They risk being harassed, besieged and even persecuted by the state [36]. In such an environment, it will be exceedingly difficult to promote good corporate governance practices. A free press and media have the capability and resources to expose and curb corporate fraud, unethical corporate practices, illegal and unlawful activities in general [37]. In some parts of Africa, Asia and South America the mistreatment, persecution and incarceration of member of the press has consequently resulted in limitation of press freedoms and this has negatively impacted business activities in the region [38].

On a positive note, there are a few research studies which maintain that there is a positive relationship between press and media freedom and good corporate governance practices. [39] investigated the relationship between press and media freedom over a twenty one year period in thirty countries, their findings reveal that there is a positive relationship between corporate market returns and press and media freedom. [29] also find that a free media acts as an instrument that enhances socio-political and economic stability that then creates an enabling investment environment that leads to higher investment. In summary, a free press and media has the resources to expose, unearth and inform a country of immoral business practices and illicit acts as well as shower encomium or extol laudable corporate governance practices.

A third institutional quality that is capable of considerably influence the manner in which corporate governance is practiced is corruption. The African Union Advisory Board on Corruption maintains that corruption is undeniably the most pressing governance and development challenge that is confronting Africa today. Corruption has crippling and erosive effects on stability and socio-economic development of the continent [40]. It hinders economic growth by dampening and depressing both domestic & foreign investments, significantly enlarges the cost of doing business, creates unhealthy business environment that results in distorting of resource allocation and weakening of competitive markets, and drastically diminishes the net-value of public spending [41].

In the political sphere, corruption weakens the rule of law, discourages accountability and transparency, undermines government institutions and devalues the respect for human rights. This in turn whittles away government legitimacy and compromises good governance in every way imaginable [42]. The social costs of corruption are also harmful as it worsens income inequality, deepens poverty and adversely affects good moral values in the society. [43] suggest that corrupt practices could be highly institutionalized. They give the example of the secret-police chief of Peru under Fujimoro who systematically bribed politicians, judges, and the news media with signed contractual agreements specifying the duties to be undertaken by the parties, and even documented receipts for the payments. This almost certainly symbolizes an extreme case, but it must be stated that the type of corruption hinted here would normally refer to the informal kind, where corruption works as an informal arrangement of asymmetric exchange within organizational hierarchies [42].

[44] stated that corruption can be grouped into three distinct types: bureaucratic corruption is explained as when officials take bribes; political corruption occurs when a public officer collects bribes using their positions of power; and grand corruption is the abuse of public power by top officials, ministers, all for the purpose of personal enrichment. Previous academic research literature shows that there is an inverse relationship between corruption and corporate governance practices and it emphasizes that countries inflicted with the prevalence of corruption do not, in most cases, have business organizations which adopt good corporate governance practices [45]. Also, in countries with

deficiency in corporate governance practices, poor compliance standards and lack of transparency and accountability there is every indication that these poor corporate governance practices by corporations may further worsen the corruption problem and may lead to a vicious circle of corruption [43,46].

In developing countries such as the ECOWAS member states corruption is believed to be the cause of underdevelopment and serious problem influencing corporate governance practices [47,48]. These unscrupulous cultural practices such as embezzlement of public funds, fraud, bribery and corruption have unashamedly, defiantly and brazenly become institutionalized and present a grave danger to corporate governance in developing countries [49]. It creates an unfriendly business climate environment for corporate governance to thrive. It blatantly supports desecration of the rule of law, and regulations as well as business norms with impunity, since politically savvy business men will be shielded from the long arms of the law [50]. Moreover, it weakens political and economic institutions as it distorts market mechanisms making it uncompetitive as it permits unfair competition and business rivalry.

2. METHODS

The Worldwide Governance Indicators (WGI) is a long standing research project to develop cross country indicators of governance. The WGI consists of six composite indicators of governance. The WGI consist of six composite indicators of broad dimensions of governance covering over 200 countries since 1996. Political Stability and the Absence of Violence/Terrorism, Voice and Accountability, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. These indicators are based on several hundred variables obtained from different data sources, capturing governance perception as reported by survey respondents, non-governmental organizations, commercial business information providers and public sector organizations worldwide.

Voice and Accountability (VA): Captures the perceptions of the extent to which a country's citizens are able to participate in selecting their government as well as freedom of expression, freedom of association and a free media.

Political Stability and Absence of Violence/Terrorism (PV): Captures the perceptions of the likelihood that the government will be

destabilized or overthrown by unconstitutional or violent means including politically motivated violence and terrorism.

Government Effectiveness (GE): Captures the perceptions of the quality of public services, the quality of civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation and the credibility of the government commitment to such policies.

Regulatory Quality (RQ): Captures the perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

Rule of Law (RL): Captures the perceptions of the extent to which agents have confidence in and abide by the rules of society and in particular the quality of contract enforcement, the police, the courts, as well as the likelihood of crime and violence.

Control of Corruption (CC): Captures the perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption as well as 'capture' of the state by elite and private interests.

2.1 An Aggregate Analysis of Institutional Quality of Corporate Governance in ECOWAS Countries

A comparative analysis of the percentile rank for political stability and the absence of violence/terrorism were made for Nigeria, Cote d'Ivoire and Mali for the year 1996 and 2012. The findings show that Nigeria seemed a bit more politically stable under an unconstitutionally led military regime in 1996 than a democratically elected regime in 2012. During the 16 year period, political instability worsened, it went from 13% to 3% for Nigeria and for Cote d'Ivoire the deterioration was more severe and drastic, it declined from 46% to 11%. The case of Cote d'Ivoire was a glaring case of a break down in political stability as a result of electoral violence which snowballed into a civil war. Mali does appear to be the worst case scenario; an enormous decline in political stability was recorded, the percentile ranking for political stability was 54% in 1996 and it dropped to 4% in 2012. All is not doom and gloom in the ECOWAS region, there are particular countries that can be regarded as success stories, Cape Verde,

Senegal, Ghana and Benin appear to be consistently ahead of the other ECOWAS countries in terms of the quality of political institutions.

In the voice and accountability the following countries: Ghana, Guinea Bissau, Niger, Nigeria, Sierra Leone and Senegal have made substantial improvements in the institutional quality of voice and accountability. In Table 1, the percentile rank for voice and accountability in 1996 for Nigeria was an appalling 4.3%, however by 2012, the voice and accountability percentile rank significantly rose to 27%. Ghana and Niger also recorded sensible improvements in the percentile rank for voice and accountability. Ghana had an estimated 20% increase in percentage points, while Niger had a remarkable 32% percentage point increase over the 16 year period (See Table 2).

The success story of Sierra Leone, Liberia and Nigeria can be attributed to the establishing of institutional reforms, these countries have succeeded in enthroning democratic culture which has seen a remarkable improvement in freedom of expression. It has allowed the media, journalists critical of the government policies to voice their concerns without being hounded, locked up, incarcerated or even killed. Unfortunately, not all countries in the ECOWAS region have recorded an improvement in the institutional quality of voice and accountability. In some countries, there is reasonable cause for concern over the declining and deteriorating institutional quality of voice and accountability. Specific cases of note include the following: Mali, and Guinea Bissau. The percentile aggregate indicators for voice and accountability show that between 1996 & 2012, Mali and Guinea Bissau had declines of an estimated 5% and 22% respectively. Other countries such as Benin and Cote d'Ivoire recorded marginal declines which may not be statistically significant at the 90% confidence interval level.

In the control for corruption indicator, the Worldwide Governance Index on corruption shows that several ECOWAS countries have been plagued by institutionalized corruption for several years; it appears to have to undermine efforts to improve governance, and the living standard and well being of people in the region. The following countries seem to have the worse cases of corruption as indicated by the index: Nigeria, Cote d'Ivoire, Guinea-Bissau, Guinea,

Gambia, Togo, Mali and Sierra Leone. Even though some of these countries are ruled by democratic elected government for a few years, notwithstanding, these countries such as Nigeria, Gambia, Togo, and Mali are heavily riddled with institutionalized corrupt practices.

The change from military, autocratic and tyrannical rule has not meaningfully affected the levels of corruptions in these countries. However, there are a few ECOWAS countries which have made significant strides in the fight against corruptions. Among the notables are Liberia and Senegal. In Table 2, the percentile corruption index for Liberia in 1996 was 2% and it ascended to 34% by 2012. In Senegal, the percentile corruption index in 1996 was 28% and it rose to 48% in 2012. Other countries such as Ghana and Nigeria recorded improvement in the percentile corruption index, although improvement recorded can best be described as marginal. In the sixteen year period, Ghana and Nigeria recorded a 7% and 8% increase in the perception index.

3. DISCUSSION AND CONCLUSION

Even though, in general, most of the ECOWAS member states have rejected autocratic/militarized regimes and have largely adopted democratic governance or governance by popular participation. The finding of the research reveals that on the one hand coercive isomorphism is rather strong in terms of embracing democratic elected government. Many ECOWAS countries such as Benin, Ghana, Mali, Niger, Nigeria, Liberia, and Sierra Leone all have adopted democratic government. On the other, coercive isomorphism with regards to ECOWAS political and regulatory institutions remains relatively weak. Many ECOWAS countries such as Mali, Niger, Nigeria and Gambia are grappling with bad governance, an inability of their government to exercise their governmental function, weak regulatory oversight/supervision and a weak enforcement of the rule of law. [23] maintains that a fundamental influence that is accountable for adherence to effective corporate governance practice within a country is the presence of functional institutions with the capacity to enforce organizational compliance to rules of law, and also ensure that organization imbibe, emulate and embrace transparency and fairness in their corporate governance practices.

Table 1. Aggregate Governance indicators for ECOWAS countries (1996 & 2012)

Countries	Benin	Burkina Faso	Cape Verde	Cote d'Ivoire	Gambia	Ghana	Guinea
Indicators	Year	Percentile rank					
Political stability	1996	82	32	80	46	62	35
	2012	57	26	72	11	45	12
Voice and accountability	1996	54.3	26.44	75	30.29	11.06	39.42
	2012	53	37	76	26	14	10.10
Government effectiveness	1996	40	14	N/A	55	30	53
	2012	36	30	59	14	37	8
Regulatory quality	1996	44	41	26	30	20	24
	2012	37	48	54	24	44	16
Rule of law	1996	47	17	76	25	56	41
	2012	32	42	65	14	31	6
Control for corruption	1996	20	64	N/A	63	39	49
	2012	19	38	74	20	30	37

Source: World Wide Governance Indicators (2012)

Table 2. Aggregate Governance indicators for ECOWAS countries (1996 & 2012)

Countries	Guinea Bissau	Liberia	Mali	Niger	Nigeria	Senegal	Sierra Leone	Togo
Indicators	Year	Percentile rank						
Political stability	1996	6	1	54	21	13.0	22	5
	2012	18	8	4	14	3.0	33	30
Voice and accountability	1996	13.94	8.17	48.56	2.88	4.81	51.44	8.61
	2012	9	18	31	35	27.0	47	18.0
Government effectiveness	1996	4	2	9	8	15.0	57	7
	2012	10	12	16	28	16.0	39	8
Regulatory quality	1996	22	2	29	14	23.0	43	35
	2012	11	15	36	29	25.0	50	22
Rule of law	1996	1	0	33	18	11.0	44	27
	2012	2	18	30	28	10.0	46	18
Control for corruption	1996	12	2	39	12	9	28	27
	2012	9	34	25	28	15.0	48	17

Source: Worldwide Governance Indicators (2012)

The findings of this research is consistent with the works of [4] and [3]. (2000), they conclude that it is impracticable for best practices in corporate governance to be attained in existence of weak political and regulatory institutions. There is the need for corporate governance in the ECOWAS region to focus on institutional reforms that strengthen existing political institutional capacity, reduction and stoppage of electoral motivated violence, ensuring the sacredness of voting system by ensuring that is it impossible to rig, manipulate and falsify voting results. Effective corporate governance practices can only thrive in an environment of political stability.

Thus far, ECOWAS has made some commendable progress in implementing far ranging institutional reforms such as, embracing democratic styled governance, but so far, democracy is far from entrenched, there are still some concerns about political stability, fraudulent electoral practices and electoral violence continue to tarnish existing democratic culture. Electorate violence appears to have intensified in countries like Cote d'Ivoire and Nigeria, but the norm in most ECOWAS countries has been low intensity violence: coercive intimidation by members of the ruling parties and opposition candidates, violent riots and imprisonment as well as assassination attempts of political office holders and opposition candidates. Some of the countries that have exhibited such low intensity violence during elections include the following: Liberia, Gambia, Guinea, Sierra Leone, and Senegal. Of primary importance is the need to institutionalize democratic culture in the ECOWAS region, this would entail institutional reforms targeted at strengthening and enhancing democratic institutions, reforming the electoral process so as to ensure that free, fair and credible elections are conducted at presence, democratic institutions within the ECOWAS region are fragile and vulnerable to abuse.

Of particular significance to note, is the positive role the press and media is playing in promoting good corporate governance practices in the ECOWAS region. Six member states have made significant advancement in voice and accountability over the 16 year period, they are Burkina Faso, Ghana, Liberia, Nigeria Sierra Leone and Togo. While the enthronement of democracy may not necessarily have improved political stability in some ECOWAS countries, it can be said that democracy has significantly benefited press and media freedom in these

countries. Countries such as Burkina Faso, Ghana, Liberia, Nigeria Sierra Leone and Togo have recorded immense improvements in voice and accountability. It could be suggested that coercive isomorphism is rather strong, with regards to government in these countries enforcing and respecting the right of press freedom: men and women are increasing allowed the right to express their opinion, critique government policies, and can do so without being beaten, mugged and persecuted. For significant improvement in corporate governance practices to occur, it is crucial requirement that an enabling environment for freedom of the press is cultivated, because a free press has the necessary tools to expose corrupt practices, embezzlement, fraud and misappropriation of public funds meant for national development by those trusted with the conduct of public affairs.

The institutionalization of democracy and freedom of the press and media is expected to have a positive influence on corruption. Research studies reveal that democracy and press freedom significantly reduce corruption and corrupt practices. A free press is capable of checking the excesses of a government through keeping the public informed, the press can act as a check on fraud, graft, and embezzlement as well as other corrupt practices. Unfortunately, this is not the case for many ECOWAS countries; corruption remains a plague that has inflicted untold damage in the region. ECOWAS has two pronged approach in tackling corruption, at an individual level, many member states in the ECOWAS region have instituted various anti-corruption bodies: Ghana put in place an institution called the Serious Fraud Office in 1998, Liberia instituted the anti-corruption act in 2008, and in Nigeria, the Economic Financial Crime Commission was fashion to fight corrupt practices in Nigeria.

On a regional level, the ECOWAS Protocol on the Fight against Corruption was adopted with the sole purpose of fortifying existing mechanisms to check, contain and eliminate corruption in each of the member states through facilitating cooperation between member states. This consists of rendering assistance and support with regards to the foreign bribery and offences of illicit enrichment. It also has provided a facility for the impounding, seizing of assets and extraditing them. In a sense, Mimetic Isomorphism tends to be prevalent in the area of regional integration; ECOWAS was formed with the intention of creating a platform for facilitating

corporate governance practices between member states through integrating business, economic, cultural and social activity. Also, the adoption of regional strategies was aimed at fighting regional problems such as endemic poverty, unemployment and corruption. ECOWAS is just one of several other regional integration schemes such as the South Africa Development Community (SADC), Common market for Eastern and Southern Africa (COMESA), and East African Community (EAC) aimed at improving business and economic activities for member states.

Still, the efficacy and competence of these institutions in combating corruption has been anything but effective, allegations of gross negligence, and crass ineptitude as well political interference in combating corrupt public officers, civil servants and business men has diminished the effectiveness of these institutions in addressing corrupt public and private office holders [51,52]. The Transparency International index appraisal on corruption in the ECOWAS region finds that ECOWAS member states are ranked amongst the most corrupt countries in the world. In the 2012 ranking by Transparency International, ECOWAS member states such as Sierra Leone, Togo, Cote d'Ivoire, Nigeria, Guinea-Bissau, Guinea were ranked 123, 128, 130, 139, and 150 respectively out of a total of 174 countries in Transparency International Corruption Perception Index.

This suggests that even with the existence of numerous laws, legislations, regulations and institutions intended to fight corruption in the ECOWAS region, the epidemic continues to ravage ECOWAS member states, in some states, it can be argued that its perhaps getting worse. Since the threat of being caught or punished is slim, and the gains from the immoral practice are enormous, there is a predisposition for corporations to respond to these unethical practices as a method of improving their competitiveness.

This paper has examined institutional quality of corporate governance in ECOWAS region such as: political stability, regulatory quality and voice and accountability. The findings of the research have identified weakness of the political institutions as a result of political instability in the region, military intervention and toppling of democratic government, civil wars, ethnic tensions and political violence have all contributed in weakening institutions in the region

and can in part, be held responsible for the poor corporate governance practices in the ECOWAS region. Strengthening existing political institutions so as to reduce the high levels of political and electoral violence, as well as fraudulent electoral practices in an attempt to ensure smooth transition between governments will certainly be a step in the right direction in ensuring political stability within the region and by so doing, improve corporate governance practice in the ECOWAS region.

4. FUTURE RESEARCH

This research examined a few African countries in the ECOWAS region, further research should investigate other regional blocks in Africa such as South African Development Community, East African Community evaluate institutional quality in the region, it would be fascinating to see if political stability, voice and accountability as well as regulatory quality have an influence of corporate governance practices. Moreover, research on institutional quality should go beyond examining external influences on corporate governance practices, external influences on corporate governance is just one side of the coin, the other, which is equally important is internal influences of corporate governance in the ECOWAS region, this is most likely to give a holistic assessment of the issues and problems.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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