THE NEXUS AMONG CORPORATE BOARD CHARACTERISTICS, GOVERNANCE PRACTICES AND PERFORMANCE OF STATE-OWNED ENTERPRISES IN GHANA

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DECLARATION

I, Kwaku Asiedu-Nketiah, student number ##########, declare that this research project submitted to the Central University of Technology, Free State, for the degree of Doctor of Philosophy in Management Sciences (Business Management) is my independent work. It complies with all relevant policies, procedures, rules and regulations of the Central University of Technology, Free State. It has not been previously submitted to any institution, by me or any other person in fulfilment or partial fulfilment of the requirements for attaining any qualification.

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ABSTRACT

Purpose

The primary aim of this study was to examine the nexus among corporate board characteristics, governance practices and performance of State-Owned Enterprises (SOEs) in Ghana.

Methodology

The research used a mixed-method approach. A literature review of related studies was done to identify the key board characteristics and good corporate governance practices of SOEs. Document analysis of the legal and regulatory framework governing SOEs in Ghana was also done and then followed by a quantitative approach to gather data from thirty-six (36) SOEs through stratified and simple random sampling and applied PLS-SEM to examine the intricate relationships between corporate board characteristics, governance practices, and the economic performance of SOEs. Key metrics like Return on Assets (ROA) and Return on Equity (ROE) were used to measure economic performance.

Key findings

Board size, board composition, board gender diversity, board age diversity, board members' level of education and diversity in business/management expertise were identified as the key board characteristics from the literature review. For good corporate governance practices, the review of the literature showed board accountability, board independence, board fairness, board risk management and board transparency as the key corporate governance practices. Despite the robustness of the legal framework governing SOEs in Ghana, concerns arise regarding the potential influence of the executive branch, especially in board appointments. From the SEM analyses, neither the demographic nor cognitive characteristics of SOE boards have a significant direct or indirect influence on the economic performance of SOEs. Board size, middle-aged board members and elderly board members have a significant impact on board independence. Board size and middle-aged board members have a significant impact on board fairness,

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and the proportion of female board members has a significant impact on board transparency. The corporate governance practices, just like the board characteristics, do not have a significant direct impact on the economic performance of SOEs in Ghana.

Research limitations

Several potential limitations were identified in this study. The scope was confined to SOEs within Ghana, which could limit its generalisability to other contexts. The study's focus on only selected corporate governance practices might leave out other relevant practices influencing SOE performance. Additionally, the external economic, political, and social factors impacting SOE performance were not delved into, potentially missing out on providing comprehensive insights.

Originality

The empirical analysis within the thesis indicates that corporate governance practices, while theoretically pivotal, do not demonstrate a significant direct impact on the economic performance of Ghanaian state-owned enterprises. Furthermore, the anticipated mediating effect of these governance practices on the relationship between corporate board characteristics and SOE economic performance was not substantiated, suggesting a need to reassess the mechanisms through which governance structures influence financial success in this context.

Keywords: corporate governance practices, board characteristics, SOEs performance, legal frameworks.

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LIST OF ABBREVIATIONS AND ACRONYMS

CEO	:	Chief Executive Officer
COCOBOD	:	Ghana Cocoa Board
COSO	:	Committee of Sponsoring Organisations of the Treadway Commission
ED	:	Executive Directors
ESG	:	Environmental, Social, and Governance
ESLA	:	Energy Sector Levies Act Plc
GAT	:	Ghana Amalgamated Trust
GIFMIS	:	Ghana Integrated Financial Management Information System
JVCs	:	Joint Venture Companies
L.I.	:	Legislative Instrument
NED	:	Non-Executive Directors
OECD	:	Organisation for Economic Co-operation and Development
OSEs	:	Other State Entities
PFM	:	Public Financial Management
ROA	:	Return on Assets
ROE	:	Return on Equity
ROI	:	Return on Investment
SEC	:	Securities and Exchange Commission
SEM	:	Structural Equation Modelling
SIGA	:	State Interests and Governance Authority
SOEs	:	State-Owned Enterprises
SIEs	:	State Interests Entities
SPVs	:	Special Purpose Vehicles
SRMR	:	Standardized Root Mean Square Residual
SSNIT	:	Social Security and National Insurance Trust
US	:	United States
GAT	:	Ghana Amalgamated Trust

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DEFINITION OF KEY TERMS/ CONCEPTS

Accountability: The responsibility of State-Owned Enterprises (SOEs) to report on their financial and operational performance clearly and comprehensively to stakeholders. It underscores the responsibility held by SOEs to be answerable for their actions and decisions.

Age Diversity: The range of ages represented in the board of SOEs. In this study, it emphasised the proportion of Youth, Middle Age, and Elderly members.

Annual Reports: Periodic summaries prepared by SOEs that provide insights into their financial health, operations, and other essential details, showcasing their performance over the year.

Audits: Thorough examinations of an SOE's financial records are usually undertaken to verify the accuracy and legitimacy of its financial operations.

Board Accountability: Refers to the board's role in ensuring that SOEs meet their obligations and responsibilities to stakeholders.

Board Composition: The makeup of the board in terms of the proportion of Non-Executive Directors (NED) to Executive Directors (ED) in SOEs.

Board Cognitive Characteristics: Attributes of the board related to education and experience, including their level of education, business/management training, and expertise in SOE-related areas.

Board Demographic Characteristics: Attributes of the board relating to gender, ethnicity, and age distribution.

Board Fairness: The board's role is to ensure that all stakeholders of an SOE are treated equitably and justly.

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Board Independence: The extent to which SOE board members operate free from external influences, particularly from the executive branch.

Board Risk Management: The processes and decisions undertaken by the board to assess and mitigate potential threats to an SOE's financial and operational health.

Board Size: Refers to the total number of members sitting on the board of an SOE.

Board Transparency: The board's responsibility is to provide clear and comprehensive information about SOE operations to stakeholders.

Corporate Governance: The system by which companies are directed and controlled. In this study, it focuses on the governance of SOEs in Ghana (Cadbury Committee, 1992)

Economic performance: Refers to the financial health and profitability of the SOEs. This performance is quantified using financial proxies such as Return on Assets (ROA) and Return on Equity (ROE).

Executive Branch Influence: The potential sway or control exerted by the President or government executives on SOEs, especially regarding board appointments and removals.

Financial Directives: Specific instructions or guidelines related to the financial management and operations of SOEs.

Financial Management: The planning, organising, directing, and controlling of financial undertakings in an SOE.

Gender Diversity: A measure of how genders are represented in a set group, particularly the board of SOEs.

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Liquidity: The ability of SOEs to meet short-term financial obligations.

Professional Representation: Representation from established associations or bodies that offer credibility to the SOE's governance.

Profitability: The ability of SOEs to generate net income from their operations.

Return on Assets (ROA): A measure of how efficiently a company's assets are used to generate earnings.

Return on Equity (ROE): A measure of a company's profitability that compares net income to shareholders' equity.

Revenue: The total money received by SOEs from their business activities before expenses are deducted.

State Interests and Governance Authority (SIGA): A Ghanaian entity responsible for promoting efficiency, profitability, and socio-economic growth within SOEs.

State-Owned Enterprises (SOEs): Companies where the government either owns all or at least a majority of the shares.

Transparency: The openness and clarity with which SOEs operate and communicate with stakeholders.

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CHAPTER 1: INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

The governance of public enterprises is an intricate process that is often guided by a set of policies and practices. These policies and practices are shaped by a set of beliefs and ideas regarding the role of market forces and the appropriate levels and types of interventions by the state in general economic life. As May and Jochim (2013) aptly put it, these policies and practices reflect the underlying values and principles that guide the operations of public enterprises.

Corporate governance can be defined as the framework of regulations and structures adopted to ensure accountability, transparency, and fairness among all stakeholders of an organisation (Tetteh, 2021; Shrivastav & Kalsie, 2015; Adegbite, 2012). Effective corporate governance enables shareholders to ensure that enterprises in which they hold equity stakes are managed according to their interests (Borlea & Achim, 2013). Consequently, organisations continually seek to establish efficient and effective corporate governance systems. Unfortunately, in Ghana, public corporations, including state-owned enterprises (SOEs), are weak in implementing good corporate governance practices with suggestions of a linkage between changes in governing parties and changes in corporate governance policy directions and practices (Towah, 2019).

Based on the agency logic, several researchers (e.g., Stan, Peng & Bruton, 2014; Garcua-Canal & Guillen, 2008; Bai & Xu, 2005; Dharwadkar, George & Brandes, 2000) have posited that SOEs on average are less likely to be efficient and profitable compared to private firms. The argument is that, depending on the strategic policies, objectives, and ideologies of government, SOEs, aside from their core business, may also pursue goals other than profitability and efficient corporate governance (Stan, Peng & Bruton, 2014; Garcua-Canal & Guillen, 2008; Bai & Xu 2005). Consistent with these normative assertions, some empirical studies on SOEs transferred to private ownership have detected performance gains (Megginson, 2005). For these reasons, the nexus between policy changes,

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corporate governance practices and SOE performance in Ghana cannot be overlooked. This thesis outlines the research conducted on the nexus among board characteristics, governance practices and performance of SOEs in Ghana.

The study contributes to the research focus of the CUT Faculty of Management Sciences on corporate governance and accountability. Additionally, it aligns with Sustainable Development Goal (SDG) 16 of the United Nations Development Programme (UNDP), which aims to achieve peace, justice, and strong institutions by 2030. The thesis statement asserts that appropriate board characteristics will lead to effective corporate governance practices, including compliance with regulations, accountability, transparency, and fairness. These practices will ultimately ensure the financial sustainability of SOEs. The guiding conceptual framework supporting this thesis statement will be discussed later in the thesis.

1.2 PROBLEM BACKGROUND

Over the last decade, there has been an increased interest and attention to corporate governance in developing economies (Adegbite, 2012). In Ghana, corporate governance has evolved with the introduction of the *Security and Exchange Commission (SEC) 2002 Code of Best Practices* and many other guidelines by other agencies (Prempeh, 2002). While the subject has taken on international dimensions due to the globalisation of the economies and the financial investment markets, many multilateral agencies continue to encourage governments, regulators, and organisations to implement governance mechanisms or structures in every corporation. This approach is vital because of its intermediation functions in ensuring that investors' and shareholders' interests are pursued by management (Tetteh, 2021). In addition, corporate governance systems have evolved over centuries, often responding to corporate failures or systemic crises. It remains uncontested that the situation of public confidence in capital markets emanating from corrupt practices in corporate entities has generated widespread debate over proposals for regulatory changes.

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In African countries such as Ghana, specific features of the economic and political systems seem to impact corporate governance developments, thereby influencing the government's role in the governance of SOEs. For instance, the government may choose to be a policymaker, enforcer, or overseer in different situations. As a result, it becomes essential for the government to analyse and identify the conditions under which to deploy different regulatory institutions, standards, and enforcement practices. Additionally, it is often argued that SOEs have interlocking relationships with the public policy of governments and the financial sector in most sub-Saharan African countries, as noted by Mensah (cited in Adegbite, 2012).

Since Ghana transitioned to constitutional governance in 1992, the National Democratic Congress (NDC) and the National Patriotic Party (NPP) have consistently interchanged power. This political dynamic has resulted in leadership changes within State-Owned Enterprises (SOEs) that are dependent on the policy and vision of the party in power at any given time (Amankwaah, 2013). Unfortunately, these changes have had a negative impact on the quality of corporate governance in Ghanaian SOEs, leading to a decline in public confidence. Agyemang and Castellini (2013) succinctly capture this situation, indicating that the current state of affairs calls for a re-evaluation of the role of government in regulating SOEs.

> *Although Ghana has sufficient laws and regulations concerning corporate governance, the major challenge is the absence of active devices for effective enforcement. Thus leaving Ghana deficient in corporate governance practices. The issue of director independence has been identified as a significant challenge in Ghana. Most of these directors are government functionaries* (Agyemang & Castellini, 2013).

The current state of affairs described in the previous text calls for a re-evaluation of the role of government in regulating SOEs in Ghana. The views presented are sufficient to question the government's responsibility in the governance of these entities. As the owner of SOEs, the government must determine the conditions

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under which different regulations, standards, and enforcement practices are deployed, including corporate governance policy changes. However, this approach can be a two-edged sword that might undermine the quality of corporate governance and the economic performance of SOEs (Tetteh, 2021; Agyemang & Castellini, 2013). This problem is further compounded in developing countries such as Ghana, where SOEs are not adequately equipped to implement quality corporate governance practices (Towah, 2019).

According to a recent annual report on state-owned enterprises in Ghana, poor SOE performance continues to be a prevalent issue. The report revealed that the 47 SOEs recorded an aggregate loss of GH 2.61 billion, indicating a significant decline in their performance (Government of Ghana, Ministry of Finance, 2020). Although the reported loss represents an improvement of almost 50 per cent from the previous year's performance, the problem lies in the fact that the loss coincides with a 20 per cent increase in the turnover performance of SOEs in 2019 (Government of Ghana, Ministry of Finance, 2020). This situation highlights the need for a more proactive approach to address the challenges faced by SOEs in Ghana to improve their economic performance and ensure their sustainability.

1.3 PROBLEM STATEMENT

From the discussion, it is evident that State-Owned Enterprises (SOEs) play a pivotal role in the economic development of various countries, Ghana included. However, recent statistics demonstrate that these enterprises have failed to fulfil their economic mandate while also exhibiting a lack of preparedness to implement effective corporate governance (Towah, 2019). Despite this, it is crucial to note that corporate governance within SOEs remains critical in ensuring efficient operations, accountability, and sustainable performance. As key governance structures, corporate boards are expected to play an instrumental role in shaping the strategies and decisions of these entities, as in any other organisation. Consequently, it is important to acknowledge the potential link between corporate board characteristics, governance practices, and the performance of State-Owned

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Enterprises (SOEs) in Ghana. However, the lack of empirical research on this topic makes it difficult to fully understand the specific dynamics at play in the Ghanaian context. Despite the recognised significance of effective corporate governance in enhancing SOE performance, there is limited research exploring this relationship in Ghana. Therefore, further investigation is needed to better understand the interplay between these variables and how they impact the economic development of the country.

The central issue at hand is the need for a thorough investigation and understanding of the interplay among corporate board characteristics, governance practices, and the performance of state-owned enterprises in Ghana. Consequently, this research aims to address the following central question. What is the relationship between corporate board characteristics, governance practices, and the performance of state-owned enterprises in Ghana, and how do these factors interact to influence the overall success and sustainability of these entities?

1.4 SIGNIFICANCE/ CONTRIBUTION OF THE STUDY

By addressing the key question of the relationship between corporate board characteristics, governance practices, and the performance of state-owned enterprises in Ghana, this research aimed to provide valuable insights that could inform policy recommendations and proffer practical strategies to enhance the governance and performance of SOEs in Ghana, contributing to the country's economic development and the efficient utilisation of public resources. These contributions are further explained in the following sections.

1.4.1 Contribution to practice

In the realm of real-world applications, this study bridges a knowledge gap. By exploring the intricate links between board characteristics of SOEs and their economic performance, practitioners in the field, especially those working directly within or with SOEs, can garner invaluable insights from the results of the study. For instance, understanding the influence of demographic and cognitive board

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characteristics offers a fresh perspective on board recruitment and composition processes. The findings suggest that while gender, age, and ethnic diversity are imperative for representation, it is the cognitive characteristics that hold a direct bearing on an SOE's economic performance. This finding could revolutionise how boards are constructed, emphasising not just diversity for representation's sake but coupling it with cognitive prowess for maximised performance. Moreover, by understanding the governance practices that enhance performance, SOE managers can align their strategies to best practices, leading to potentially enhanced profitability, liquidity, and revenue generation.

1.4.2 Contribution to policy

From a policy-making perspective, this study provides empirical evidence that can guide national and corporate policy frameworks. With SOEs playing a pivotal role in national economies, especially in developing countries like Ghana, policy implications are profound. The relationship highlighted between governance practices and economic performance can inform the foundation of new policies or the revision of existing ones. Regulatory bodies, including Ghana's State Interest and Governance Authority (SIGA), can integrate these findings to foster guidelines that advocate for boards with a mix of demographic and cognitive characteristics. Furthermore, with transparency, risk management, and accountability emerging as pivotal governance practices, policy recommendations can be tailored to prioritise these aspects. The study's findings could also influence international organisations, like the Organisation for Economic Co-operation and Development (OECD), in framing guidelines for SOEs across member countries.

1.4.3 Contribution to theory

Theoretically, this research fills a lacuna in academic literature pertaining to SOEs, especially in the context of developing economies. While board characteristics and their influence on firm performance is a well-trodden path in the corporate sector, the nuanced dynamics within SOEs, given their dual mandate of profit and public welfare, remain relatively underexplored. This study contributes a robust empirical

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framework rooted in Ghana's socio-economic milieu but with potential applicability in similar economies. By leveraging Structural Equation Modelling (SEM) on 36 SOEs, the research provides a methodological precedent for future scholars. Furthermore, the emergent relationships between demographic and cognitive board characteristics, governance practices, and economic outcomes offer new theoretical constructs and pathways for exploration. These constructs not only reinforce some existing management theories but also challenge and expand upon them, offering fresh theoretical paradigms for academic discourse.

1.5 AIM OF THE RESEARCH

The primary aim of this study is to systematically investigate and analyse the relationships between corporate board characteristics, governance practices, and the performance of SOEs in Ghana. Through empirical research and comprehensive data analysis, this study provides a nuanced understanding of how these factors interact and impact the success and sustainability of SOEs in the Ghanaian context. Ultimately, the study offers evidence-based insights and recommendations that could inform policy and managerial decisions, promoting effective governance and improved performance of SOEs in Ghana.

1.6 OBJECTIVES OF THE RESEARCH

The objectives of the study are to:

1. Identify the key elements of corporate board characteristics.
2. Identify the key elements of good corporate governance practices.
3. Critically evaluate the current corporate governance legal framework.
4. Determine the direct influence of corporate board characteristics on SOE economic performance.
5. Determine the influence of corporate board characteristics on corporate governance practices of SOEs.
6. Determine the influence of corporate governance practices on SOE economic performance.

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7. Determine the indirect influence of corporate board characteristics on SOE economic performance via corporate governance practices. That is to determine the mediating effect of corporate governance practices in the board characteristics and SOE economic performance relationship.
8. Provide recommendations for enhancing corporate governance in SOEs with the aim of contributing to the optimal economic performance of SOEs in Ghana.

1.7 RESEARCH HYPOTHESES

H1X: Board demographic characteristics (BDC) significantly influence SOE economic performance (SOEP).

H1Y: Board cognitive characteristics (BCC) significantly influence SOE economic performance (SOEP).

H2X: Board demographic characteristics (BDC) significantly influence governance practices (GP) of SOEs.

H2Y: Board cognitive characteristics (BCC) significantly influence governance practices (GP) of SOEs.

H3: Boad risk management (BRM) significantly influences SOE economic performance (SOEP).

H4: Board independence (BI) significantly influences SOE economic performance (SOEP).

H5: Board fairness (BF) significantly influences SOE economic performance (SOEP).

H6: Board transparency (BT) significantly influences SOE economic performance (SOEP).

H7: Board accountability significantly influences SOE economic performance.

H8: Board characteristics (BC) indirectly influence SOE economic performance (SOEP) via governance practices (GP).

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1.8 SUMMARY OF THE THEORETICAL FRAMEWORK

A thorough examination of the interaction between corporate governance characteristics, corporate governance practices, and SOE performance in Ghana was conducted using a multi-theory approach. This approach incorporated Marxist theory, the politicised bureaucracy model, the agency theory, and the stakeholder theory to provide a comprehensive analysis. By utilising multiple theories, the study was able to overcome any blind spots that may have been present in a single-lens approach. The ensuing sections of Chapter 6 offer a detailed discussion of these theories and how they explain the link between corporate governance and performance in the context of SOEs in Ghana.

1.9 SUMMARY OF THE CONCEPTUAL FRAMEWORK

Figure 1.1 depicts the conceptual framework for the study. It comprises three main variables: SOE board characteristics, SOE governance practices, and SOE economic performance. The SOE board characteristics, which are the independent variable, comprise two main dimensions: demographic characteristics and cognitive characteristics. SOE governance practices, which is the mediating variable, have five dimensions, which include board risk management, board independence, board fairness, board transparency and board accountability. SOE economic performance is the dependent variable measured using liquidity, revenue, and profitability.

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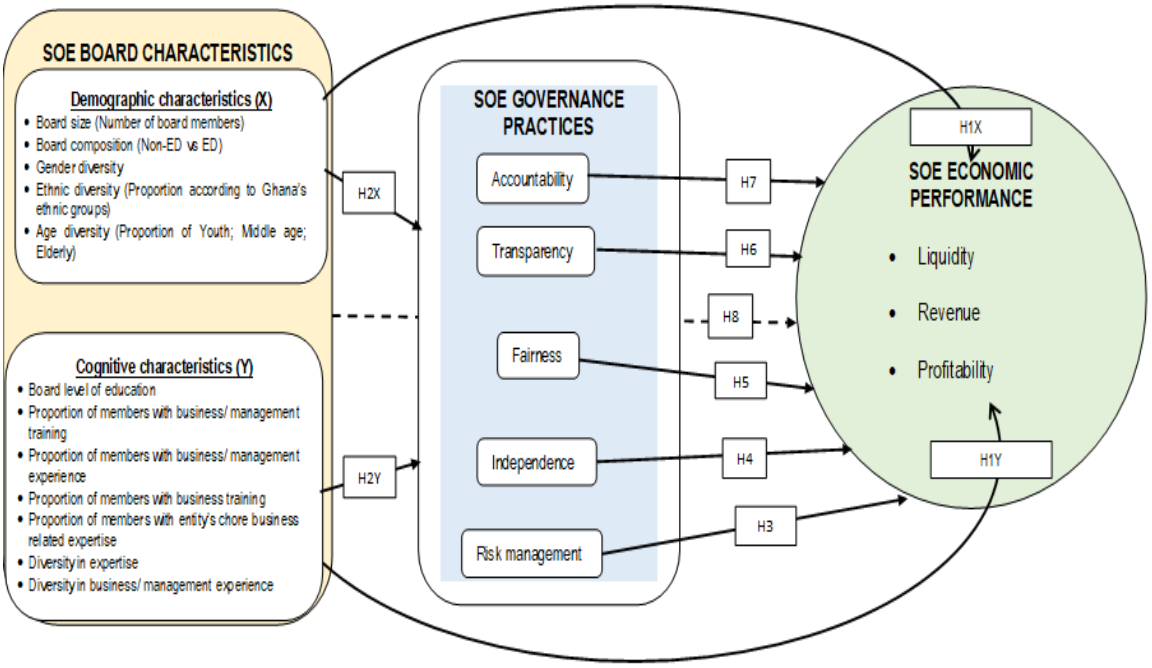

1.10 SUMMARY OF THE RESEARCH METHODOLOGY

The study adopted the pragmatist paradigm, which allows for the combination of the positivist and interpretivist paradigms in a single research. As a result, the research approach was abductive, utilising a mix of quantitative and qualitative research designs, commonly known as mixed-method design. A thorough explanation and justification of the methodological framework can be found in the appropriate chapter.

1.11 SUMMARY OF THE ETHICAL CONSIDERATIONS

Certain principles governed the collection of data for this research and guided the researcher to adhere to certain codes of conduct during the data collection process. Essentially, ethical considerations work to:

- Protect the rights of research participants.
- Enhance research validity.
- Maintain scientific or academic integrity.

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The following are the ethical considerations in the data collection process.

Voluntary participation

Participants were given the freedom to opt in or out of the data collection process at any time without fear of negative consequences or repercussions for their decision.

Informed consent

Participants were provided with all the necessary information to make an informed decision about their participation in the data collection process. This information included details about the study, its potential benefits and risks, as well as its funding sources. With this knowledge, participants were able to make a well-considered decision to either opt in or opt out of the data collection process without any negative consequences or repercussions.

Anonymity and Confidentiality

To safeguard the personality of participants, items that can be used to identify them were kept hidden from everyone. Deliberate measures were taken to ensure that participants could not be linked to their data. The researcher was certain that the data collected did not contain personal information that could be used to identify respondents elsewhere. This level of anonymity protects their interests and personalities.

Potential harm

The researcher considered possible sources of harm to participants. Harm may include:

- Psychological harm: Sensitive questions may spark negative emotions such as anxiety or shame.
- Social harm: by getting involved in the study, participants may encounter social risks, public embarrassment, or stigma.
- Physical harm: pain or injury may also result from the study procedures.

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- Legal harm: Reporting sensitive data could lead to legal risks or a breach of privacy.

Therefore, all these possible sources of harm were considered and mitigated.

1.12 LIMITATIONS OF THE STUDY

In the study conducted, one of the three outcome variables was Tobin's q, an indicator commonly used in finance and economics to evaluate a firm's investment opportunities and growth prospects (Mysaka & Derun, 2021). The measure of efficiency is computed by calculating the ratio of the sum of the Market Value of Equity (MVE) and Book Value of Debt (BVD) to Book Value of Assets (BVA). Unfortunately, due to a general unavailability of data, this key metric could not be calculated. The inability to compute this key metric for the SOEs is largely because almost all of these SOEs are non-listed entities. Hence, they do not have *market data* on the *outstanding ordinary shares* and *share prices*. These two are the main variables used to compute the MVE of an entity. Without accurate and reliable market values of equity data, the computation of Tobin`s q can be compromised, potentially leading to erroneous inferences and conclusions (Edeling et al., 2021). Thus, a value judgement was made to drop Tobin`s q as one of the outcome variables initially intended to be studied.

The scope of the study was limited to State-Owned Enterprises (SOEs) in Ghana, which may restrict the generalisability of the findings to other contexts. Moreover, the study's concentration on specific corporate governance practices may overlook other relevant practices that affect SOE performance. Furthermore, the study did not account for the external economic, political, and social factors that can impact SOE performance, which could potentially result in incomplete insights.

1.13 CHAPTER DEMARCATIONS

The research is structured into seven (7) chapters. Chapter One (1) provides a comprehensive introduction to the study. It presents the problem background and statement and outlines the study's aims, objectives, and hypotheses. The

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significance of the study in terms of its contributions to practice, policy, and theory is also discussed. Moreover, the theoretical and conceptual frameworks, methodology, and ethical considerations are summarised, followed by a detailed discussion of the study's limitations.

In Chapter Two (2), issues about corporate governance and economic performance were reviewed and discussed. It focused on dimensions of corporate governance practices, defining corporate governance, the origins of corporate governance and its principles, objectives, and models. Additionally, the chapter defined corporate performance and outlined some key corporate performance indicators.

Corporate governance and performance of SOEs in Ghana were reviewed and discussed in Chapter Three (3). The Chapter covered the nature of SOEs and SIEs in Ghana, corporate governance regulatory frameworks for SOEs, corporate governance in SOEs and SIEs in Ghana, Performance of SOEs and other SIEs in Ghana and governance factors influencing the performance of SOEs in Ghana.

In Chapter Four (4), the study delves into the development of the hypotheses. The chapter discusses the various theories underpinning the study, including board characteristics and SOE economic performance, as well as SOE board characteristics and SOE governance practices and their impact on economic performance. Additionally, the conceptual framework developed from the review of the literature is presented and thoroughly discussed in this chapter.

Further, Chapter Five (5) presented the methodology of the research, detailing the research philosophy, approach and design, the sampling procedure and sample size, the data collection instrument and the data analysis procedures.

In Chapter Six (6), the results and discussions were presented. The results and discussion of the findings from the literature review, together with the quantitative analyses using PLS-SEM, are presented. The demographic profile of the

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respondents and other descriptives, inferential statistics and the confirmed conceptual framework were also presented.

The final chapter, Chapter Seven (7), consists of the conclusions drawn from the findings and the recommendations arising from the findings. The recommendations were in three folds - professional practice, policy, and future research.

1.14 CHAPTER SUMMARY

In this chapter, an overall introduction to the study was provided. It began with a thorough background of the issue, followed by the problem statement. The chapter also outlined the research hypotheses, objectives, and aims. It highlighted contributions to theory, practice, and policy, along with an overview of the research methodology. The chapter concluded by summarising the research process and outlining the organisation of the thesis.

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CHAPTER 2: CORPORATE GOVERNANCE AND ECONOMIC PERFORMANCE

2.1 INTRODUCTION

The previous chapter provided an overview of the study, including the rationale, aims, problem definition, and hypotheses. The chapter further indicated that corporate governance characteristics in Ghana's SOEs could alter governance practices within these organisations and could also impact SOEs' economic performance.

This chapter presents a conceptual review of the literature on corporate governance and corporate performance. The chapter is arranged as follows: First, different definitions of corporate governance are reviewed, and justification is made for adopting one. A comprehensive discussion on concepts such as the roots of corporate governance and the principles, values, and objectives of corporate governance follows. The chapter also reviews the two main corporate governance models and corporate governance issues/ practices. The next section of the chapter provides comprehensive reviews of the definition of corporate performance and discusses the financial/economic and non-financial indicators of corporate performance. The chapter concludes with a summary.

2.2 CORPORATE GOVERNANCE

2.2.1 Defining corporate governance

Corporate governance has been approached differently by various authors, leading to different conceptions of the term in the literature. Keasey, Thompson and Wright (1997) have pointed out that there is no consensus on a singular definition of the term, as writers use it in varying ways. Bottenberg, Tuschke and Flickinger (2017) have proposed two main perspectives for defining corporate governance.

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The first viewpoint describes corporate governance from the traditional shareholder-centric perspective. From this perspective, corporate governance ensures that shareholder rights are protected and that the company is run in a manner that enables it to get a return on its investment (Oyewunmi, Osibanjo, Falola & Olujobi, 2017). For example, Shleifer and Vishny (1997) define corporate governance as the systems, principles, and processes by which organisations are governed to ensure financiers get a return on their investment. This definition highlights agency problems between shareholders and managers and the need for mechanisms to protect shareholder returns. Similarly, Tirole (2001) defines corporate governance as incentivising managers to maximise value rather than pursue personal interests. Corroborating earlier definitions, Girella (2021) defined corporate governance as a procedure designed to control and direct the operations of commercial entities with the primary goal of maximising shareholder value. This means that the definition of corporate governance from the traditional shareholder-centric perspective has primarily focused on systems, principles, and processes that mitigate losses that can occur when the actions and priorities of managers diverge from those of shareholders through governance mechanisms that align manager interests with maximising shareholder value. However, the weakness of this standpoint is that it promotes a narrow view of the corporation's purpose as mainly serving shareholder interests (short-term profits) and downplays the importance of other stakeholders, such as employees, in the company's long-term success (Solomon, 2020).

The second viewpoint, corporate governance, is described from a stakeholder-centric perspective, emphasising a broad, inclusive, and responsible approach to governance compared to a narrow shareholder focus (Bottenberg, Tuschke & Flickinger, 2017). An example is Gulzar, Haque and Khan (2020), who defined corporate governance as a set of mechanisms or system of laws that help companies put in place sensible decision-making procedures and frameworks that safeguard the interests of all parties involved, including employees, suppliers, consumers, and society. Likewise, the Organisation for Economic Co-operation and Development (OECD) (2015) describes corporate governance as a system

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that specifies the distribution of rights and responsibilities among the board, managers, shareholders, and other stakeholders. Corporate governance is "the design of institutions that induce or force management to internalise the welfare of stakeholders" (Tirole, 2001:4).

Other scholars extended the definition of corporate governance by including how different stakeholders engage with the firm's management objectives. For instance, Pacces (2019) asserts that corporate governance balances individual and community goals and economic and social ones to advance resource efficiency and call for accountability in managing resources. In line with the OECD (2015), corporate governance develops procedures for establishing the company's objectives and upholding them in societal, governmental, and business situations. Corporate governance helps companies implement sensible decision-making procedures and frameworks that safeguard the interests of all parties involved, including employees, suppliers, consumers, and society (Gulzar et al., 2020).

Corporate governance, from the stakeholder perspective, is a tool to balance stakeholder needs, align business activities with societal expectations, ensure ethical conduct, and create well-rounded sustainable value for various stakeholders. These stakeholder connections provide a framework for establishing company goals and measuring performance. Adegbite (2012) also views corporate governance as the structure through which organisational objectives are set and the means of attaining those objectives and performance monitoring. Other authors (Tetteh, 2021; Shrivastav & Kalsie, 2015) state that corporate governance is the framework of regulations and structures adapted to ensure accountability, transparency, and fairness with all stakeholders of an organisation.

Due to the differences in conceptions of corporate governance, it becomes prudent to formulate an operational definition to guide the study. This study adopts the stakeholder-centric perspective due to its superior benefit over the shareholder perspective in relation to accountability, transparency, fairness, and the long-term survival of the companies through the appropriate balance of different interests

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through evolving codes, regulations, and practices. As stated by earlier scholars (Gulzar, Haque, & Khan, 2020; Shrivastav & Kalsie, 2015; Adegbite, 2012), this study suffices to operationally define corporate governance for SOEs in Ghana as the framework of regulations and structures adopted to ensure accountability, transparency, and fairness with all stakeholders of SOEs in Ghana.

2.2.2 The roots of corporate governance

Corporate governance has its roots in ancient Rome and medieval Europe, where early business entities laid the foundations for modern practices. During this time, influential merchant organisations and privately owned joint stock companies, known as "publicans," emerged in Rome. These companies contracted with the Roman state to provide services and finance large projects (Vanderbroeck, 2012). They had rudimentary corporate governance systems, including shareholder meetings and boards of directors who oversaw hired managers (Claessens et al., 2000). In medieval Europe, innovative business models like the commenda contract also emerged. This was an agreement between one or more investing partners and one or more managing partners where travelling merchants pooled capital to finance risky long-distance trade expeditions and shared profits based on contributions (Greif, 2006). The famous English and Dutch East India companies later institutionalised the joint-stock structure (Prakash, 2014). Although these early entities were primitive, they developed important precedents for shareholder rights, managerial duties, and governance norms.

The Industrial Revolution had a significant impact on the growth of large industrial corporations, which led to dispersed ownership and control. This created a concern for agency issues, as it became challenging to align the interests of shareholders and management. Berle and Means's (1932) seminal work highlighted this concern, describing the dispersion of stock ownership. With the growth of companies, owners had limited power over decision-making, which enabled opportunistic behaviour by autonomous managers (Ireland, 2009). These

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developments sparked debates about the need for adequate governance mechanisms.

During the early 20th century, a series of recurring financial crises highlighted the inadequacies of the existing corporate governance systems. The most notable of these crises was the 1929 Wall Street Crash, which sparked the devastating Great Depression. This economic catastrophe served as a harsh revelation, uncovering managerial fraud, market manipulation, and deceptive financial reporting within numerous companies, ultimately causing significant harm to stakeholders. The distressing events of this era amplified the urgency for comprehensive governance reforms and the need for external oversight to ensure the integrity of corporate practices. As a response to the failures exposed during the Great Depression, regulatory bodies like the Securities and Exchange Commission (SEC) were established to help safeguard the interests of investors and maintain transparency in the financial markets. Amidst the corporate excesses witnessed during this period, the vulnerabilities of shareholders were brought to the forefront. Investors faced substantial risks as they placed their trust and resources in companies that did not prioritise their well-being. The severity of these events exposed fraudulent practices, market manipulation, and misleading financial reporting, necessitating the establishment of regulatory bodies like the Security and Exchange Commission to enforce better oversight (Mulherin, 2007). Furthermore, stakeholders' experiences during this era underscored the need for enhanced shareholder protections, encouraging ongoing efforts to strengthen corporate governance systems and safeguard investor interests.

In the 1970s, the concept of maximising shareholder wealth became a dominant paradigm advocated by economists like Milton Friedman. This shareholder primacy perspective viewed maximising returns for the owners as the sole purpose of corporations (Friedman, 1970). It shaped academic theories on governance, like principal-agent models that focused on mitigating agency costs and aligning management with shareholders. Trends like hostile takeovers in the 1980s transferred significant control to shareholders from underperforming managers.

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Ideologically, governance is centred on the protection of shareholder rights through accountability mechanisms and incentives for managers to maximise shareholder wealth. However, this narrow conception faced growing critiques, arguing that shareholder primacy results in managerial myopia that jeopardises the long-term interests of the firm, its other stakeholders, and the larger economy.

The 1992 Cadbury Report marked a pivotal turn in governance philosophy. Triggered by governance scandals in UK companies, the report enshrined foundational principles like independent boards, separation of chair and CEO roles, and transparency through financial reporting. It emphasised checks and balances in governance, not just shareholder wealth (Cadbury Committee, 1992). The Voluntary Code of Best Practices in Cadbury became a model emulated globally and the genesis of modern governance codes. Furthermore, the massive Enron and WorldCom frauds exposed loopholes in governance systems, triggering reforms like the 2002 Sarbanes-Oxley Act (SOX), which strengthened board oversight and controls over financial reporting for public companies. SOX increased transparency and auditor independence to protect investor interests, though critics argued it increased compliance costs excessively (Coates, 2007). Nonetheless, these scandals reinforced the material risks of unethical behaviour and lax governance.

Rising globalisation and cross-border investment flows increased the complexity of governance regimes. Organisations like the OECD have issued influential international governance principles focused on transparency, accountability, board professionalism, and respect for shareholder rights (OECD, 2015). These global standards promoted convergence and harmonisation of governance across diverse countries. However, some critics argue that global principles favour shareholder interests over other stakeholders. At the national level, many countries have developed localised corporate governance codes and listing regulations tailored to their institutional contexts. For instance, the UK governance code combines voluntary 'comply or explain' principles and mandatory listing rules (Arcot Bruno, & Faure-Grimaud, 2010). In the US, governance reforms like the 2002

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Sarbanes-Oxley Act and the 2010 Dodd-Frank Wall Street Reform Act strengthened mandatory disclosures and board responsibilities. However, some argue that regulatory complexity has increased excessively.

In recent years, there has been a shift in perspective from shareholders to a stakeholder orientation that is focused on broader community and societal interests. Theorists argue that effective governance should enable managers to ethically balance the diverse needs of stakeholders (Freeman, 2010). Additionally, stewardship models highlight the importance of pro-organisational managers acting responsibly towards the long-term welfare of the firm and its stakeholders. Despite these theoretical advancements, challenges still exist in implementing these concepts in practice.

It can be argued that corporate governance has evolved significantly from its ancient roots and early joint-stock companies. Separating ownership and control and recurring governance crises have spurred reforms and regulations to protect shareholders. However, globalisation and shifting societal expectations have catalysed a broader stakeholder focus on governance aligning with responsible and sustainable business practices. These developments have shaped modern corporate governance principles, emphasising transparency, ethical behaviour, and stakeholder interests.

2.2.3 Corporate governance principles

Effective corporate governance abides by several principles. These corporate governance principles include accountability, transparency, integrity, stewardship, and independence. Accountability, which is the first corporate governance principle, involves clearly delineating responsibilities and decision rights to facilitate effective monitoring and oversight across the organisation (Shkolnikov, 2022). The board is accountable to shareholders and has a duty to oversee management in the company's best interests. Management is accountable to the board and must execute company strategy appropriately (OECD, 2015).

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Accountability mechanisms include separating the CEO and Chairman roles, instituting checks and balances on power, enabling shareholder participation, and linking executive remuneration to performance. Accountability to non-shareholder stakeholders such as employees, customers, and society is also growing in importance for corporate sustainability and social legitimacy (Haxhi & Aguilera, 2021). This corporate governance principle of accountability is critical because it is essential for identifying ineffective leaders and governance weaknesses before they become crises. It also enables better monitoring and oversight over management actions, reducing agency problems and self-dealing (Oprea, Voicu, & Kaur, 2023) and driving corporate performance (Wirtz, 2011). Within the context of state-owned enterprises (SOEs), accountability is crucial. It can be achieved by clearly defining responsibilities between the state as the owner, the board of directors, and management. It is critical to establish clear policies and rules to define these responsibilities, as accountability can be blurred when the state is both the owner and regulator. Suitable supervision systems and policies ensure accountability while minimising excessive political meddling.

Transparency, the second principle of corporate governance, is a vital governance principle that promotes disclosure and visibility into company operations. Transparency in corporate governance can be financial and non-financial transparency in corporate government. Financial transparency involves reporting accurate, timely information on financial performance, executive compensation, ownership structure, audit and risk committees, and material events through financial statements, annual reports, and regulatory filings (OECD, 2015). Equally important is non-financial transparency around issues like sustainability, ethics, and stakeholder impact. Companies should disclose relevant environmental, social, and governance performance metrics, corporate values, codes of conduct, anti-corruption efforts, human rights policies, and workforce diversity data (Schnackenberg & Tomlinson, 2016). Integrated reporting combines financial and non-financial information to show how environmental, social, and governance factors create long-term value. Transparency is a corporate governance principle that is essential in state enterprises. It allows investors to make informed decisions

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and enhances public trust in the company. However, on the other hand, excessive or complex disclosures can sometimes reduce transparency by obscuring material information leading to information asymmetry (Akmal, Rashid, & Amin, 2022). Companies must be judicious in determining what and how they disclose information. State-owned enterprises are more obligated to serve the public interest than privately owned enterprises. Citizens must be provided with transparency in the management of public assets. However, state-owned enterprises may exhibit caution in disclosing excessive information that could weaken their competitive advantage vis-à-vis their private sector counterparts. The attainment of equilibrium is crucial in achieving transparency while maintaining a competitive edge.

The third corporate governance principle is integrity. This involves directors, executives, and employees acting legally, ethically, and in good faith to serve the organisation's interests (Sofi, 2022). In line with the corporate governance principle, the board and senior management must demonstrate high standards of integrity through their statements, decisions, and actions. Additionally, companies must develop robust codes of conduct, anti-fraud controls, conflict-of-interest policies, and compliance frameworks (OECD, 2015). Ensuring financial integrity is of the utmost importance by means of precise reporting, strong internal controls, and thorough audit procedures. The internal audit role assures the board regarding compliance with regulations and adherence to ethical practices.

Research indicates that while integrity reduces agency problems and builds vital stakeholder trust. Moreover, unethical or illegal actions severely damage corporate reputation and legitimacy over the long term. Deloitte's research on stakeholder trust and corporate governance conducted by Iwasaki, Koningsburg and Touche (2022) underscores the importance of integrity for a company's success and longevity. Iwasaki, et al. (2022) findings indicate that companies regarded as trustworthy outperform their peers in market value by up to four times, and 88% of customers will return to buy from a brand they trust. This demonstrates the direct correlation between stakeholder trust and financial performance. The study also

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points out that maintaining stakeholder trust requires a consistent effort to demonstrate competence, the right intent, reliability, transparency, and a caring approach towards stakeholder well-being. Similarly the Global Integrity Report 2020 by EY Forensics and Integrity Services (2020) highlights that maintaining integrity is crucial for organizations. In the report, Forensics and Integrity Services (2020) highlights a disparity in perceptions between management and junior employees about unethical behavior, revealing that 35% of respondents believe unethical behavior in their organization is often tolerated when the people involved are senior or high performers. This indicates a significant risk to corporate integrity, as senior employees some of whom might be board members are more likely to act unethically, potentially leading to reputational damage and loss of stakeholder trust.

Upholding integrity is critical for state-owned enterprises (SOEs) to maintain public trust. Therefore, leaders of state-owned enterprises may have to set the tone at the top by demonstrating high ethical standards and a commitment to integrity through words and actions. Besides robust codes of conduct, conflict of interest policies, and compliance programs, state-owned enterprises, as stewards of public assets, are expected to have accurate accounting, stringent internal controls, and independent external audits to ensure resources are not misappropriated. Conversely, political interference and cronyism may undermine ethical practices in state-owned enterprises.

Stewardship, the fourth corporate governance principle, refers to a company's responsible management and oversight to create long-term value and sustainability (Financial Reporting Council, 2021). It encompasses effective management of assets, acting as a responsible shareholder, and serving the interests of key stakeholders. Adopting a stewardship mindset involves shifting the company's focus from short-term financial goals to long-term value creation for all stakeholders. It requires leaders to prioritise investments in employees, research and development, sustainability initiatives, and community relationships, even if they sacrifice some short-term profits. Stewardship builds stakeholder trust and

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shared prosperity. It balances profitability with creating value responsibly for shareholders and stakeholders. Stewardship is a very relevant corporate governance principle for state-owned enterprises as they are stewards not just of financial capital but also public assets like natural resources, infrastructure, and cultural institutions. This means that leaders and employees of state-owned enterprises have an elevated stewardship duty that their governance policies and practices must reflect. As a result, adopting a long-term mindset focused on creating sustainable value for stakeholders, not short-term gains, is critical to state-owned enterprises' performance.

The fifth corporate governance principle is independence. Independence refers to the board of directors' ability to provide objective management oversight and exercise impartial judgement, free from external influence or conflicts of interest (OECD, 2015). It primarily relates to the independence of the board of directors and other governance bodies from the company's management and other external influences. An independent board is one where the majority of directors are not involved in the company's day-to-day management and have no material relationship with the company or its executives. Independent directors are crucial for providing unbiased judgment, challenging management decisions, and safeguarding the interests of shareholders. They act as a check and balance on the executive team and are more likely to act in the best interest of the company as a whole. The corporate governance principle of independence goes beyond the boardroom. It requires independent external audits, market analysts, and regulatory agencies to verify that the company operates fairly, transparently, and legally. The principle of independence is essential because it reduces the risk of self-dealing, undue influence, and conflicts of interest. It promotes accountability, transparency, and ethical behaviour within the company, enhancing the overall effectiveness of corporate governance. On the other hand, it should be noted that strict independence requirements can potentially exclude knowledgeable directors who possess useful expertise or industry experience from serving on boards. This is particularly relevant within the context of state-owned enterprises, where governance independence is crucial yet may be challenging to achieve due to

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government interference. Therefore, leaders of state-owned enterprises must develop and enforce policies that safeguard stakeholders, including regulators, board members, and management, from government interference. This can enhance impartial oversight, which is critical for driving optimal performance.

2.2.4 Corporate governance objectives

Corporate governance objectives refer to the core goals and purposes of a company's corporate governance policies, practices, and processes. Through prioritising specific objectives and fundamental values, organisations through corporate governance can create a structured system that promotes openness, responsibility, and ethical judgement. There are several corporate governance objectives in the literature. One of the fundamental goals of effective corporate governance is the optimisation of shareholder returns. The primary objective of corporate governance structures and practises is to safeguard the interests of shareholders, guarantee a justifiable return on their investments, and connect managerial actions with the overarching objective of maximising long-term shareholder value (Shleifer & Vishny, 1997). The primary responsibility of the board of directors is to act in a fiduciary capacity, prioritising the interests of shareholders and providing oversight of management. This entails ensuring that plans, policies, and operations are geared towards maximising earnings, enhancing share price, distributing dividends, and ultimately delivering favourable returns to investors (Jensen & Meckling, 1976). While it is crucial to consider the interests of other stakeholders, corporate governance places a fundamental emphasis on achieving competitive investor returns through effective financial management and strategic expansion.

Accountability and monitoring are additional objectives of corporate governance. In order to ensure that top executives are held accountable for their actions, good corporate governance seeks to define roles and responsibilities clearly (Bellavitis et al., 2023). It is the responsibility of the board of directors, who act on behalf of the shareholders, to oversee management, review the effectiveness of the

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company's strategy and risk management, and ensure financial transparency through independent audits and regular reporting (OECD, 2015). In order to ensure accountability, it is crucial to set up appropriate checks and balances, such as independent board committees, internal controls, and external audits. The board can take corrective action as necessary to ensure long-term performance and ethical compliance, thanks to oversight procedures.

Promoting ethical conduct is another objective of corporate governance, which is fundamental to establishing and maintaining a company's reputation and credibility. The aim is to build a robust ethical culture ingrained within the organisation. Organisations with solid ethical frameworks place a high value on honesty, integrity, and fairness while engaging with various stakeholders, customers, and the broader community. Companies can safeguard themselves against reputational harm and possibly legal consequences by upholding rigorous ethical principles (Ferrell, Fraedrich & Ferrell, 2017).

Risk management is another crucial corporate governance objective that plays a pivotal role in determining the performance of an organisation. The capability to effectively identify and subsequently manage risks is of utmost importance. The primary aims of corporate governance encompass establishing and applying risk management frameworks, which enable organisations to detect and mitigate possible dangers proactively. According to the Committee of Sponsoring Organisations of the Treadway Commission (COSO, 2017), the board of directors assumes a crucial responsibility for supervising risk management procedures and guaranteeing that the organisation's tolerance for risk is in accordance with its strategic goals.

Stakeholder engagement is crucial for companies' success since they can cultivate favourable relationships with all relevant parties involved. The primary aims of corporate governance revolve around the establishment of transparent and open channels of communication with many stakeholders, including shareholders, employees, customers, suppliers, and the community. The involvement of

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stakeholders in decision-making processes promotes the development of trust and cultivates a collective dedication to the achievement of the organisation's objectives. According to Khan, Khan, and Saeed (2019), corporations can enhance the alignment of their goals with society's expectations by comprehending and resolving stakeholder issues.

Balancing financial performance with public service obligations is critical in the context of state-owned enterprises. While financial returns are important, state-owned enterprises have a duty to provide affordable access to essential services for citizens. The governance structure fosters managers to make decisions that meet both financial and social objectives. Additionally, as enterprises utilise public funds, corporate governance aims to ensure they are accountable to taxpayers and government stakeholders through financial and performance reporting. Effective oversight mechanisms like independent audits and parliamentary reviews can ensure accountability. Corporate governance for state-owned enterprises is expected to balance financial sustainability with serving the public interest. The governance framework should promote accountability, ethical conduct, stakeholder engagement, and prudent risk management.

2.2.5 Corporate governance models

Researchers have identified two corporate governance models: the German-Japanese long-term large investor model or system and the Anglo-American market-based system (Grosman, Aguilera & Wright, 2019; Sakawa & Watanabe, 2020). Some academics define this dichotomy as being between Japanese network-based and Anglo-Saxon market-oriented (Anglo-American), which is also adopted by numerous European nations (Sakawa et al., 2020). This section will highlight the important traits of each system by using this categorisation of corporate governance systems.

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2.2.5.1 The Anglo-American model

The Anglo-American corporate governance model, which originates in the United States and the United Kingdom, places significant importance on maximising shareholder value as the firm's principal objective. The ownership of these systems is characterised by a significant dispersion of shares among different institutional and retail investors, with no prominent long-term controlling shareholder (Shleifer & Vishny, 1997). The existence of fluid capital markets featuring dynamic equity and debt markets facilitates the seamless transaction of shares for shareholders. Furthermore, it is worth noting that the dynamic market for corporate control, which encompasses both hostile takeovers and activist interventions, serves as a vehicle for governance discipline. This mechanism pressures underperforming organisations, compelling them to enhance their performance or undergo management changes (Hansmann & Kraakman, 2001).

According to Hansmann and Kraakman (2001), in the Anglo-American model, shareholders are regarded as the primary owners and most influential stakeholders of the organisation. In contrast, other stakeholders receive comparatively less formal attention. The board and management's paramount obligation is to prioritise shareholders' welfare over any other stakeholders. This governance framework is predicated on prioritising the interests of shareholders, with a specific emphasis on maximising profitability, enhancing share value, and distributing dividends. The governance framework frequently utilises a unitary board structure, wherein administration and monitoring functions are consolidated into a single tier. This structure entails the collaboration of executive and non-executive directors (Jungmann, 2006). Crucial governance functions, including executive compensation, director nominations, and audit monitoring, are typically entrusted to independent committees. In most cases, the responsibility for decision-making lies with professional executives motivated by performance-based compensation linked to the financial gains of shareholders (Grosman, Aguilera & Wright, 2019; Shikha & Mishra, 2019).

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The Anglo-American model places a strong emphasis on the maximisation of shareholder value, which serves as a motivating factor for management to pursue efficiency, returns, and overall financial performance actively. External market discipline is exerted through various methods such as hostile takeovers, activist investors, securities litigation, and stock-based pay. These processes serve to compel management to prioritise the creation of value for shareholders. Implementing a unitary board structure enables the establishment of more distinct lines of power and enhances the agility of decision-making processes. Including independent directors further facilitates impartial supervision in alignment with the shareholders' interests.

Nevertheless, critics argue that the predominant focus on shareholder primacy and immediate financial performance within this particular model could potentially result in detrimental consequences for other stakeholders and impede long-term investments (Pinto & Rastogi, 2022). The ownership structure characterised by dispersion may constrain shareholders' ability to influence the board and management directly, necessitating reliance on external governance systems. The alignment of management's incentives with long-term wealth creation may not always be guaranteed, which might result in the possibility of self-interested decision-making. Furthermore, this methodology may potentially exacerbate disparities in society, foster an increase in high-risk behaviour, and give rise to occurrences of corporate governance misconduct (Shikha & Mishra, 2019).

In the Anglo-American corporate governance framework, the Board of Directors typically adheres to a single-tiered structure. This structure necessitates that shareholders participate in the election of non-executive or independent directors, emphasising the paramount importance of safeguarding shareholder interests. Although the model has notable characteristics in promoting managerial efficiency and market-driven governance, it is not without its share of concerns pertaining to shareholder engagement, free-rider problems, and disparities in legal protection for shareholders (Pinto & Rastogi, 2022; Shikha & Mishra, 2019).

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2.2.5.2 The German-Japanese model

The corporate governance framework in Germany and Japan is characterised by a significant reliance on the active participation of major strategic investors, including banks and business groupings (Kok, 2023). The investors demonstrate a strong dedication to the firms they endorse, as they possess substantial ownership interests and maintain enduring relationships with them. This contrasts with the dispersed ownership framework prevalent in the Anglo-American model (Drobetz et al., 2020). This commitment enables prominent investors to actively participate in corporate governance by overseeing management and offering assistance for long-term investments (Pahlevi, 2023). The strong interconnections between firms and banks in Germany and Japan facilitate companies' ability to secure financing at reduced expenses and undertake initiatives that investors may decline with a more immediate focus (Pletz & Upson, 2019).

The long-term strategic perspective is a fundamental asset of the German-Japanese paradigm. Dedicated anchor shareholders facilitate patient capital cultivation, enabling organisations to engage in enduring investments in research and development, capital projects, and other endeavours that may not provide immediate financial gains but contribute to future competitive advantage (Pahlevi, 2023). According to Jungmann (2006), this method is particularly advantageous in high-tech industrial sectors that necessitate continuous innovation. Furthermore, incorporating stakeholders such as employees inside supervisory boards and establishing collaborative networks, such as keiretsu, in Japan foster heightened dedication, allegiance, and a shared sense of mission among the organisation's personnel and affiliated entities.

It is essential to acknowledge that the German-Japanese model may include certain inherent vulnerabilities. The intimate associations between corporate groups and management can give rise to concerns such as cronyism and a dearth of external oversight. Minority shareholders may encounter situations where the prevailing influence of majority anchor shareholders and company personnel occasionally eclipses their interests. The prioritisation of agreement in the decision-

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making process may occasionally lead to a relatively slower rate of plan implementation compared to more agile competitors.

Within the context of state-owned enterprises, a hybrid of these models is often adopted as they seek to reconcile stakeholder interests with specific shareholder-oriented practices. State-owned enterprises (SOEs) differ from the Anglo-American model because they do not possess private shareholders. According to Musacchio, Lazzarini, and Aguilera (2015), the government assumes the role of the majority shareholder and places a higher emphasis on serving the public interest rather than pursuing profit. With the adoption of Anglo-American and German-Japanese traits, many state-owned companies (SOEs) use professional independent directors to improve supervision. In addition to social welfare goals, state-owned businesses (SOEs) are embracing performance benchmarks and incentives related to profitability and efficiency (OECD, 2015).

2.2.6 Corporate governance practices and issues

The emergence of corporate governance can be attributed to corporate crises and the increasing need for enhanced managerial oversight during the 1970s (Monks & Minow, 2011). Early reforms in the United States were implemented with the enactment of the Foreign Corrupt Practices Act in 1977, which imposed stricter regulations on internal controls and mandated the establishment of board audit committees. Similarly, in the United Kingdom, the Cadbury Report in 1992 recommended enhancing board independence and promoting financial transparency (Keasey, Thompson, & Wright, 2005). Global scandals, such as Enron and WorldCom, prompted additional regulatory measures, exemplified by the Sarbanes-Oxley Act (2002) in the United States. The Corporate Governance Principles of the OECD have also substantially influenced the improvement of international supervision and accountability (Aguilera & Cuervo-Cazurra, 2009). Implementing corporate governance practises has become essential in promoting openness, accountability, and responsible decision-making inside organisations to cultivate investor confidence, secure capital investments, and uphold a favourable

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business image. Several corporate governance practices are discussed in the section below, including the role of the board, board composition, board attributes/ characteristics, board independence, board transparency, board accountability, and board fairness.

2.2.6.1 Role of the board

The board of directors of an organisation refers to an executive body appointed or elected by shareholders to manage an organisation's day-to-day operations (Koutoupis & Pappa, 2018). As the apex governing body elected by shareholders, the board can direct management on their behalf. One of the board's primary duties is to monitor the performance of organisations and the agents assigned to manage shareholder business affairs (Ozdemir & Kilincarslan, 2021). In order to effectively assess and evaluate the performance of an organisation, the board monitors various vital aspects such as capital structure, risk management, internal controls, and legal/regulatory compliance. According to Fernández-Temprano and Tejerina-Gaite (2020), the consistent financial monitoring of the board contributes to the production of financial statements and high-quality disclosures, hence mitigating the occurrence of unnoticed fraudulent activities. Similarly, Liu, Low, Masulis and Zhang (2020) argue that regular performance evaluations provide the board with the means to monitor the implementation of strategic initiatives and promptly make necessary adjustments.

Another role of the board in corporate governance is the supervision and provision of guidance to management regarding various aspects of corporate performance, including investments, divestitures, and strategic initiatives. This essence is to mitigate risks, capitalise on growth prospects, and promote responsible managerial practices to enhance shareholder value (Harjoto, Laksmana & Yang 2018). While providing oversight and guidance, the board aims to achieve a harmonious equilibrium between exercising supervision and facilitating management's independence in conducting the business day-to-day while executing strategic initiatives.

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Another vital responsibility of the board is to define the requirements for the CEO role and oversee the recruitment and selection process based on the company's strategy and needs at that point in time (Bouaziz, Salhi & Jarboui, 2020). In addition, the board should establish clear metrics and performance objectives, appropriate compensation packages for the CEO, and implement a process for replacing the CEO for non-performance (Nam, 2020). The board must demonstrate diligence in overseeing the responsibilities of the CEO position since it serves as a fundamental pillar for the successful implementation of corporate governance and strategy (Kuang & Lee, 2017). By doing so, the board ensures that the company's vision and goals are aligned with the CEO's actions, which is crucial for maintaining accountability and transparency in corporate governance.

An additional role of the board of directors includes establishing and enforcing the code of ethics and standards of conduct, which play a pivotal role in shaping the corporate culture by delineating the actions deemed acceptable within the organisation (Harjoto, Laksmana & Yang 2018). Directors implement rules aimed at the disclosure and resolution of conflicts of interest in order to uphold and preserve organisational integrity. The board fosters a corporate culture characterised by adherence to regulations, ethical behaviour, and moral uprightness by proactively establishing these guidelines. By performing these duties, the board of directors is ultimately accountable for the success or failure of a corporation (Kuang & Lee, 2017). So, the corporation's performance is heavily dependent on the makeup of the board of directors.

Relating to state-owned enterprises, it can be argued that the board of directors serves a crucial governance role in overseeing corporate performance and strategy on behalf of the state as the owner of state-owned enterprises (SOEs). From monitoring finances, risks, and compliance to guiding major investments and initiatives, the SOE board aims to ensure responsible management that optimises public value. Defining CEO selection, succession planning, and setting ethics and conduct policies provide the foundation for good governance of public assets and resources. When executed diligently, these board duties and responsibilities

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uphold integrity, accountability, and transparency across the SOE's operations and culture, creating sustainable, long-term value for citizens as the ultimate shareholders.

2.2.6.2 Board composition

Board composition is the number of independent non-executive directors compared to the total number of board members. The term "independent non-executive directors" describes directors with no other ties to the firm (Alashe et al., 2021). According to Buchdadi et al. (2019), independent non-executive directors generally make up a certain percentage of the overall board, as stated by Alashe et al. (2021). There are, however, variations in board composition regulations across different countries on a global scale. For instance, according to Mallin (2016), it is a requirement in both the United States and the United Kingdom for boards to consist of a majority of independent non-executive directors, and it is also recommended that the positions of CEO and chairperson be distinct.

On the other hand, within the context of South Africa, the Institute of Directors in Southern Africa (IoDSA) (2016) asserts that board composition should be a minimum of 50% of non-executive directors. This composition is necessary to facilitate impartial supervision of management activities. In support of this, Wang and Cheng-Han (2020) established that increasing the proportion of independent directors on a board may boost shareholder value. In addition, the agency theory backs up the argument in favour of having independent members on boards of directors. Because ownership and control are separated, the agency theory argues, managers often prioritise their interests above those of the company's shareholders (Simitsis & Kyriakou, 2023). So, the non-executive members of the board act as watchdogs for top management and ensure that their actions are within acceptable bounds.

While outsider perspectives can provide valuable oversight, there are also potential drawbacks to relying heavily on non-executive directors. For instance, Duchin et

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al. (2010) argue that non-executive directors often have less intimate knowledge of the company's operations, products, and markets than insider directors. This can make them less effective in providing oversight. Additionally, Doldor et al. (2016) contend that mandated board composition quotas can compromise the qualifications of board members and limit the board's ability to exercise flexibility as they prioritise demographic variables above other relevant considerations.

While agency theory recommends more independent board members, state-owned enterprise (SOE) boards likely require a tailored composition that balances government stakeholders, independents, and firm insiders. This is due to the fact that SOE boards must balance commercial objectives with public policy goals, which requires close coordination with the government (Peng et al., 2007). Therefore, the optimal mix of board members depends on the public policy role, information needs, and monitoring deficiencies of the SOE (Luputa & Mwanza, 2022). Some independent presence, however, appears beneficial.

2.2.6.3 Board characteristics

Board characteristics or attributes pertain to the distinct aspects, features, and traits that delineate the composition and operational dynamics of a business board of directors (Endrikat, De Villiers, Guenther & Guenther, 2021). These characteristics jointly delineate the essence and efficacy of the board in fulfilling its duties and obligations in corporate governance. According to Blagburn (2020), several characteristics or attributes define the board, including gender diversity, age diversity, ethnic and cultural diversity, educational level diversity, diversity in expertise, and board size.

Diversity is a crucial driver of more diligent governance, primarily by mitigating the risks of groupthink. Boards exhibiting greater diversity in gender, ethnicity, age, and professional backgrounds are associated with enhanced problem-solving, innovation, financial performance, and shareholder value creation (Miller & Triana, 2009). Gender diversity on boards involves achieving equitable representation and

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a fair proportion of male and female directors to create more inclusive and talent-driven leadership (Konrad, Kramer, & Erkut, 2008). Konrad et al. (2008) assert that a critical mass of at least 30% of women directors is necessary to have a meaningful impact on board decisions (Konrad et al., 2008). This is because diverse boards with members of both genders bring a broader range of perspectives, experiences, and leadership styles than homogenous boards (Miller & Triana, 2009). Additionally, Terjesen, Sealy and Singh (2009) argued that appointing female directors offers various fresh perspectives, leadership styles, background knowledge and networks that may be lacking or underemphasised on boards dominated by men. In addition, studies suggest that boards with diverse gender representation are linked with better financial performance, enhanced accountability, greater employee satisfaction and increased corporate social responsibility (Post & Byron, 2015).

To improve board diversity, several countries, such as France, Italy and Norway, have implemented board gender quotas ranging from 30% to 40% to increase female representation (Seierstad, Gabaldon & Mensi-Klarbach, 2017). Despite being crucial, the global gender diversity in boards is still disheartening as arious factors, including term limits, implicit biases in recruitment and promotion, the absence of rules that enable board refreshment to facilitate turnover, and social network limitations, impede women's advancement in the boardroom (Von Meyerinck et al., 2019).

In addition to gender diversity, including individuals from diverse ethnic and cultural backgrounds on boards also contributes to organisational value. Vintilă and Gherghina (2021) posited that 2012 racial, ethnic, cultural, and age diversities helped boards understand employee and customer perspectives. In order to take advantage of the gains of board diversity, Park (2021) indicated that a review in the United Kingdom has established voluntary objectives for corporate boards to ensure the inclusion of at least one director from an ethnic minority background by the year 2021. Certain countries, such as Malaysia, have also implemented

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diversity standards encompassing various dimensions, including gender, ethnicity, and age (Luputa & Mwanza, 2022).

Age diversity, another board characteristic, refers to having directors from different generations and age groups serve together, providing a mix of young, middle-aged, and older directors (Campion et al., 2019). The benefit of this diversity is that younger directors bring innovative ideas, familiarity with emerging technologies, and an understanding of changing demographics (Atagboro, 2022). Middle-aged directors, on the other hand, contribute management acumen, industry insight, and effective networking capabilities, while older directors provide a wealth of wisdom, experience, and expertise gained over extensive careers (Abang'a & Wang'ombe, 2020; Rotondo et al., 2022). From the perspective of Post and Byron (2015), blending veteran expertise with youthful energy can enable more balanced and informed decision-making. However, just having age diversity is insufficient; instead, an inclusive board culture is needed to leverage directors' varied strengths and competencies across ages (Rotondo et al., 2022). The goal is to have a board representative of different generational viewpoints and thinking styles.

The size of the board is another essential characteristic of the board. The optimal board size is often between 7 and 12 directors. While small boards are usually less than seven (<7), larger boards are twelve (>12) (Van Essen, Engelen & Carney 2013). Larger boards offer a more significant number of advisers and resources, yet they may encounter challenges related to coordination and the emergence of factions. On the other hand, utilising smaller boards facilitates enhanced agility, albeit at the expense of diversity and expertise, to effectively carry out monitoring capabilities (Nguyen & Thanh, 2022). It is worth noting that an effective board requires the right mix of these attributes tailored to a company's strategy, industry, and lifecycle stage, though these may sometimes come with some trade-offs.

Another crucial characteristic that delineates a board is the presence of diversity in terms of expertise, business experience, and training. The presence of directors with varied functional knowledge (such as marketing, technology, legal, and

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finance) and industry experiences is advantageous for boards (Gakpo et al., 2021). Keremidchiev and Nedelchev (2022) highlighted that including individuals with different educational backgrounds and training contributes to a range of intellectual capacities and skills inside the group. Corroborating this, Wang and Cheng-Han (2020) revealed from empirical evidence that boards characterised by a broader range of talents, experiences, and knowledge positively impact strategic decision-making, foster innovation, and contribute to improved financial performance.

Board characteristics can, therefore, be a critical determinant of effective governance and value creation for SOEs. Key attributes like cognitive diversity across gender, ethnicity, expertise, and stakeholder orientation enable SOE boards to tap broader perspectives, enhance oversight, and make better decisions regarding public assets. Additionally, an optimal board size of members may balance inclusive representation with efficiency. Overall, thoughtfully constituted SOE boards with diversity in gender, age, culture, experience, training, and expertise may be better equipped to meet their fiduciary duties to citizens as the ultimate shareholders in today's complex, risky and rapidly evolving business environment.

2.2.6.4 Board independence

The concept of board independence pertains to the degree to which board members are free from the influence of management and unaffected by any significant relationships that may compromise their impartial judgment (Lastrada & Anggraita, 2020). Maintaining an autonomous board of directors is widely recognised as a fundamental characteristic of efficient corporate governance and supervision (Lastrada & Anggraita, 2020). A majority independent board is a crucial characteristic of effective governance. In this context, independence is commonly described as the condition wherein more than 50% of board members have no affiliations or connections with the company's management (Limbo, 2019). Independent directors play a crucial role in corporate governance by offering objective and unbiased viewpoints to counterbalance the perspectives of internal

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executives on the board. The aforementioned action alleviates potential conflicts of interest that may emerge among shareholders, management, and the board (Khan et al., 2019).

The primary advantages associated with board independence encompass the ability to conduct a more impartial assessment of both the company and management's performance, a greater inclination to scrutinise executives, enhanced supervision over strategy, risk management, and compliance, a more substantial alignment with the interests of shareholders, and safeguarding against potential conflicts of interest arising from managerial self-dealing (Abdullah et al., 2022). According to Abang'a and Tauringana (2023), to prevent any undue influence, it is crucial for the audit, compensation, and nominating committees responsible for overseeing management's actions to maintain complete independence.

Several nations require specific levels of board independence. An illustration of this can be seen in the United States, where stock exchange listing requirements mandate a majority of independent directors on corporate boards (Mallin, 2016). According to the Financial Reporting Council (2018), the UK corporate governance code mandates that a minimum of fifty per cent of the board members must consist of independent non-executives. Regulations commonly establish criteria that preclude individuals who fall into certain categories from being deemed independent. These categories often encompass former workers, professional service providers, significant suppliers, customers, and relatives of management.

It can be argued that SOEs need board independence for effective governance and oversight. Independent directors on SOE boards balance government-appointed members' perspectives. This may reduce conflicts of interest between the state as owner and SOE managers. Majority board independence could allow objective scrutiny of SOE performance, strategy, and risk-taking. It may align the board's fiduciary responsibility with citizen interests rather than political or bureaucratic goals. SOE boards need independence to make choices based on

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commercial goals, operational excellence, and public value rather than political expediency.

2.2.6.5 Board transparency

Board transparency has become essential to good corporate governance, accountability, and ethical leadership. Board transparency implies openly communicating relevant information about its membership, activities, policies, decisions, and performance to stakeholders (Australian Institute of Company Directors, 2020). Transparency promotes accountability and ethics by reducing information gaps between the board and stakeholders (Zhao & Mao, 2023). It demonstrates that the board has nothing to hide. The importance of transparency stems from the board's fiduciary duty to act in the company's and its shareholders' best interests. Without adequate transparency, there is an information gap between the board and stakeholders, increasing the risk of misconduct, poor decisions, or mismanagement going undetected (Monks & Minow, 2011).

Transparent boards disclose board composition, director qualifications, relationships, independence status, meeting attendance, and more (OECD, 2015). Publishing board committee charters and corporate governance guidelines provide insight into roles. Research shows transparency is associated with increased firm value, higher returns, lower cost of capital, more vital stakeholder trust, and reduced misconduct (Bernstein, Buse, & Slatten, 2019). It reflects well on the board's stewardship.

As Gabrielsson and Huse (2023) found for SMEs, the importance of transparency cannot be overstated when it comes to SOE boards, as it is crucial to maintain accountability, integrity, and ethical governance of public assets. Therefore, SOE boards have a duty to openly communicate information on membership, activities, policies, decisions, and performance outcomes, as they serve as representatives of citizen shareholders. By doing so, they can reduce the risks of misconduct or poor decisions going unchecked and close the information gaps. Even though

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SOEs may face political sensitivities, comprehensive transparency and constructive stakeholder engagement can bolster public trust. Thus, SOE boards that embrace transparency principles and best practices can reinforce their mandate to create value responsibly on behalf of citizens.

2.2.6.6 Board accountability

Board accountability pertains to the notion that the board of directors is responsible for meeting their obligations and duties to stakeholders (Zhao & Mao, 2023). Accountability is crucial for boards to establish legitimacy and trust, given their role as the highest governing entity elected by shareholders (Duho & Quansah, 2022). The concept of accountability serves as a driving force for boards to prioritise their fiduciary duty to act in the firm's best interests rather than succumbing to personal self-interest. This mechanism empowers stakeholders to scrutinise, penalise, and maybe dismiss directors in cases of inadequate performance or misbehaviour (Duho & Quansah, 2022). The absence of accountability can cultivate a state of complacency, resulting in inadequate oversight and the erosion of value. The establishment of a robust system of accountability necessitates the presence of key elements such as transparency, constructive engagement with stakeholders, effective performance management, and adherence to ethical principles (Zhao & Mao, 2023).

Board elections allow shareholders to assess the performance of directors and then vote them out if their performance is deemed insufficient. The division of the CEO and board chairman positions also enhances accountability (Duho & Quansah, 2022). Independent directors provide impartial supervision of management and their fellow directors. Performance assessments also serve to assess directors' performance by comparing their achievements against predetermined expectations, fostering a sense of responsibility and accountability (Ozdemir & Kilincarslan, 2021). The implementation of staggered term limitations for directors serves to uphold and maintain responsibility within an organisational context. Implementing disclosure standards, financial audits, and internal control

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systems enhances transparency for monitoring boards. Codes of ethics and conduct policies regulate director wrongdoing by implementing enforcement measures and imposing sanctions. Regulatory agencies and financial markets enforce accountability by implementing reporting obligations, legal actions, and reputational consequences in response to governance failures (Fernández-Temprano & Tejerina-Gaite, 2020).

In relation to this study, performance agreements, audits, public disclosures, stakeholder input channels, and oversight regulations are necessary for state-owned enterprise (SOE) boards to make decisions in the public interest rather than political or bureaucratic ones. Citizens might trust accountable SOE boards to fulfil their governance responsibilities over public assets and resources effectively and ethically. SOE boards need accountability to gain legitimacy and trust in managing public resources.

2.2.6.7 Board fairness

Board fairness broadly encompasses equitable representation, procedural justice, and the ethical treatment of stakeholders (Duan et al., 2022). A fair board can contribute significantly to a company's long-term success and sustainability by fostering a culture of trust, integrity, and accountability. Board fairness encompasses several key elements, including representation and diversity, procedural justice, power dynamics, stakeholder interests and inclusion. Fairness in representation involves having a board composition that reflects a company's stakeholders (Miller & Triana, 2009). This diversity includes gender, race, expertise diversity, stakeholder roles, and more. However, some argue that strict quotas are problematic and that a diversity mindset is more impactful than numbers alone (Du et al., 2018). Furthermore, enacting transparent, unbiased processes for board governance is key for procedural fairness. This includes director nomination, evaluation, committee assignments, and overall decision-making (Collins et al., 2021). However, over-proceduralists can lose the spirit of justice and be impractical.

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According to Collins et al. (2021), informal influence and power differentials significantly shape directors' perceptions of fairness. When individuals or small groups are given the power to make decisions, it can lead to silencing voices that disagree with the status quo. However, effective governance is also made possible by showing respect to those with higher ranks and more expertise. Duan et al. (2022) argue that corporate boards are required to manage their responsibilities towards shareholders effectively while also upholding ethical obligations towards other stakeholders. Nevertheless, parties possess divergent interests. Placing excessive emphasis on justice has the risk of conflicting to generate wealth. Fairness from the perspective of inclusion seeks to ensure that minority directors are treated with respect and are provided with a conducive environment to express their perspectives (Harjoto et al., 2022). However, it is essential to note that subtle biases continue to exist even on diverse boards. Cultivating meaningful inclusion necessitates a continuous and deliberate effort involving purposeful actions and open communication.

In general, the concept of board fairness encompasses various dimensions, including but not limited to representation, procedural integrity, power dynamics, ethical considerations, and inclusionary practices. There are inherent trade-offs that arise when there are competing priorities. The advancement of society necessitates the incorporation of nuanced perspectives, pragmatic approaches, and the recognition of inherent contradictions.

2.3 CORPORATE PERFORMANCE

This section is devoted to the concept of corporate performance.

2.3.1 Defining corporate performance

Generally, corporate performance refers to a collection of financial and non-financial measures that can evaluate the extent to which an organisation's aims and objectives have been met (Lastrada & Anggraita, 2020). From the perspective of Fatihudin (2018), corporate performance can also be defined in terms of financial ratios such as return on assets (ROA) and return on equity (ROE), market

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outcomes such as market share, stock price, and growth, human resource-related outcomes such as job satisfaction and commitment, and organisational outcomes such as productivity, service quality, and new product development and others. According to Mumba and Kazonga (2021), financial performance indicators can be measured with the use of publicly accessible business financial statements or data from stock exchanges. Importantly, firm performance can also be measured based on the subjective information gathered from managers or other key informants by asking them to rate their company's overall performance, such as their market share, profitability, innovation efforts, the performance of HR practices, and other attributes (Fatihudin, 2018; Hermanto et al., 2021). Market share, profits, initiatives aimed at innovation, and the effectiveness of HR policies are all possible foundations for such a rating. Because managers may be reluctant to raise attention to flaws and want to inflate their firms' success, objective measurements are more trustworthy than subjective assessments (Hermanto et al., 2021). Despite the inherent difficulty in relying on subjective measures, they have been widely used to evaluate business performance in academic studies, especially in the field of management (Hermanto et al., 2021; Yujie, 2022; Apriliyanti et al., 2023).

In a nutshell, various definitions of corporate performance fundamentally acknowledge the importance of assessing how well a company achieves its strategic priorities and objectives. They also recognise the need to evaluate both financial and non-financial metrics. However, there are differences in the specific indicators used, data sources leveraged, and the extent of subjective versus objective measurements. This study defines corporate performance as evaluating financial metrics, which encompasses quantitative outcome measures such as market valuations and financials that determine the degree to which a company meets its goals and objectives. The adoption of objective measurements (financial performance indicators) for the study is due to the fact that they are more trustworthy than subjective assessments.

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2.3.2 Performance indicators

Corporate governance's efficacy is determined by how it affects financial performance as well as economic and non-financial variables (Hermanto et al., 2021). According to Yujie (2022), a performance measurement system is a succinct and defined collection of measures (financial or non-financial) that supports an organisation's decision-making process by gathering, processing, and evaluating quantified performance information data. Non-financial indicators are qualitative or quantitative measures that provide insights into various aspects of a business's operations, performance, and sustainability. The non-financial indicators offer a more holistic view of a company's overall health. Examples of the non–financial indicators of performance include market share, customer engagement and relationship, environmental and sustainability impact, innovation, and quality (Hermanto et al., 2021; Apriliyanti et al., 2023).

Financial indicators are essential tools for assessing the performance of firms across various industries with a specific focus on the monetary aspects. These indicators help stakeholders understand a company's financial health, profitability, efficiency, and growth potential. There are several non-financial or subjective performance indicators, including revenue growth, net profit margins, gross profit margins, return on assets, return on equity, cash flow from operations, current ratio, and debt-to-equity ratio (Davis & Guenther, 2020; Bezuidenhout, 2021). These financial indicators evaluate dimensions like profitability, efficiency, liquidity, leverage, and valuation, which are essential for assessing the company's monetary health and value creation. They provide quantifiable performance data for boards and executives to act on. The next section provides a comprehensive review of the literature on financial /economic indicators, which is the focus of this study.

2.3.2.1 Financial/ economic indicators

Financial performance indicators are crucial measures that assess the monetary well-being of a firm and its ability to generate value for its owners (Lin et al., 2020). Through the systematic monitoring of crucial financial indicators over some time,

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governing boards and managers are able to impartially evaluate the profitability, efficiency, liquidity, leverage, and market valuation of a corporation. The following financial performance indicators are discussed in this section: revenue growth, profitability ratios, ROI, current ratio, and debt-to-equity ratio.

2.2.2.1.1 Revenue growth

The metric of revenue growth is a significant financial indicator that provides essential insights into organisations, including State-Owned Enterprise (SOE) performance and its capability to fulfil its public service mandate. A continuous expansion of revenue indicates that an SOE is successfully monetising and commercialising public assets to generate returns for reinvestment into operations and public services, according to research conducted by Jiao et al. (2022). For SOEs in Ghana, growth in the top line signifies their ability to address the needs of citizens effectively, expand service access to marginalised communities, and competitively provide offerings that enhance social welfare.

Several drivers may catalyse revenue growth for SOEs. Developing new service lines and infrastructure projects to serve unmet needs can attract usage and payments from new customer segments (Yujie, 2022). Strategic partnerships with private firms can boost sales reach and revenue streams. Acquiring new public service contracts via competitive bidding processes signals operational excellence. Regional initiatives and campaigns that highlight the SOE's value proposition can also aid growth. Ultimately, revenue increases stem from the SOE solidifying its brand reputation and trust with citizens through high-quality service delivery (Hermanto et al., 2021).

Sustained revenue growth confers multiple benefits to SOEs beyond top-line improvement. Surplus revenues allow SOEs to finance upgrades to existing infrastructure, adopt emerging technologies, and invest in capabilities that augment public service delivery (Bezuidenhout, 2021). Revenue growth provides the financial means for SOEs to extend access to all citizens, achieving universal

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service coverage goals. As sales expand, SOEs can also realise economies of scale and negotiate better terms from suppliers, thus creating cost efficiencies that enhance productivity and free up funds for public reinvestment (Mumba & Kazonga, 2021). However, SOE boards must ensure that growth does not cause the mission to drift from core social obligations. Overall, prudent revenue growth enables SOEs to serve more citizens without increasing reliance on state subsidies cost-effectively.

2.2.2.1.2 Profitability ratios

Profitability ratios offer crucial insights for organisations, including SOEs, in evaluating operating efficiency, cost management, and overall financial health (Bezuidenhout, 2021; Mumba & Kazonga, 2021). By regularly tracking key profitability metrics and benchmarking against competitors or industry standards, SOE boards can identify areas of strength to continue leveraging, as well as weaknesses that present opportunities for targeted improvements towards enhancing productivity, cost optimisation, and financial sustainability in fulfilling public service obligations.

The gross profit margin specifies the percentage of total service revenue remaining after deducting direct costs related to public service delivery, such as labour, materials, facilities, and other variable operating expenses tied directly to the production and provision of services (Bezuidenhout, 2021). A higher gross margin indicates that SOE can sufficiently cover direct service delivery costs with revenues generated through fees, usage charges, or government appropriations. This suggests strong cost control over variable expenses and the ability to maintain affordable fee structures that maximise citizen access while sustaining operations (Lastrada & Anggraita, 2020). Gross margin analysis over time and against peer SOEs also helps management benchmark production cost structures to identify potential inefficiencies.

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The net profit margin delineates the percentage of total revenue remaining after accounting for all operating and overhead expenses, including administrative costs, financing costs, depreciation, and taxes (Lastrada & Anggraita, 2020; Apriliyanti et al., 2023). A higher net margin suggests the SOE exhibits prudent management of general, administrative and fixed overhead costs in addition to direct service delivery costs. This demonstrates overall operational efficiency vital for financial sustainability without excessive reliance on state subsidies or appropriations. Tracking net margin versus past trends and industry benchmarks highlights areas where general cost containment efforts are working well or may need improvement.

Return on assets (ROA) measures the net income generated relative to the SOE's asset base, while return on equity (ROE) evaluates net profitability versus the equity capital invested into the SOE (Yujie, 2022; Apriliyanti et al., 2023). Higher ROA and ROE ratios indicate that the SOE optimally utilises its infrastructure assets and financing capital to deliver citizens maximum public value and socioeconomic benefits (Hermanto et al., 2021). This reflects strong financial stewardship. Declining returns over time or against competitors may suggest deficiencies in asset performance or capital allocation needing realignment with public service goals.

However, while pursuing reasonable profits to sustain operations optimally, SOE boards must balance profitability objectives with equitable public access and social impact. The overarching mandate for SOEs differs from private corporations in that service quality, accessibility, and affordability for the entire community remain central goals alongside financial returns. As such, profits should be judiciously redirected towards service improvements, coverage expansion, and price reductions rather than strictly maximising returns. Regular monitoring of profitability metrics, though, enables SOE boards to maintain this balance and take corrective actions to strengthen financial health in support of public service performance.

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In conclusion, analysing profitability helps SOE leadership evaluate operating efficiency, cost management practices, and overall financial sustainability, which are essential for maintaining reliable public services. When benchmarked over time and against competitors, profitability metrics offer data-driven insights to inform decisions that both optimise financial health and uphold the SOE's core social obligations. SOE boards must leverage these indicators to strike the right equilibrium between productivity, cost optimisation, and serving the public interest. By doing so, they can ensure that the organisation's revenue growth is sustainable and that it continues to meet the needs of the citizens effectively.

2.2.2.1.3 Return on investment

Return on investment (ROI) is a vital financial metric that enables state-owned enterprises (SOEs) to evaluate the efficiency and public value generated from investments in infrastructure, facilities, and assets that underpin service delivery. By comparing returns to costs, ROI supports data-driven capital allocation aligned with overarching public service obligations. At its core, ROI measures the rate of return or profitability realised from an investment relative to the cost incurred (Hermanto et al., 2021; Ackers & Adebayo, 2022). It is calculated by dividing net returns by total investment outlays. A higher ROI indicates the investment is generating strong returns in excess of costs, while a lower ROI suggests suboptimal returns relative to capital deployed. For SOEs, returns reflect public and social value creation measured through expanded service access, improved quality, lower costs, and socioeconomic progression enabled by the investment (Mumba & Kazonga, 2021). Costs account for the capital expenditures and operating expenses associated with the infrastructure project.

Analysing ROI over time and across infrastructure investments allows SOEs to benchmark returns and identify where capital is most productively employed towards public service goals versus areas of deficiency (Yujie, 2022). Investments in infrastructure that underpin broad social impacts and demonstrate high returns relative to financial outlays should be prioritised. Comparing the ROI of

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infrastructure investments to that of private sector peers also provides context on competitiveness and efficiency.

High ROI signifies infrastructure assets are effectively converted into public value, indicating financial stewardship by the SOE (Myeza et al., 2021; Yujie, 2022). It demonstrates prudent and productive capital allocation. The ability to generate consistent returns across projects signals an SOE with sound investment practices and execution capabilities that merit ongoing financing for service improvements. By contrast, low or negative ROI suggests investment decision-making or delivery deficiencies that compromise public value. While ROI analysis informs capital allocation, SOE boards must balance financial returns with fulfilling broader public service obligations around equitable citizen access, affordability, and social welfare goals. Not all infrastructure delivering immense public benefits will generate commercial returns. However, evaluating ROI provides vital insights for boards to oversee infrastructure investments and advise adjustments where returns lag.

In summary, ROI offers SOEs a pivotal metric to evaluate the financial and social returns generated from vital infrastructure investments against the associated capital outlays. Assessing ROI over time and across projects enables data-driven decision-making to maximise public value. However, boards must balance ROI with furthering accessibility, affordability, and other public service goals. Along with other financial indicators, ROI provides crucial insights for aligning investment decisions with the SOE mandate.

2.2.2.1.4 Debt-to-equity ratio

The debt-to-equity ratio is a vital financial indicator that provides organisations such as state-owned enterprises (SOEs) and oversight bodies insights into capital structure, financial risk, and long-term sustainability (Mumba & Kazonga, 2021). By tracking the debt-to-equity ratio over time and benchmarking against peers, SOE boards can oversee responsible leverage aligned with service obligations.

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The debt-to-equity ratio specifies the proportion of total financing from debt relative to the equity invested into the SOE (Batchimeg, 2017). It is calculated as the SOE's total debt obligations divided by total shareholder equity. A higher ratio indicates greater dependence on debt financing, while a lower ratio reflects predominantly equity funding. A prudent debt-to-equity balance enables SOEs to fund infrastructure and assets needed to serve citizens while mitigating the risks of excessive leverage. Debt allows SOEs to access large capital to expand public services faster than relying solely on state funding. However, high debt burdens can create fiscal instability if interest expenses and liabilities become unmanageable (Myeza et al., 2021). Conservatively managed SOEs target reasonable debt levels that provide financial flexibility to handle usage fluctuations or economic downturns that may impact revenues. Highly leveraged SOEs have less ability to respond to crises or changes in citizen demand (Ackers & Adebayo, 2022). Stable revenues from public service contracts or government appropriations should guide debt capacity.

The board can establish an optimal target debt-to-equity band that matches SOE's business model and risk profile. Monitoring the evolving ratio over time ensures debt usage remains aligned. Spikes may warrant evaluating whether new debt efficiently funds value-generating infrastructure versus representing excess leverage (Mumba & Kazonga, 2021). The ratio can also be benchmarked against peer SOEs nationally and globally to compare capital structure policies. A worsening debt-to-equity ratio may signal risks from growing interest costs, credit rating pressures, and inflexibility. This may require interventions to curb rising leverage, align with service mandates, and prevent a debt spiral (Ackers & Adebayo, 2022). Public stakeholders may need to reassess capital adequacy and financing strategies.

In summary, the debt-to-equity metric offers SOE boards a vital tool to oversee responsible financial stewardship. Tracking leverage trends supports decision-making on capital structure and borrowing policies attuned to SOE mandates.

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Prudent management of debt-to-equity balance helps SOEs sustainably serve citizens over the long term.

2.2.2.1.5 Current ratio

The current ratio is a fundamental liquidity metric that measures the ability of an SOE to meet its short-term obligations from liquid assets on hand (Yujie, 2022). It evaluates the SOE's financial flexibility to pay off current liabilities over the next 12 months as they become due without defaulting, which carries high reputational risks and costs of financial distress for public services (Mumba & Kazonga, 2021). The current ratio is calculated as current assets divided by current liabilities. Current assets for SOEs include cash, short-term investments, accounts receivable, inventory and other assets that can reasonably be converted into cash within a year (Ackers & Adebayo, 2022). Cash and securities provide the highest liquidity. Accounts receivable indicates expected incoming payments from customers or the state per contracts, bills, and accrued revenue. Inventory constitutes work-in-progress and finished goods for SOEs providing transportation, energy, water, or other services.

Current liabilities are financial obligations payable to vendors, creditors, bondholders, and other counterparties within the next year using current assets (Hermanto et al., 2021). This includes accounts payable, short-term debt, accrued expenses, taxes payable, deferred revenues, and the current portion of long-term debt.

A current ratio above 1 indicates the SOE has sufficient current assets to cover its short-term liabilities maturing over the next 12 months. A higher ratio provides a greater liquidity cushion. SOEs typically target a minimum current ratio of 1.5 to demonstrate financial health and stability (Hermanto et al., 2021). Global infrastructure SOEs have maintained average current ratios of around 2.0 in recent years (Mumba & Kazonga, 2021). Monitoring trends in the current ratio over time and against peer benchmarks allows SOE boards and state ownership entities to

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assess liquidity positions (Mumba & Kazonga, 2021). A declining current ratio may suggest a concerning erosion of liquidity warranting evaluation of underlying drivers like slowing revenue collection, riskier investments of cash, or ballooning near-term obligations. Comparing across SOEs controls for industry and business model differences.

Maintaining adequate current ratios demonstrates financial stewardship by SOE boards and executives. Sufficient liquidity moderates financial distress risks that could impede public service delivery. However, excessive liquidity has opportunity costs, as cash reserves earning low returns could be redirected towards infrastructure upgrades or price reductions to benefit citizens (Bezuidenhout, 2021). Like private firms, SOEs must find an optimal liquidity balance tailored to their business model, revenue mix, and industry. Nevertheless, prudent liquidity management remains paramount for SOEs to sustain reliable public service provision across budget cycles and economic environments, given their lack of access to equity markets during distress.

2.3 CHAPTER SUMMARY

The chapter reviewed the literature on the concepts of corporate governance (corporate governance policy changes and corporate governance practices) by explaining some key concepts in corporate governance, such as the role of the board, board composition, board attributes/ characteristics, board independence, board transparency, board accountability and board fairness. The chapter also reviewed the literature on corporate performance by highlighting corporate performance indicators and emphasising financial/ economic indicators. The subsequent chapter will review the literature on corporate governance and corporate performance of Ghanaian SOEs

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CHAPTER 3: GHANA SOE GOVERNANCE AND PERFORMANCE

3.1 INTRODUCTION

The previous chapter has provided a comprehensive review of the concepts of corporate governance and corporate performance. The literature review has specifically focused on the definitions of corporate governance, as well as its roots, principles, and objectives. Additionally, other essential concepts, such as corporate governance models and corporate governance practices, have been discussed in detail.

This chapter provides a contextual review of the literature. The first part of the chapter captures the nature of Ghana's SOEs and provides a critical review of the corporate governance regulatory framework (ACT 921, ACT 990 and L.I. 2378). The next part of the chapter focuses on reviewing the literature on corporate governance practices in Ghana's SOEs and other state interests, with a particular emphasis on board responsibilities, characteristics, independence, transparency, accountability, and fairness. The performance of SOE and other State-owned entities (SIE) in Ghana regarding financial performance is also critically reviewed. Furthermore, corporate governance factors that influence SOEs' optimal performance in Ghana are also discussed, and the chapter concludes with a summary.

3.2 NATURE OF SOES AND OTHER SIES IN GHANA

Ghana's state-owned enterprises (SOEs) and state-invested enterprises (SIEs) are crucial government entities that play a significant role in the country's development. These commercial business entities are owned and controlled by the government (Ohemeng, Obuobisa Darko & Amoako-Asiedu, 2020). They are established through legislative actions and statutory regulations, giving them a distinct legal identity separate from the State (Backer, 2022). According to the OECD (2015), SOEs are typically characterised by the government holding a dominant ownership position, often amounting to 100% or majority ownership. In

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Ghana, SOEs are wholly or majority owned by the Government of Ghana and are responsible for appointing the board of directors and top management under the oversight of relevant ministries. It is important to note that the success and overall development of Ghana depend on the corporate governance practices of these entities, making regulatory oversight critical. The establishment of state-owned enterprises (SOEs) is justified by the government for various reasons, including the provision of public goods and services, driving economic growth, facilitating industrialisation, generating employment, exploiting natural resources, and promoting regional development (Bonney, 2015). On the other hand, State Interest Enterprises (SIEs) are business entities in which the government owns 20-49% of the equity that is otherwise privately held (Ghana Ministry of Finance, 2020). This means that the government is a minority shareholder in SIEs. SIEs operate in various sectors, such as banking, insurance, agriculture, manufacturing, and transportation, among others. Some notable SIEs in Ghana include Ghana Commercial Bank, Tema Oil Refinery, and Agricultural Development Bank.

According to the State Interests and Governance Authority (SIGA) (Government of Ghana, 2023), there were a total number of one hundred and seventy-seven (177) entities in which the State has an interest, collectively referred to as specified entities. These are categorised under four (4) main areas: (51) State Owned Enterprises (SOEs), (23) Joint Venture Companies (JVCs), (82) Other State Entities (OSEs), and (21) minority interests.

The Ministry of Finance (2020) provides further explanation of these entities. Firstly, State-Owned Enterprises (SOEs) are corporations, whether or not they are formed under the Companies Act, whose shares are entirely owned or controlled by the State. They are primarily business-oriented, but some of them are compelled to carry out specific public policy objectives. The government-sponsored Special Purpose Vehicles (SPVs), such as ESLA Plc and the Ghana Amalgamated Trust (GAT), are also categorised as SOEs. Joint Venture Companies (JVCs) are corporations where the State has a majority share (i.e., at least 50 per cent of the voting rights) or a minority holding of more than 10 per

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cent. Thirdly, Other State Entities (OSEs) other than SOEs are entities that the State fully owns and designates as Specified Organisations under the State Interests and Governance Authority Act, 2019 (Act 990). Examples of OSEs include regulatory bodies and statutory agencies.

Ghana SOEs operate as legally established commercial entities. However, they pursue distinct objectives compared to privately owned companies. Unlike private corporations that pursue the primary objective of maximising profits for their shareholders, SOEs are established to deliver public goods and services that benefit the general populace (Ackers & Adebayo, 2022). State-owned enterprises are generally engaged in industries considered strategically significant by the government, such as transportation, energy, mining, finance, defence, telecommunications, infrastructure, utilities, and others (Medas & Sy, 2023). The economic justification for SOEs arises from the belief that privately owned firms may potentially neglect or inadequately address critical sectors in terms of public welfare (Daryanto, Okiviantoro & Naufal, 2020).

It is worth noting that SOEs are known to create profits that significantly contribute to the government budget, serving as a crucial revenue stream for the State (OECD, 2015). In Ghana, SOEs contribute significant revenues to the government when profitable. Nevertheless, state-owned enterprises (SOEs) have often been linked to bureaucratic practices, inefficiency, favouritism, and a dearth of openness compared to privately owned companies (Daryanto, Okiviantoro & Naufal, 2020). In recent decades, Ghana's SOEs have also faced chronic problems like political interference, poor corporate governance, lack of accountability, operational inefficiencies, over-staffing, unprofitability, and lack of financial discipline (Boateng, 2016).

Since the 1980s, several reforms have been carried out by successive governments to improve the performance of these State-owned enterprises through initiatives such as conversion into limited liability companies, performance contracts, privatisation and layoffs, with mixed results so far (Dartey-Baah et al.,

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2011; Dadzie, 2013; Quartey & Quartey, 2019). Poor corporate governance practices and transparency, among other things, have been identified as significant barriers to the growth and performance of state-owned enterprises in Ghana (Mutize & Efera, 2020).

3.3 CORPORATE GOVERNANCE REGULATION IN GHANA

This section of the study delves into the existing legal framework for corporate governance of State-Owned Enterprises (SOEs) in Ghana, with a particular emphasis on the Public Financial Management Act (PFMA) (Act 921) of 2016, (Government of Ghana, 2016), the Public Financial Management Regulations (LI 2378) of 2019 (Government of Ghana, 2019a), and the State Interests and Governance Authority (SIGA) Act (Act 990) of 2019 (Government of Ghana, 2019b).

In Ghana, the SIGA (Act 990) of 2019 enables SOE establishment and operations; the Public Financial Management Act, 2016 (Act 921) provides the legislative framework for regulating public funds management; and the Public Financial Management Regulations (PFMR) 2019 (L.I. 2378) provides the detailed technical guidance and procedures for implementing Act 921 across the full range of public financial management activities including SOEs.

The SIGA Act (Act 920), enacted in 2019, aims to improve corporate governance primarily at the level of individual state-owned enterprises (SOEs) in Ghana. Act 920 provides detailed guidelines regarding constituting boards of SOEs and establishing clear procedures for appointments, removals, tenure, and qualifications of board members. The legislation delineates the roles and responsibilities of SOE boards in providing broad strategic direction, overseeing executive management activities, and maintaining strong internal controls and risk management systems. Financial discipline is also reinforced by Act 921 through mandated financial record-keeping, preparation of accounts and independent external audits annually for each SOE (Government of Ghana, 2019b). Stringent

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financial reporting and disclosure requirements to respective parent Ministries and Parliament are also outlined. Additionally, the rights and obligations of the State as a shareholder are articulated to enable oversight of SOE boards and protect state interests through the relevant sector Ministry (Government of Ghana, 2019b). By demarcating board functions and shareholder rights, Act 921 strengthens governance practices within individual SOEs.

The PFMA 2016 (Act 921) provides the legislative framework governing the management of public funds in Ghana. It aims to ensure efficient and effective use of public resources. The Act defines the responsibilities of critical institutions like the Ministry of Finance, Parliament, Auditor-General, Revenue Agencies, etc. It covers budget preparation, revenue administration, cash management through treasury single account, public accounting, fiscal reporting to Parliament, asset management, financial risk assessment, and transparency. Act 921 requires integrating government accounting systems and adopting international standards. It contains fiscal rules and medium-term macroeconomic projections. Through these provisions, the Act seeks to improve fiscal discipline, strategic prioritisation, value for money, and oversight of public funds per international best practices.

The PFMR (L.I. 2378) 2019 provides detailed operational guidance and requirements for implementing Ghana's PFMA 2016 (Act 921). It extensively sets standards, procedures, timelines, formats, and responsibilities across budgeting, accounting, reporting, payroll, procurement, auditing, and other public financial management activities for ministries, departments, agencies, and public enterprises. The regulations mandate the integrated Ghana Integrated Financial Management Information System (GIFMIS) for budgeting and payments. They also delineate the roles of critical institutions like the Ministry of Finance and the Controller General's Department. L.I. 2378 contains anti-corruption mechanisms, treasury single account rules, and sanctions for non-compliant state enterprises.

In summary, Act 990, Act 921 and L.I. 2378 share the common objective of strengthening governance and oversight of public funds in Ghana. However, their

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focus is on different parts of the public sector. Both require regular financial reporting to aid monitoring and provide sanctioning powers for non-compliance. However, Act 990 establishes centralised oversight for state-owned enterprises (SOEs) under SIGA. In contrast, L.I. 2378 details technical public financial management (PFM) procedures that ministries, departments, and agencies must comply with under existing laws and institutions like the Ministry of Finance. While Act 990 is high-level, focusing on SIGA's objectives and powers, L.I. 2378 offers granular operational regulations across PFM functions. Additionally, Act 990 gives SIGA a role in appointing and removing SOE boards, which L.I. 2378 does not address. The latter contains more extensive anti-corruption mechanisms, including audits, transparency on questionable expenditures, and fraud investigations. These are absent in Act 990. Thus, both laws pursue improved governance and oversight but take different approaches, given their distinct scope and coverage. Act 990 enables centralised SOE monitoring, while L.I. 2378 establishes detailed PFM processes across the government. The following section assesses the strengths and weaknesses of the above regulatory frameworks in managing SOEs and SIEs.

Although the legal and regulatory frameworks governing SOEs in Ghana are comprehensive and provide a solid foundation for effective corporate governance, there are still some weaknesses that hamper the effective running of the SOEs. However, Act 990 has strengthened corporate governance practices and oversight of SOEs by establishing centralised and unified governance. This addresses past weaknesses from fragmented oversight across multiple agencies. Specifically, Section 2 of the Act consolidates monitoring and authority over all SOEs under the newly created State Interests and Governance Authority (SIGA, 2019). This enables more coordinated, robust, and consistent governance compared to the previous system, where various ministries and agencies were responsible for subsets of SOEs in their domain. Consolidating authority in a single entity promotes unified standards and eliminates issues with conflicting oversight approaches.

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Furthermore, Section 4 grants SIGA a broad mandate covering critical aspects of SOE governance. This comprehensive remit spans monitoring operational and financial performance, enforcing corporate governance standards, reviewing appointments of boards and CEOs, overseeing restructuring efforts, ensuring timely dividend payments to the State, and more (Government of Ghana, 2019b). Equipping SIGA with this extensive set of oversight capabilities and policy levers is essential for driving reforms and performance improvements across SOEs. Section 32 legally requires SOEs to provide the financial statements, data, reports, and other information required by SIGA in the manner specified (Government of Ghana, 2019b). This compulsion provides SIGA-ready access to comprehensive, timely and accurate data, which is invaluable for enabling rigorous monitoring and oversight. Finally, Section 33 allows SIGA to impose sizeable administrative fines on SOE board directors for violations such as failing to comply with reporting requirements. This enhances SIGA's enforcement powers and provides deterrence against non-compliance.

However, a significant weakness in Act 990 is that it does not explicitly categorise state-owned enterprises (SOEs) into commercial/profit-oriented versus non-commercial/public service entities. While Section 35 refers to "Category One" and "Category Two" SOEs, these are unclear. This distinction can help tailor oversight approaches based on whether SOEs have commercial or social objectives.

Additionally, the Act lacks clear frameworks and qualifications criteria for appointing SOE board directors. Although Section 4(j) gives the State Interests and Governance Authority an advisory role on appointments, details are absent (Government of Ghana, 2019b). This risks patronage influencing appointments rather than merit.

Furthermore, there are no requirements for SIGA itself to regularly publish audited accounts, performance reports, board meeting minutes, budgets, and other information (Government of Ghana, 2019b). This reduces the transparency and public accountability of the oversight body. Finally, while Section 33 allows SIGA

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to sanction non-compliant SOEs, the Act does not specify whether sanctioned entities can appeal these decisions and the procedures for appeals (Government of Ghana, 2019b). This gap could enable abuse of sanction powers. In summary, Act 990 strengthens SOE oversight through consolidated governance under SIGA, extensive mandate, compulsory reporting, and sanction powers, representing major progress in reform. However, the lack of SOE categorisation, board appointment guidelines, SIGA transparency obligations, and an appeals process for sanctions are notable weaknesses that need attention.

Reviewing the Public Financial Management Regulations, 2019 (L.I. 2378), an identified major strength that stands tall is the extensive and highly detailed regulations, requirements, formats, timelines, and standards across its 327 provisions covering all aspects of PFM, including budgeting, accounting, reporting, expenditures, payroll, asset disposal, debt issuance, and more. This facilitates operationalising the 2016 Public Financial Management Act concretely. Additionally, the regulations delineate the duties, powers, and functions of key PFM institutions like the Ministry of Finance, Controller and Accountant General's Department, Internal Audit Agency, and others. This helps reduce duplication and enables better coordination across the framework. Another notable strength is L.I. 2378 mandates that covered ministries, departments, and agencies use the integrated Ghana Integrated Financial Management Information System (GIFMIS) for budgeting, payments, accounting, and commitments control. A unified PFM IT system is invaluable for ensuring alignment and consistent data. Furthermore, the regulations provide comprehensive details on operationalising the Treasury Single Account, including permitted account types, sweeps, bank reconciliations, and reporting. This strengthens liquidity monitoring and fiscal discipline.

A major weakness of L.I. 2378 is that the regulations are highly detailed, spanning 327 provisions, many of which are overly dense, technical, repetitive across sections, and lack coherence. This makes the regulations less user-friendly and difficult to implement uniformly. Simplification could make them more accessible. Additionally, the regulations focus on budget processes but do not sufficiently

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address weaknesses in linking national and sectoral development plans to budget formulation and resource allocation. This hinders strategic, development-oriented budgeting.

Furthermore, there are no provisions mandating public notifications, hearings, consultation during audits, publication of fiscal information, and other mechanisms for public participation in PFM processes. This lack of citizen oversight represents a significant gap. Finally, the regulations impose limited transparency obligations on government PFM bodies like the Ministry of Finance and Auditor General's Department to regularly publish reports, procedures, budgets, procurement details, and other information. This reduces the accountability of institutions responsible for the PFM system.

From the above, it is clear that both the State Interests and Governance Authority Act, 2019 (Act 990) and the Public Financial Management Regulations, 2019 (L.I. 2378) have notable strengths in improving governance and financial oversight in Ghana's public sector, but also contain weaknesses and gaps. While Act 990 establishes centralised monitoring of state-owned enterprises, L.I. 2378 provides extensive technical guidance on PFM operations across the government. However, limitations exist in transparency, accountability, and stakeholder participation under both laws. Addressing these limitations by imposing more extensive public reporting requirements, enhancing citizen oversight mechanisms, simplifying complex regulations, and strengthening development planning-budget linkages could help maximise the impact of the two laws. Overall, Act 990 and L.I. 2378 represent significant milestones for Ghana's PFM legislative framework, which, if diligently implemented, can significantly strengthen governance and financial management across the public sector.

3.4 CORPORATE GOVERNANCE IN GHANA'S SOES AND SIES

The subsequent section reviews corporate governance in Ghana SOEs and other state-interest enterprises, such as board responsibilities, board characteristics,

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board independence, board transparency, board accountability, board fairness and adherence to corporate governance principles, values, and objectives.

3.4.1 Board responsibilities

The boards of SOEs in Ghana have extensive oversight responsibilities encompassing strategic guidance, performance monitoring, risk and financial control, and governance oversight as delineated in the key legal frameworks - Act 921, Act 990 and L.I. 2378. The enactment of SIGA (Act 990) delineates significant strategic leadership obligations for the governing boards overseeing the SOEs of Ghana. This entails establishing the overarching vision and mission that direct the SOE's core purpose and goals. In addition, governing bodies establish concise and extensive strategic goals, measurable expansion targets, competitive strategies, and plans that guide the development of the organisation over a period of three to five years. Boards of directors also play a crucial role in making investment decisions that align with the strategic direction of SOEs in relation to significant projects, initiatives, acquisitions, and technologies essential for their future success. According to Peng et al. (2007), SOE boards that prioritise the development of long-term strategic plans tend to achieve explicitly assigned boards; this strategic planning function is beneficial.

Additionally, Act 990 mandates that boards establish policies, procedures, and internal mechanisms to facilitate efficient, uniform, and open administration of crucial services inside SOEs. These functions encompass operations, finance, auditing, procurement, legal affairs, regulatory compliance, human resources, and administration. Nevertheless, various studies have revealed that many SOE boards encounter limitations in effectively carrying out their responsibilities related to oversight and ensuring compliance (State Ownership Report, 2020).

A major board responsibility, according to Act 920, entails providing strategic leadership and direction to the SOE aligned with its mandated objectives, mission, and national development priorities. SOE/SIE boards are also mandated to review

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and approve strategic plans developed by management. For instance, the Ghana Cocoa Board recently approved a new corporate strategy focused on productivity, farmer welfare, sustainability, and domestic processing (COCOBOD, 2021). While boards fulfil this duty of strategy endorsement, their engagement in the planning process is often passive (Nicolae & Violeta, 2013). For example, the Ghana Railway Development Authority's latest strategic plan was drafted by management and presented to the board with minimal input solicited (Ghana Railway Development Authority, 2022).

SOE/SIE boards also oversee the execution of strategy by continuously monitoring the implementation of major projects. This includes continuously tracking progress on major projects, investments, and restructurings to ensure timelines, budgets, quality standards, resource allocations and risk exposures are well-managed per plan (Duncan et al., 2022). Maintaining rigorous oversight of risks and financials is another crucial responsibility SOE boards must discharge diligently. This comprises enforcing internal controls, financial reporting integrity, robust and independent audit processes, transparency, and disclosure standards (Ohemeng & Adjei, 2019). It also includes assessing and authorising significant expenditures, investments or divestments proposed by management within approved financial thresholds and aligned to strategic objectives. Ohemeng and Adusah-Karikari (2015), on the other hand, argue that though SOE/SIE conduct financial oversight covering costs, revenues, profits, assets/liabilities, and procurement audits, such rigorous monitoring is uneven as instances of misappropriation at some entities indicate supervisory gaps.

SOE boards must spearhead exemplary governance practices within the enterprises they oversee. This encompasses upholding high ethical standards, mitigating conflicts of interest, instituting strong anti-corruption mechanisms, enforcing codes of conduct for employees, and ensuring compliance with all applicable laws and regulations in SOE operations (Duncan et al., 2022). Where instances of non-compliance arise, the board must objectively institute remedial actions. Additionally, SOE boards are responsible for overseeing the

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organisational structure, capacity, and leadership pipeline. They must periodically evaluate whether senior management positions adequately align with business needs and strategies. Boards also play a role in succession planning, identifying critical positions and leadership contingencies (Ohemeng & Adjei, 2019). However, their direct involvement in executive appointments is limited currently.

Representing the SOE effectively with external stakeholders like government, partners, and community is also an important function for the board. They must balance stakeholder interests appropriately and uphold the SOE's reputation through engagement (Duncan et al., 2022). While Ghana's legal framework confers extensive oversight responsibilities to SOE boards, empowering them further on strategy formulation and executive appointments can enable more proactive governance to drive performance improvements.

3.4.2 Board characteristics

According to Endrikat, De Villiers, Guenther and Guenther (2021), a board's characteristics define the make-up and functioning dynamics of directors. In other words, these traits jointly define the board's effectiveness in carrying out its responsibilities and obligations in corporate governance. The following section reviews important board characteristics such as board composition, board tenure, board attributes, board appointment and board performance, and evaluation in line with SOE's legal framework.

3.4.2.1 Board composition

Board composition is a term used to describe the proportion of independent directors and the overall number of directors on a company's board. According to Alashe et al. (2021), independent directors are individuals who do not own any significant affiliations or connections with the company apart from their role as board members. In Ghana, SOE boards are legally required to have between 5 and 9 members (executive and non-executive members) based on the entity's size and scope, with representation from both the public and private sectors

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(Government of Ghana, 2019b). The advantage is that board members are representatives from relevant government ministries and agencies and provide valuable insights on critical public policy objectives, national development goals, and the priorities of government shareholders.

Complementing the public sector perspectives, professionals from the modern competitive private sector bring contemporary corporate governance and business management skills gained from experience in those settings (Ohemeng et al., 2018). Bonney (2015), however, asserts that truly independent directors with current experience on boards and executive roles in competitive private companies are few, although they are essential for impartial guidance and oversight (Ohemeng & Adabor, 2019). The independent voice also receives inadequate weightage compared to representations aligned with political leadership priorities. This compromises the ability to constructively challenge questionable decisions that may jeopardise the SOE's commercial interests. However, a balance of public and private sector expertise in state-owned enterprises combines an understanding of government priorities with contemporary corporate governance and business acumen.

According to Miller and Triana (2009), boards exhibiting greater diversity in gender, ethnicity, age, and professional backgrounds are associated with enhanced problem-solving, innovation, financial performance, and shareholder value creation (Miller & Triana, 2009). However, the composition of current SOE boards reflects inadequate diversity. Appointments have historically favoured older male nominees predominantly from urban settings, generally lacking the more varied perspectives that qualified younger director candidates or those from different socioeconomic and regional backgrounds could provide. This perpetuates demographic homogeneity, groupthink, and legacy conventions on SOE boards rather than harnessing fresh thinking and progressiveness. On the other hand, ACT 990 (2019) Section 5(1)(g) states that in appointing board members, the President shall nominate three persons, at least two of whom are women. While this may indicate some intent for board diversity and independence, Gakpo (2021)

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found relatively few women on state-owned enterprise boards compared to men, though this is gradually improving. The gender imbalance in the board composition limits cognitive diversity among board members, which is positively associated with superior board performance and organisational outcomes (Ntim, 2015; Chan, Yap & Zainudin, 2017). Going forward, Ghana's government should prioritise reforms to appointment processes and qualification criteria that embody diversity as a core criterion for SOE boards.

This provision stipulates that board members of SOEs must be comprised of people with "expert knowledge" pertinent to the SOE sector (Act 990). In response to this, several SOE board members with in-depth domain knowledge and commercial acumen are required to provide insightful strategic guidance. On the other hand, Gakpo, Ashigbe, and Kwakye (2021) argues that several members appointed to SOE boards lack requisite expertise due to political associations. This deficit hampers the board's capacity to probe and advise management on navigating complex strategic challenges like competitive threats, technological disruptions, and market volatility.

Overall, the current composition profile of many SOE boards in Ghana displays a sub-optimal balance in terms of skills, independence and diversity needed for 21st-century governance. However, substantial selection process and composition reforms may be needed to induct more competent private sector professionals, outstanding younger candidates with specialised industry expertise, true independents based on merit rather than connections, and diverse backgrounds.

3.4.2.2 Board appointment

The appointment of individuals to boards is widely recognised as a crucial component of effective corporate governance. The transparency of the process should encompass the procedures and responsibilities of the Board of Directors. (Simpson, 2014). While various bodies nominate SOE board candidates based on Section 5(1) of Act 990, their appointments are formally approved and effected by

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the President in line with Section 5(3), which states that the President shall appoint board members under Article 70 of Ghana's Constitution (State Interests and Governance Authority Act, 2019; Constitution of Ghana, 1992). This grants the President discretion over the finalisation of board appointments. The President's role as the ultimate appointing authority for SOE boards, with powers to renew or terminate appointments, entrenches political involvement in the appointment process. Section 8(6) also requires the Minister to notify the President whenever board vacancies arise due to resignation, removal, or other reasons for the President to appoint replacements (State Interests and Governance Authority Act, 2019).

While Act 990 does not provide exhaustive appointment criteria, it indicates important considerations. Firstly, expertise and knowledge relevant to the state-owned enterprise sector emerge as key criteria through the Act's statements that appointees should possess "expert knowledge," and the President shall consider candidates' expertise. Secondly, representation is a factor as certain appointee slots are reserved for officials from specific agencies like the Ministry of Finance and professional associations. Thirdly, the qualifications, extensive experience, and professional competence required for the Director-General role suggest that similar expertise, experience, and competence benchmarks may be expected of board members. Fourthly, diversity is implicitly a consideration as the Act mandates that some appointees must be women. However, Act 990 does not outline a systematic appointment process centred on merit-based criteria. More robust expertise specifications aligned to SOEs' commercial mandates could enhance the calibre of board members. Merit rather than political affiliation should drive membership appointments.

While not directly involved in nominations, Act 990 grants the State Interests and Governance Authority (SIGA) an advisory role in recommending appointments or removals of SOE board members and CEOs to the government (State Interests and Governance Authority Act, 2019). Providing SIGA authority to formally advise on appointments allows independent input based on evaluations of SOE

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leadership requirements, helping enhance professionalism. The formal legal framework seeks to ensure SOE boards are constituted through a robust process of selecting members best qualified to steer these commercially oriented public institutions aligned to national interests (Ohemeng et al., 2018). An example is the appointment of Dr Kwame Addo Kufuor, the former Minister of Defence with rich experience in business management, as the Chairman of the Board of Trustees of Social Security and National Insurance Trust (SSNIT) in 2017 (Adabor, 2020). His leadership and strategic direction have strengthened risk management, internal controls, and improvement at SSNIT. Notably, he oversaw the deletion of over 12,000 non-existent pensioners from the payroll, saving SSNIT about GH¢106 million and the payment of pensioners within 16 days of submitting their documents compared to the earlier period of several months (Business & Financial Times, 2019). This notwithstanding, in practice, there are several gaps between the regulatory intent and implementation of the board appointment in several SOEs in Ghana.

For instance, Amoako and Goh (2015) argue that SOE board appointments in Ghana are sometimes driven by political patronage and loyalty rather than merit, expertise or qualifications aligned to SOEs' strategic industry and commercial needs. Secondly, the presidency dominates appointment decisions with minimal transparency over the criteria used. Thirdly, prioritising political connections over competencies in some appointment processes compromises the selection of capable directors to govern these commercially focused public entities. Gakpo et al. (2021), therefore, argue that limiting SIGA to an advisory-only role without decision rights curtails its effectiveness, calling for more empowerment of SIGA on appointments and other oversight matters. Conversely, enhancing SIGA's role beyond advisory and instituting independent safeguards could help depoliticise appointments and make meritocratic expertise the cornerstone.

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3.4.2.3 Board tenure

Tenure reveals directors' experience as board members and familiarity with the firm's resources, policies, and operations (Ali, Ali, Jiang, Hedvicakova & Murtaza, 2022). Section 8(1) of Act 990 stipulates that the tenure of an appointed member of SOE board is four years, unlike the previous position of a tenure of 5 years without any term limits (Government of Ghana, 2019b). After serving an initial 4-year term, board members can be considered for re-appointment to serve one additional, consecutive 4-year term on the same SOE board based on presidential approval, as specified in Section 8(1) (Government of Ghana, 2019b). However, no member may exceed a maximum tenure of 8 consecutive years on any single SOE board. Additionally, Section 8(4) empowers the President to revoke the appointment of any board member at any time through written notification (Government of Ghana, 2019b).

From the perspective of Leutert and Vortherms (2021), long-tenured board members of state-owned enterprises have greater competency and experience to oversee management effectively. However, long-serving board members may have friendships with management and monitor less effectively (Bernile, Bhagwat, & Yonker, 2018). Short-tenured directors may provide fresh perspectives but have more difficulty challenging management (Khan et al., 2019). These term limit restrictions in state-owned enterprises aim to balance maintaining the continuity of experienced members while ensuring periodic infusion of fresh perspectives through rotational appointments. The key consideration is that the tenure should provide sufficient time for board members to understand the business, work cohesively as a team and execute long-term strategic plans. Therefore, tenure diversity can balance long-tenured directors' expertise and short-tenured directors' independence to enhance the performance of state-owned enterprises.

3.4.2.4 Board attributes

Board members of SOEs in Ghana are expected to demonstrate high levels of personal and professional integrity and a solid ethical orientation (Government of

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Ghana, 2019a; Government of Ghana, 2019b). Directors must always act honestly, transparently and in the best interests of the SOE (Ohemeng et al., 2018). They are entrusted with overseeing strategically valuable public assets and institutions. SOE directors require strategic, solid thinking abilities and industry expertise. They should understand the competitive landscape, industry trends, new technologies, opportunities, and risks impacting the SOE's business (Valentine & Stewart, 2013). This enables them to provide insightful strategic guidance to management on charting the organisation's future course.

Board members need solid financial acumen to diligently oversee budgets, audits, capital allocation and other financial matters (Government of Ghana, 2019b; Ohemeng et al., 2018). They must have experience in financial planning, investment decisions and risk management for large commercial institutions. Relevant knowledge and hands-on experience in the specific business operations and sector in which the SOE operates is necessary (Public Service Commission Manual, 2020). This allows directors to offer effective oversight on operational issues, challenges and initiatives based on their expertise.

SOE directors should have strong analytical abilities to assess proposals critically, challenge underlying assumptions, and offer constructive debate from an independent perspective (Ohemeng et al., 2018). They provide oversight by probing all aspects of management's plans and proposals in the interests of the SOE. Maintaining an unwavering focus on legal and regulatory compliance is a crucial expectation (Public Service Commission Manual, 2020; SIGA, 2019). SOE board members must ensure adherence to all applicable laws, regulations, governance codes, license terms and internal policies. This is fundamental to SOE governance. Leadership skills are needed to steer board discussions, build consensus when viewpoints diverge, and manage potential conflicts of interest (Ohemeng et al., 2018). Directors must work collaboratively yet independently in the SOE's best interests.

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A commitment to devote sufficient time to diligently discharging their duties is essential (Asiamah, 2019). SOE directors must take their oversight role seriously by regularly attending all board and committee meetings and dedicating the required time.

Continuous learning is essential to stay updated on emerging sector trends, technologies, innovations, and governance best practices that may impact the SOE (Ohemeng et al., 2018). Attending regular training programs enables directors to deepen their expertise.

In conclusion, SOE board members in Ghana carry significant responsibility for overseeing strategically important public institutions. They must demonstrate impeccable integrity, strong strategic thinking, financial acumen, industry expertise, analytical abilities, unwavering regulatory compliance, leadership skills and a commitment to devote sufficient time. Continuous learning is imperative to stay abreast of emerging developments relevant to the SOE. By fulfilling these requirements, SOE directors can effectively discharge their critical governance duties in the best interests of the organisations they serve and the nation.

3.4.2.5 Board performance, including evaluation

Board performance evaluation refers to the systematic assessment of how well the board of directors of a company or organisation is executing its roles and responsibilities (Bernstein, Buse, & Slatten, 2015). The goals of the evaluation are to identify opportunities to improve governance, oversight, and decision-making by the board. It enables accountability and optimises the board's overall contribution to the organisation's performance. Despite the importance of board performance, earlier legal frameworks, such as the Companies Act of 1963 (Act 179) that applied to organisations, including SOEs, did not mandate any board performance reviews.

On the other hand, the more recent Act 990 (2019) considerably strengthened corporate governance provisions, including delineating board oversight

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responsibilities across strategy formulation and implementation, operations, financial reporting, risk management, audits, and legal compliance). However, it stops short of spelling out a formal process for evaluating the fulfilment of these duties.

The Public Financial Management Regulations, 2019 (L.I. 2378) and Public Service Commission Manual (2020) provide the most comprehensive framework for evaluating SOE board performance aligned to global best practices. The regulations require SOEs to have a Board Charter that clearly defines the roles, responsibilities and performance criteria expected of the board and directors. Mandating annual evaluation of the SOE board's performance against the charter provisions is also covered. Assessing composition and mix of competencies, the effectiveness of board processes, oversight of strategy, engagement with management, financial supervision, risk management, audits, internal controls, succession planning, legal compliance, ethics, and other responsibilities delegated to the board and its committees are some of the crucial performance criteria required by the legal framework. According to the Public Service Commission Manual (2020), because self-assessment can suffer bias, both peer review and external consultants are required to evaluate board performance for at least one year to provide balanced perspectives. The goals of board performance and evaluation are to identify opportunities to improve governance, oversight, and decision-making by the board. It enables accountability and optimises the board's overall contribution to the organisation's performance (Sowah, 2019).

However, according to Gakpo et al. (2021), there is limited evidence that formal, comprehensive performance reviews are being consistently conducted for SOE boards in Ghana as prescribed under L.I 2378 and the Public Service Commission Manual (2020). For instance, Asiamah (2019) highlighted that few SOE boards undergo performance appraisals, with political interference and lack of standardised criteria as critical challenges. Domfeh et al. (2008) examined performance agreements for SOE boards and found negligible monitoring of actual versus targeted performance. No rewards or sanctions were tied to evaluations.

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Overall, the literature indicates that Ghana has a solid legal framework for evaluating state-owned enterprise (SOE) boards through L.I 2378 and the Public Service Commission Manual (2020). However, actual compliance with these regulations remains irregular, with political interference, inadequate monitoring, and lack of enforcement undermining their effectiveness. Despite the existence of these regulations, formal and rigorous board performance reviews are yet to become a standardised practice for Ghanaian SOEs. Therefore, significant improvements in the application of L.I 2378 and the Public Service Commission Manual (2020) are still required to ensure that SOE board members are appointed based on merit and possess the necessary expertise, experience, and competence to effectively oversee the operations of state-owned enterprises.

3.4.2 Board independence

The SIGA Act of 2019 (Act 990) does not have specific provisions mandating a ratio of independent to dependent directors on the boards of state-owned enterprises (SOEs) in Ghana. However, the law provides some related guidelines: Section 5(1) (g) states that in appointing board members, the President shall nominate three persons, at least 2 of whom are women. This indicates some intent for board diversity and independence. Additionally, Section 7 elaborates on the fiduciary duties and responsibilities of board members to act independently in the best interests of the SOE. This implies that all directors, regardless of background, should independently exercise proper oversight.

Jiraporn and Lee (2017) asserted that maintaining an autonomous or independent board of directors is widely recognised as a fundamental characteristic of efficient corporate governance and supervision. A majority independent board is a crucial characteristic of effective governance. From the perspective of Bhagat and Bolton (2019), independent directors play a crucial role in corporate governance by offering objective and unbiased viewpoints to counterbalance the perspectives of internal executives on the board.

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However, in practice, most SOE boards continue to be dominated by directors representing government ministries, departments, agencies, and the ruling political party rather than competent true independents from the private or non-profit sectors (Ohemeng & Adabor, 2019). Appointments appear to be driven by rewarding political affiliations rather than merits and technical expertise (Owusu, 2014). Even most board leadership positions, like the Chairperson or Committee Chairs, are predominantly held by former or current public servants or political affiliates rather than independents (Ohemeng et al., 2018). This undermines objective oversight of management.

Genuine private sector experts and professionals with specialised skills seldom make it to SOE boards transparently based on merit (Adabor, 2020). Political connections and lobbying outweigh relevant qualifications and expertise in selection. The inadequate representation of competent, independent directors on SOE boards severely compromises their ability to constructively challenge management actions and critically oversee operations, finances, risks, and strategy in the best interests of the SOE (Sowah, 2019). Therefore, strengthening SOE board independence from partisan agendas is vital to enable directors to effectively discharge their fiduciary duties in safeguarding these strategically critical public institutions.

3.4.3 Board transparency

The concept of board transparency pertains to freely disseminating pertinent information on the composition of the board, its undertakings, policies, resolutions, and overall performance to individuals or groups with a vested interest in the organisation (Australian Institute of Company Directors, 2020). The promotion of transparency serves to enhance accountability and ethics inside an organisation by minimising the existence of information asymmetry between the board and stakeholders (Bhasin, 2016). To enhance transparency, the State Interests and Governance Authority Act 2019 (Act 921) requires SOEs to publish and disseminate annual reports containing audited financial statements, performance

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metrics, dividends, and board member details. However, research shows that compliance levels with these disclosure requirements are low among many SOEs (Adabor, 2020). For instance, according to State Ownership Report (2020), out of the 132 entities, only 79 submitted audited financial statements at the end of the year. This, however, represents a marked improvement over the maiden State Ownership Report in 2017, where only five audited financials were submitted for analysis. Nineteen (19) other SEs submitted draft accounts, whilst the number of management accounts received totalled thirty-four (34).

Reasons cited include inadequate resources and capacity for report preparation, delays in finalising audits, resistance from certain politically affiliated board members who avoid transparency and weak enforcement of penalties for non-compliance (Ohemeng & Adabor, 2019). A fundamental limitation highlighted by Sowah (2019) experts is the lack of stringent enforcement mechanisms and penalties for non-compliance with transparency regulations for SOE boards (Sowah, 2019). Furthermore, politically affiliated board members are reported to resist transparency initiatives that may expose lapses, inaction, or self-interests (Roelofs, 2019). Those benefiting from the status quo, therefore, impede transparency.

In conclusion, while Ghana has enacted vital legislation to mandate SOE board transparency, considerable gaps remain in actual adherence due to limitations in monitoring and enforcement, as well as politically affiliated boards resistant to openness. A multi-pronged approach encompassing stringent compliance enforcement, training, adoption of technologies, stakeholder participation and appointments of independent competitive directors based on expertise may significantly strengthen transparency. Greater transparency may enhance SOE performance, efficiency, accountability, and sustainability for the benefit of the Ghanaian people.

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3.4.4 Board accountability

Board accountability refers to the board of directors being answerable to stakeholders for satisfactorily executing its roles, duties and responsibilities by applicable laws, regulations, and ethical standards (O'Kelley, 2022). Provisions related to accountability under the SIGA (Act 921) include:

1. The development of a performance agreement with clear targets by SOEs that will form the basis for monitoring and evaluation by the relevant Minister and SIGA.
2. The submission of biannual reports to the President on the performance and operations of SOEs by SIGA. This supports accountability to the Presidency.
3. Stipulates that SIGA's annual report should be submitted to Parliament. This ensures parliamentary accountability.

However, in practice, accountability mechanisms are hindered by minimal oversight from under-resourced and understaffed public sector institutions (Owusu, 2014). Supervising Ministries are unable to monitor SOE boards effectively with their limited capacities. Parliamentary scrutiny of SOE performance is more an annual ritual than meaningful accountability. Ohemeng et al. (2018) further argue that even when boards prepare and submit comprehensive reports to the Ministries and Parliament on the fulfilment of their governance duties, they sometimes undertake delayed, cursory reviews of SOE boards without sufficient rigour or objectivity (Ohemeng et al., 2018). Moreover, some SOE boards continue to suffer from excessive political interference in appointments, resulting in directors being held accountable to the government rather than being objectively accountable to the SOE's interests (Ohemeng & Adabor, 2019). Such boards have less inclination for self-assessment of performance and external audits. Resistance to accountability initiatives is reported among politically connected directors.

In summary, Ghana has made commendable efforts to strengthen SOE board accountability through legislation. However, practical improvements may require

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reduced political influence over boards, increased professionalisation of directors, extensive performance metrics, transparent disclosures, linking board remuneration to deliverables, distinct oversight responsibilities and stringent audits. Higher accountability could significantly enhance SOE efficiency, transparency, and sustainability for national development.

3.4.5 Board fairness

Board fairness broadly encompasses equitable representation, procedural justice, and the ethical treatment of stakeholders (Hurst et al., 2022). A fair board can contribute significantly to a company's long-term success and sustainability by fostering a culture of trust, integrity, and accountability. Though there are no diversity requirements or quotas mandated for SOE boards, SIGA (Act 990) Section 11(2e) states the Authority shall "promote gender parity on the boards of state-owned enterprises" but does not outright prohibit discrimination (Government of Ghana, 2019b). This means that the provision signals SOE boards' intent to strive for more equal gender representation and balance. However, outcomes in terms of gender diversity and professional expertise on boards remain inadequate (Adabor, 2020).

Experts have criticised the ambiguous legal provisions for fair and inclusive board selection in SOEs (Ohemeng et al., 2018). The lack of transparent nomination processes, diversity quotas, competency frameworks, screening criteria and enforcement systems allows the unfair status quo to persist. Appointments aligned with ruling party interests supersede merit-based selection. Competent professionals rarely make it to boards due to limited political capital. This impedes skills diversity. There is minimal representation of women, ethnic/religious minorities, differently-abled persons, and youth on SOE boards. The lack of diverse perspectives compromises board effectiveness (Shania et al., 2022). Even qualified candidates from marginalised groups face prejudices during selection. Furthermore, Owusu (2014) noted that politically appointed SOE boards frequently exhibit in-group biases favouring certain individuals, communities and

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organisations in staff recruitment, procurement contracts, financial schemes, and operational decisions. This leads to complaints of discrimination by affected stakeholders.

In summary, Ghana's existing legal frameworks strive for fairness in SOE boards but lack effective mechanisms for implementation. Reducing excessive political interference in appointments, stipulating board diversity quotas, formalising merit-based nomination processes and enhancing transparency may significantly improve fairness on SOE boards.

3.4.6 Adherence to governance principles, values, and objectives

The State Interests and Governance Authority Act 2019 (Act 921) mandates SOEs to embrace and adopt sound corporate governance principles that align with global standards. However, it lacks specificity on implementation roadmaps, compliance monitoring mechanisms, and consequences for lapses (Ohemeng et al., 2018). As a result, adherence to governance principles remains partial and uneven across SOEs. The Corporate Governance Act 2019 (Act 990) requires SOEs to align board policies, decisions, and operations with sound governance principles like accountability, transparency, fairness, sustainability, and stakeholder interests. Transforming entrenched legacy governance issues remains challenging for many SOEs (Adabor, 2020). Structural inertia, capability gaps and cultural resistance impede the rapid adoption of good practices.

The PFMA, 2016 (Act 921) (L.I. 2378) further directs SOE boards to formulate comprehensive corporate governance policies and frameworks aligned to global best practices. It also mandates annual disclosures and reporting of audited accounts on compliance to respective Ministries, Parliament, and the public. However, experts note that progress in adhering to specified governance standards is slow in many SOEs (Owusu, 2014). A major limitation in the law, which may have fostered relatively poor levels of transparency and accountability in SOEs, includes the ambiguous compliance requirement without structured

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monitoring and transparent rating systems and lack of clear punitive actions for lapses.

Partial resistance persists among politically affiliated SOE boards against governance reforms that increase transparency, accountability, fairness, and sustainability but potentially reduce personal control over resources (Pitlik et al., 2014; Kuzman, Talavera, & Bellos, 2018). Cultivating a mindset shift among such directors remains a challenge. Moreover, resource constraints within SOEs hamper training programs and investments to transition towards contemporary governance standards, technologies, and practices (Ohemeng & Adabor, 2019). Technical and financial gaps thereby delay progress.

Experts also indicate that weak separation of ownership, board oversight and executive management roles in SOEs impedes governance reforms (Owusu, 2014). Concentrated authority structures are resistant to greater accountability, transparency, and delegation. Limited professionalisation of boards with adequate independent directors possessing governance expertise further restricts the adoption of good practices and compliance monitoring (Sowah, 2019). Appointing qualified professionals on boards can accelerate governance reforms.

In summary, Ghana's laws signal strong government intent for SOEs to imbibe corporate governance. Nevertheless, bridging the significant gap between principles and practice requires structural reforms in the board constitution, reduced political interference, increased professionalisation of directors, extensive training programs, stringent monitoring mechanisms, transparent compliance disclosure and strict penalties for lapses.

3.5 PERFORMANCE OF SOE AND OTHER SIE IN GHANA

3.5.1 Financial performance

The financial performance measures of state-owned companies (SOEs) in Ghana throughout 2016-2020, as reported in the annual SOE reports, demonstrate a

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downward trend in profitability, but with certain variations observed throughout the years (Annual SOE Report, 2020).

Regarding financial gains, the overall combined revenue of state-owned enterprises (SOEs) had a moderate increase of 3.8% in 2017 compared to the preceding year of 2016. Notably, prominent SOEs such as the Ghana Cocoa Board, Electricity Company of Ghana (ECG), and Volta River Authority (VRA) demonstrated the most substantial development in terms of revenue. However, it is worth noting that two smaller state-owned enterprises (SOEs), namely the Venture Capital Trust Fund and the Ghana Trade Fair Company, reported the lowest revenues. This suggests that their performance is more varied and diverse than that of other SOEs. The overall revenue of state-owned enterprises (SOEs) experienced a notable increase of 19.3% between 2019 and 2020, demonstrating a significant recovery following 2017. This growth was observed across several industries. However, the profitability of SOE experienced a fall despite an increase in revenue.

According to the Annual Report on the State of the Economy for the year 2018, gross earnings of the SOE had a notable growth of 60% between 2016 and 2017, suggesting a positive trend in the organisation's ability to control costs effectively. However, it should be noted that net losses experienced only a slight decrease during the timeframe above. Notably, significant losses were incurred by prominent SOEs such as VRA and ECG, as indicated in the Annual SOE Report 2017. This suggests that a disproportionate rise in non-direct expenses, such as overhead expenditures, counterbalanced the increase in revenue. The gross earnings of SOE had a significant increase of 56.9% in 2020 compared to the previous year, 2019. According to the Annual SOE Report of 2020, SOEs experienced a net loss of GHS 2.6 billion during the same year. This negative financial performance aligns with the ongoing cumulative net losses observed in prior years. The disparity between increasing direct expenses and generated revenues resulted in negative net profitability.

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The recurring adverse financial outcomes indicate underlying deficiencies in managing various aspects such as overhead expenses, non-fuel expenditures, foreign exchange risks, product pricing, operational efficiency, leakage control, and wastage management inside significant SOEs. The presence of elevated direct expenses disproportionately diminishing revenues suggests shortcomings in the management of procurement, raw materials sourcing, and operations and maintenance expenditures (Ohemeng & Adabor, 2019).

The financial situation of SOEs has declined, as seen by the rapid growth of liabilities compared to assets and the limited expansion of equity from 2016 to 2020. This trend serves as an indication of the deteriorating sustainability of these enterprises. According to Owusu (2014), financial experts have observed that the elevated and escalating fraction of current obligations exacerbates liquidity problems. The current tendency necessitates immediate adjustments in financial discipline.

On the other hand, it is evident from the annual reports of joint venture companies (JVCs) that they have exhibited comparatively favourable and stable financial performance from 2016 to 2020 (Annual JVC Report, 2020). The overall aggregate revenue of JVC experienced a notable growth of 16.2% between 2016 and 2017, surpassing the growth rate observed in SOEs. In contrast to SOEs, joint venture companies (JVCs) exhibited a sustained pattern of revenue expansion from 2016 to 2019. However, in 2020, JVCs experienced a decline in sales by 5.8%, albeit outperforming SOEs for the year 2017. According to Appiah-Kubi (2019), an examination of the various sectors reveals that GCB, ADB, and GOIL experienced an increase in their revenues from 2016 to 2020, indicating their economic feasibility.

From 2016 to 2019, there was an increase in JVC's direct costs. However, in 2020, these costs experienced a decline of 13.9%. This trend indicates that JVC has exhibited more effective cost management than SOEs. According to the Annual JVC Report of 2018, it was observed that JVCs saw a steady increase in gross

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profit from 2016 to 2020, but SOEs suffered financial losses during the same period. In 2020, JVCs achieved a significant milestone by reporting positive aggregate net profits for the first time, thus ending a period of consecutive losses that had persisted since 2016. The financial services joint venture companies mitigate losses in the telecommunications sector.

According to Adabor (2020), recent trends in income and profit suggest that Joint Venture Companies (JVCs) have exhibited superior management of costs, overhead expenses, investments, and productivity compared to entirely SOEs. According to Ohemeng et al. (2018), implementing governance systems that incorporate partly private ownership has led to the enforcement of enhanced financial discipline, contingency planning, and risk management.

Nevertheless, it is worth noting that the financial performance of JVC also demonstrates potential dangers of decline, as their profits and returns on equity continue to fall below industry benchmarks. According to Owusu (2014), the increasing cost-to-income ratios of public sector organisations indicate a poorer level of efficiency and productivity than their private sector counterparts. Due to the elevated amounts of debt incurred by JVC, the company's financial conditions continue to exhibit susceptibility.

In summary, the decline in net profits, return on equity, and financial position of wholly SOEs from 2016 to 2020 indicates ongoing shortcomings in governance, accountability, cost management, transparency, internal controls, and vulnerability to political interference (Ohemeng & Adabor, 2019). Significant adjustments are necessary to improve these entities' business orientation and sustainability. On the other hand, JVCs that possess a combination of public and private ownership exhibit comparatively superior financial discipline, a characteristic that can be enhanced by implementing governance reforms.

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3.5.2 Governance performance

Research studies indicate that the corporate governance systems and practices of many Ghanaian state-owned enterprises are weak and require significant reforms (Ohemeng et al., 2018). The critical areas of deficiency cover board oversight, transparency and disclosures, internal controls and risk management, board competence, political intervention in operations, and compliance monitoring.

Several examples highlight the lack of diligent governance oversight by SOE boards. The persistence of corruption scandals, audit failures, undetected frauds and financial losses point to ineffective oversight of finances, audits, and controls (Owusu, 2014). Boards have been ineffective in rigorously evaluating the performance of SOE chief executives and senior management and have failed to hold them accountable for mismanagement and losses, as reported by the Public Accounts Committee (Vandebeek et al., 2021). Persistent delays in investment decisions, cost overruns in infrastructure projects, and weaknesses in capital allocation also point to a lack of diligent oversight by SOE boards over expenditures and project management (Ohemeng & Adabor, 2019). Resistance to adopting turnaround reform measures by politically affiliated boards in loss-making SOEs leads the entities into deeper financial problems (Owusu, 2014).

The lack of transparency and timely disclosures on key aspects of SOE functioning also exhibits poor governance. Delayed publication of annual reports lacking adequate operational, risk, investment, human resource, and performance details is a widespread concern (Sowah, 2019). Critical details on appointments, performance assessments of board members and management, meeting attendance, procurement contracts, executive remuneration, related party deals, internal control failures and audit observations are frequently opaque or inadequately disclosed (Ohemeng et al., 2018). The opacity or absence of information flow (Hélouët et al., 2018) is sustained due to the absence of compliance monitoring, consequences for violations, and resistance to transparency by politically connected boards that avoid accountability.

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Furthermore, the absence of robust internal controls, risk management and audit systems in SOEs has resulted in misgovernance. Lapses like excessive unauthorised expenditures, irregular contract awards, diversion of revenues, and fraud have frequently occurred, pointing to weak preventive and detective internal controls, according to experts (Adabor, 2020). Delayed adoption of enterprise risk management frameworks, understaffed risk departments, and lack of board risk committees have increased losses from operational, financial and compliance failures (Owusu, 2014). Deficient or absent internal audit routines, manuals, coverage, and quality control impede early redressal of control failures, as noted in audit reports (Ohemeng & Adabor, 2019). Over the years, reliance on outdated systems, processes and accounting practices has weakened record-keeping, financial reporting accuracy, asset security and reconciliation controls in SOEs (Sowah, 2019).

The predominance of board appointments based on political connections rather than merit has severely compromised SOE governance. Appointing directors to reward loyalty and affiliations rather than competence has resulted in many SOE boards lacking financial, technical, risk and sectoral expertise, hampering oversight quality (Ohemeng et al., 2018). Politically aligned directors have conflicts of interest from government-related party transactions that weaken impartiality (Owusu, 2014). Such boards exhibit conformity bias and groupthink, deterring constructive challenges of proposals by chairpersons or management (Adabor, 2020).

The weak corporate governance has sustained operational inefficiency, financial losses, waste, fraud, and non-compliance issues in many SOEs. Urgent reforms may be imperative to transform governance standards.

3.6 GOVERNANCE FACTORS INFLUENCING SOE PERFORMANCE

Robust corporate governance is crucial for state-owned enterprises (SOEs) since they handle substantial public assets and resources. As the government owns

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SOEs on behalf of citizens, effective governance practices are imperative to safeguard public interests and ensure fiscal discipline, integrity, and transparency in the management of these entities. Specific governance parameters or factors have a significant impact on enabling SOE boards to function independently and optimise enterprise performance in the interests of stakeholders. Some of these factors include executive compensation, risk management, stakeholder engagement, and legal and regulatory compliance.

Appropriately structured compensation packages, including performance-based incentives, are vital to align the interests of SOE management with organisational goals and shareholder value maximisation (Cecchetti, Allegrini & Monteduro, 2018). Incentives linked to specific performance benchmarks on profitability, return on assets, operational efficiency, service quality, transparency, and risk management can strongly motivate executives to improve financial discipline, commercial orientation, and compliance (Lu & Zhu, 2020). However, without clear metrics-based incentives, SOE executives may lack the drive to enhance efficiency and profitability. Excessive or insensitive executive compensation unrelated to performance also elicits criticism for misuse of public funds.

Additionally, the existence of robust risk management systems and internal controls is vital for SOEs to effectively identify, assess and mitigate critical organisational risks across operational, financial, compliance and external domains in another corporate governance factor that influences the optimum performance in SOEs (Kloviene & Gimzauskiene, 2016). With substantial public assets invested, SOEs cannot afford risk mismanagement. Diligent oversight by competent boards, accurate risk reporting, risk-based internal audits, adoption of enterprise risk management frameworks, and risk management training enhance risk focus. Lack of risk focus often leads to significant failures and asset erosion in SOEs (Dappe, Foster, Musacchio & Ter-Minassian, 2023). Public transparency, structured management accountabilities and independent external risk audits strengthen risk governance.

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Constructive engagement by SOEs with key stakeholders, including employees, customers, local communities, suppliers/vendors, lenders, public agencies, non-profits, and social justice groups, is a vital corporate governance factor for risk management and performance enhancement (Manning, Braam & Reimsbach, 2019). Being responsive to stakeholder concerns, transparently balancing their interests, and upholding high corporate ethics and responsibility in processes creates goodwill to facilitate operations, builds public trust and helps identify potential risks (Pucheta-Martínez, Bel-Oms & Rodrigues, 2020). Thus, a lack of proactive communication hampers risk management. On the other hand, third-party environmental, social, and governance (ESG) audits may drive improvement in stakeholder engagement.

Finally, strict compliance by SOE boards and executives with applicable laws, rules, regulations, and guidelines is mandatory to avoid penalties, lawsuits, value erosion, and reputation damage and enhance the overperformance of SOEs (Xin, Bao & Hu, 2019). Secondly, strong compliance reinforces financial and operational discipline, upholds investor confidence to attract capital and projects effective leadership, which is critical for SOE performance. Additionally, a rigorous compliance culture enables SOEs to function smoothly, underscores continuity in management, and positions SOEs competitively in their sectors. Boros and Fogarassy (2019), therefore, argue that there is a need for continuous monitoring, risk-based internal audits, transparent public disclosures, accountability mechanisms and competent boards to enable compliance and risk mitigation and SOE performance.

3.7 CONCLUSIONS

Based on the discussion so far, the following conclusions are made. First, the SIGA Act 990 mandates SIGA to ensure that specified entities operate efficiently, profitably, transparently, and accountably in accordance with good corporate governance practices and the policies of the Government. SIGA has the mandate to promote the socio-economic growth of the country through the SOEs by

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protecting the investments and assets of the State in specified entities. SIGA's functions reflect the Government's intention to improve the efficiency, accountability, and profitability of specified entities, as well as to protect and enhance the value of the State's assets and investments. The board composition of SIGA appears to have some level of independence from government interference, but it may not be enough to ensure complete autonomy and accountability. The chairperson and three other members are nominated by the President, which gives the executive branch a significant influence over the board's leadership and direction. This could potentially compromise the board's ability to act in the best interest of the Authority and its stakeholders. The representative from the Office of the President and the official from the Ministry of Finance may have a direct relationship with the government, which could affect their objectivity and independence. Additionally, they may have a conflict of interest if the Authority's activities or decisions are contrary to the government's policies or interests.

The nomination of the chartered accountant and the legal practitioner by their respective professional associations can potentially enhance their independence and expertise. However, it is important to note that any material or personal ties with the government, the company, or its executives may compromise their judgment or loyalty.

Furthermore, the Director-General of the Authority holds a dual role as part of both the board and the executive team. This may create a conflict of interest that could hinder the board's ability to effectively oversee and evaluate the management's performance and strategy. The board must maintain its independence and objectivity in order to fulfil its duties and responsibilities.

The arbitrary power conferred on the President to remove any member from the board, even if not appointed by the president, is a threat to the independence of the board. That is, both politically appointed board members and those appointed by professional bodies can be removed at the will of the President if their actions

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appear to oppose the political interests of the Executive or government. Board members` loyalty may deflect from their fiduciary duty to the Authority towards pleasing the President even if their actions do not promote the mandate of SIGA.

The quorum at a Board meeting is five (5) members, which is more than half of the total membership of nine (9). This ensures adequate representation and gives legitimacy to the Board's decisions and actions as envisioned in subsection 6 of section 9.

The adequacy and sustainability of funding sources depend on factors such as (1) the performance and profitability of the SOEs and joint venture companies, which may affect the amount and stability of dividends received by the Authority; the SOEs may face various challenges and risks in their operations, such as market competition, political interference and governance issues which may affect profitability negatively. (2) The availability and reliability of loans and grants from external sources, which may depend on the creditworthiness and reputation of the Authority and the government, as well as the terms and conditions of the lenders and donors. Loans and grants may also entail additional costs and obligations for the Authority, such as interest payments and debt servicing. (3) The effectiveness and efficiency of the Authority's monitoring and enforcement mechanisms, which may influence the amount and frequency of fees and penalties collected from the SOEs.

Therefore, the funding sources of the Authority may not be adequate or sustainable in the long term unless they are supplemented by other sources of revenue or income that are more diversified and independent from the government or the SOEs.

The PFM Act 921 places a responsibility on the board of directors of a public corporation to ensure the efficient management of its financial resources, including collecting and receiving money owed to it. It also provides that if a public corporation fails to collect or receive money due to it, the Minister of Finance may,

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based on the Auditor-General's recommendation, withdraw or suspend the salaries of the board members. This makes the public corporations accountable to the Minister of Finance and the Auditor-General for their economic performance and compliance with the Act. This provision promotes good governance, transparency, and accountability in the public sector.

Under the PFMA, public corporations are accountable to the Minister of Finance for their economic performance and compliance with the Act. It also serves as a deterrent and a sanction for directors who neglect their reporting duties. These thus seek to engender good governance, transparency, and accountability in the public sector. Again, public corporations and state-owned enterprises are accountable to the Minister of Finance and their respective sector Ministers for their financial planning and management, and they must align their plans with the approved budget and fiscal policy of the Government. This is aimed at promoting transparency, efficiency, and sustainability in the public sector.

The PFMA's requirement for public corporations or state-owned enterprises to disclose any financial directive received from the Minister in its annual report and indicate how it complied with the directive bodes to ensure transparency, efficiency, and accountability in the public sector. The Act also adds a layer of transparency, accountability, and compliance in the financial management of public corporations and SOEs in Ghana by requiring them to keep proper accounts and records of their operations and submit them to the Auditor-General for audit.

3.8 CHAPTER SUMMARY

This chapter reviewed corporate governance and the performance of state-owned enterprises (SOEs) in Ghana. It began by describing the nature and objectives of SOEs, followed by a critical analysis of the legal frameworks governing SOEs - Acts 921, 990 and LI 2378. The strengths and weaknesses of these regulations were assessed.

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The chapter then examined critical aspects of SOE governance, including board responsibilities, characteristics, independence, transparency, accountability, fairness, and adherence to governance principles. Gaps between regulatory intent and actual implementation were highlighted. Finally, the chapter critically evaluated SOE performance, especially worrisome financial performance trends and corporate governance deficits. Reasons for poor outcomes were analysed, such as political interference, skills gaps, weak internal controls, and resistance to reforms.

In conclusion, the review revealed significant gaps in governance, transparency, risk management, financial sustainability, and efficiency across many SOEs. Urgent reforms are imperative to transform SOE boards, enhance commercial orientation and boost performance. However, joint ventures displayed relatively better financial performance, pointing to higher private sector participation benefits.

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CHAPTER 4: HYPOTHESES DEVELOPMENT

4.1 INTRODUCTION

The previous chapter provided a review of literature on corporate governance and performance in Ghana's SOEs. It examined the regulatory framework and corporate governance practices regarding board responsibilities, characteristics, independence, transparency, accountability, and fairness. The chapter also reviewed SOE financial performance and factors influencing optimal SOE performance in Ghana.

Chapter 4 primarily focuses on the development of hypotheses. To achieve this, the chapter starts with an overview of theories that are relevant to the study and then narrows it down to specific ones that are considered fundamental to the hypothesis development. These theories include the Marxist Theory, the Politicised bureaucracy model, the Agency theory, and the Stakeholder theory. The chapter then proceeds to review empirical studies that lead to the formulation of hypotheses. In particular, the chapter examines empirical literature that is relevant to the relationship between board characteristics, governance practices, and economic performance. This leads to the construction of a conceptual framework that depicts the hypothesised relationships among these variables. Finally, the chapter concludes with a summary.

4.2 OVERVIEW OF COMPETING THEORIES

Several theories can explain the connection among corporate board characteristics, governance practices and the performance of state-owned enterprises. Some of these include the Stewardship theory, Institutional theory, and public choice theory.

The Stewardship theory was introduced as an alternative perspective to agency theory to explain governance behaviours and relationships in organisations (Donaldson & Davis, 1991). While agency theory views corporate managers as

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individualistic, opportunistic, and self-serving, stewardship theory proposes that managers can also behave as responsible stewards whose motives are aligned with the organisation's objectives (Muth & Donaldson, 1998). According to stewardship theory, managers gain higher utility through pro-organisational, collectivistic behaviours than self-serving behaviours (Davis, Schoorman & Donaldson, 1997). Managers driven by intrinsic motivations like achievement, affiliation, self-actualisation, and a sense of moral obligation will undertake stewardship roles that maximise organisational interests over personal interests (Hernandez, 2012). Stewardship behaviours may include pursuing excellence, protecting resources, volunteering for additional responsibilities, avoiding perks, and facilitating goal achievement (Veronesi & Keasey, 2012). Good governance empowers managers, enabling stewardship behaviours benefiting organisations through responsibility, authority, autonomy, participation, and intrinsic motivation (Donaldson, 1990; Davis et al., 1997; Muth & Donaldson, 1998; Domagalski, 2015; Donaldson & Davis, 1991).

However, it is questionable whether stewardship theory is applicable to examining governance reforms and the performance of Ghana's state-owned enterprises (SOEs). Some proponents concede that stewardship relationships flourish better in certain cultural contexts than others (Davis et al., 2010). In light of Ghana's high-power distance and collectivist orientation, delegating authority to SOE managers contradicts typical state control over public resources (Boampong, 2018). Additionally, stewardship theory downplays agency problems that are inherent in principal-agent relationships within SOEs, where the interests of the owner (state) and the manager (agent) frequently diverge (Ennser-Jedenastik, 2014).

Therefore, it is evident that persistent agency dilemmas exist within Ghanaian SOEs, and stewardship theory underestimates their significance. Reforms targeting improved monitoring and discipline of agents are necessary to address these issues (Ohemeng et al., 2018). The assumptions of self-actualised managers devoted to serving state interests appear misplaced, given the longstanding governance malfeasance rooted in cronyism and corruption (Boachie

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et al., 2014). It is clear that simply empowering SOE managers is insufficient without accountability mechanisms that curtail political interference (Hu & Guo, 2022). Therefore, stewardship theory has doubtful utility for examining SOE governance reforms and performance in Ghana's public sector context.

Another theory that competes with stewardship theory in explaining the relationship between corporate board characteristics, governance practices, and the performance of state-owned enterprises in Ghana is institutional theory. Institutional theory emphasises how organisational structures and practices reflect the rules, belief systems, and taken-for-granted assumptions prevalent in their institutional environments (Scott, 1987; Dacin, 1997). According to institutional theory, organisational practices signify conformity to institutionalised rules that confer rationality and legitimacy rather than just technical efficiency (Meyer & Rowan, 1977; Scott, 1987). Governance structures exhibit this decoupling between formal policies aimed at legitimacy and informal activities based on practical demands (Boxenbaum & Jonsson, 2017). Changes in formal structures often represent a symbolic alignment with evolving norms rather than substantive changes in practices (Fiss & Zajac, 2004). Institutional theory suggests that current SOE governance reforms in Ghana reflect shifting norms and expectations in the institutional environment regarding appropriate governance models, from one previously tolerant of noncompliance to one now demanding greater discipline and accountability (Asare et al., 2021). Mimicking structures and rules promoted globally modernises SOE governance to boost legitimacy, resources, and survival prospects (Ohemeng et al., 2018).

In Ghanaian SOEs, institutional theory acknowledges that new policies may face resistance from entrenched cultural norms and routines. However, adopting "best practices" on paper often falls short of transforming governance due to political interference and lax governance. Moreover, SOE performance is intricately tied to political relationships and resource allocation because of their public status. Institutional theory provides limited insight into how changed formal structures translate into governance practices and performance outcomes in Ghanaian

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SOEs. It cannot account for the substantive technical and power dependencies that shape reform implementation beyond legitimacy concerns.

Finally, it is worth noting that public choice theory is another theory that could explain the connection among corporate board characteristics, governance practices, and the performance of state-owned enterprises in Ghana. This theory posits that policymakers are self-interested actors who make decisions that maximise their utility rather than some abstract "public good." It applies the assumptions of methodological individualism and instrumental rationality inherent in neoclassical economics to the analysis of political processes and public policy decisions. According to public choice theory, politicians are primarily motivated by desires to win elections, gain influence, and retain office rather than serve the public. They exchange favours, make deals, and allocate resources to shore up political support. Public officials also build fiefdoms to leverage power over budgets and regulations (Niskanen, 1975). These self-serving behaviours distort public policy away from efficient solutions and effective delivery of services. However, it is important to note that public choice theory provides little insight into implementation issues or variations in SOE governance practices and performance due to oversimplifying political behaviours (Batley & Mcloughlin, 2015). In sum, public choice theory offers a relevant perspective for understanding some impetuses behind SOE governance reforms. However, its foundational assumptions are too narrow to account for the full range of institutional dynamics, complex motivations, and economic dependencies that shape reform processes, governance practices, and performance outcomes in Ghana’s SOEs.

The above theories, such as the stewardship theory, underestimate the principal-agent problems in Ghana's public sector, given political appointments and corruption. On the other hand, the institutional theory overlooks resistance to reforms and decoupling of policies from practices, unable to fully explain translation into behaviours. Public choice theory adopts a reductionist self-interest view, ignoring broader dynamics shaping SOE reforms. Moreover, all three theories appear to impose *Western* biases insufficiently capturing Ghana's realities and

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norms as they lack focus on implementation issues, path dependencies, and divergence between formal mechanisms and on-ground practices. In addition, each of the above theories appears to provide only partial explanations for SOE challenges, reform drivers, practice variability and performance connections. Moreover, they are limited in unpacking complex interrelationships between governance changes, variables, and outcomes. Additionally, they do not adequately incorporate historical and socio-political factors shaping SOE trajectories in Ghana, and they downplay resistance from entrenched interests and inertia constraining reforms.

4.3 THEORIES UNDERLYING THE RESEARCH

To effectively provide a comprehensive explanation of the nexus among corporate governance policy changes, corporate governance practices and the performance of state-owned enterprises in Ghana, there is a need for a multi-theory approach that leverages the interdisciplinary foundations and varied conceptual logics of these perspectives. The multi-theory approach illuminates the institutional complexity of reforms, implementation issues, and performance outcomes from diverse vantages. Their combined insights overcome the blind spots of any single lens and offer a robust framework for analysis. In this study, four theories, including the Marxist theory, politicised bureaucracy model, agency theory, and stakeholder theory, are relied upon to explain the corporate governance and performance link in the context of SOEs in Ghana.

4.3.1 The Marxist theory

The Marxist theory was developed in the 19th century primarily by Karl Marx and Friedrich Engels. It presents a critique of capitalism and provides a framework for analysing class struggle and revolutionary transition to socialism and communism (Marx & Engels, 1848, 2002). This theory is grounded in the philosophy of dialectical materialism as a framework for understanding historical development through contradictions. Central to Marxist theory is the tenet of historical materialism, which asserts that material economic conditions fundamentally

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determine the nature of society (Marx & Engels, 1845,1970). The economic base, comprising the means of production and productive forces, forms the foundation of society. This influences the superstructure of social institutions, politics, culture, and ideas. The base and superstructure interact dialectically, but the base remains determinant.

Under the capitalist mode of production, the base is characterised by private capitalist ownership of means of production, such as factories. At the same time, workers own only their labour power, which they must sell to live (Marx, 1867,1976). This forms the fundamental class division in capitalism between the bourgeoisie owners of capital and the proletariat or working class, who live by wage labour. The Marxist theory views class struggle between the capitalist and working classes as the motor of history and social change. Marx developed a critique of capitalism focused on the labour process and commodity production. Labour power becomes a commodity under capitalism that capitalists purchase from workers for a wage that is less than the full value created by that labour. This 'surplus value' is the source of profits, allowing capitalists to accumulate wealth through the exploitation of workers (Marx, 1867,1976). By not paying workers the true value of their labour, alienation emerges.

Alienation is a key concept in Marxism, referring to the estrangement of workers from the products, process, and purpose of their labour (Marx,1844,1964). Workers lack control over or ownership of what they produce. Creative human potential is stifled through wage labour relations as people exist to serve profits rather than self-actualise. This profoundly damages human beings under capitalism for Marxists. Capital accumulation and concentration lead to the declining rate of profit over time, as competition drives down prices while fixed capital costs rise, per Marx's analysis (Marx, 1894, 1991). This exacerbates the internal contradictions of capitalism, heightening class conflict and cyclical crises. Marx predicted this would culminate in the overthrow of capitalism through a socialist revolution led by the proletariat.

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Revolution would allow the transition to socialism, where common ownership of means of production replaces private property. Production is oriented to human needs rather than profit. The state apparatus begins to wither away as class distinctions dissolve, leading ultimately to a communist society free of oppression and scarcity (Marx & Engels, 1848, 2002). The Marxist theory employs dialectical materialism to analyse how capitalism's contradictions generate crises, class conflict and revolutionary conditions (Engels, 1880,1978). It seeks to develop class consciousness among workers toward a revolutionary praxis. Class struggle and worker solidarity across national boundaries are crucial, summed up in the rallying cry 'Workers of the World Unite!'

Marxism was highly influential in leftist movements like the Russian Revolution, where the world's first socialist state attempted to implement Marxist ideas. However, one major criticism of Marxist theory is that it proposes an excessively deterministic model of society, as it asserts that the economic base of material conditions fully determines the political and cultural superstructure with little autonomy for other spheres. This economic determinism is seen as denying the independent influence of politics, law, culture, or ideology on social development (Lichtman, 1986). Relatedly, Marxism is critiqued for offering a reductionist view of human psychology and behaviour, which neglects religion, identity, ethics, and individual motivations by reducing everything to economic class interests and relations (Walker, 1986).

Furthermore, Marx's two-class model of the bourgeoisie and proletariat is considered outdated and inapplicable to contemporary societies where a large middle class has grown under 20th-century capitalism. The complexity of modern class structures makes the binary class struggle concept less relevant as an explanatory framework (Lipset, 1981). Additionally, the failure of the predicted intensification of class conflict and proletarian revolution to overthrow capitalism in advanced industrial economies has led critics to challenge this central Marxist thesis (Goldthorpe, 1991).

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Critics also frequently highlight the totalitarian, authoritarian nature of socialist states ruled by communist parties in the Soviet Union under Stalin, China under Mao, Cambodia under Pol Pot, and others as evidence that Marxism in practice inevitably leads to elite party dictatorship rather than the emancipation of the masses (Chomsky, 2017). Marxist ideas of collectivisation of production and state direction of economic redistribution are accused of threatening individual civil liberties, property rights and economic freedoms that are considered essential for democracy (Popper & Gombrich, 1994). Liberal theorists, in particular, have made this critique by arguing that Marxism undermines human rights and freedoms.

Additionally, Marxist theory has been charged with inadequately responding to feminist, ecological and other critiques that highlight its productivist orientation, class reductionism and lack of concern for sustainability. Scholars have criticised Marxist theory for its outdated economic theories, such as the labour theory of value and rejection of free markets (Stiglitz, 1994). Despite this, Marx's analysis of capitalism still provides valuable insights into the fundamental class division between the bourgeoisie and the proletariat. However, it is important to acknowledge that Marxist theory has faced extensive criticism from various perspectives.

The Marxist lens centres on class relations and conflicts arising from contradictory class interests. SOEs occupy an ambiguous position where they are meant to serve public welfare but often advance the power of political and bureaucratic elites. Applying a Marxist analysis reveals how class dynamics shape governance and performance in Ghana's SOEs. Specifically, it examines how political patronage rather than merit drives board appointments and executive selections, prioritising the ruling class over public interest (Egbide et al., 2013). Furthermore, Marxism elucidates how the SOE elite collude with political patrons to capture resource rents through sub-optimal allocation and even outright corruption, accumulating capital at the expense of citizens (Obeng-Odoom, 2013). In addition, Marxian class consciousness and conflict theory provide tools to understand the contradictory pressures SOE boards face between advancing worker welfare

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versus political expediency in Ghana's polarised context (Amankwah-Amoah, 2019).

Additionally, Marxism's focus on ownership, control, and class interests provides a pertinent framework for examining how SOE board appointments and composition may be driven by political patronage rather than merit, thereby undermining governance and performance. Directors selected for cronyism rather than competence will prioritise a ruling class agenda over public welfare (Egbide et al., 2013). Furthermore, Marxian notions of capital accumulation and rent-seeking can reveal how SOE boards and executives collude with political elites to capture resource rents through sub-optimal allocation, corruption, and self-dealing rather than efficient deployment of assets for development (Obeng-Odoom, 2013).

In addition, Marxism explains capital-labour tensions created by SOE boards balancing worker demands against partisan political pressures. This can elucidate governance challenges for SOEs in balancing various class interests (Amankwah-Amoah, 2019). Moreover, Marxian theory can highlight how class dynamics shape the mediating role of governance practices between SOE boards and performance. Political patronage on boards can undermine practices like accountability, allowing elite capture of resources. However, diverse and competent boards can enable good governance and performance.

Overall, Marxism's structural analysis of conflicting class interests, rent-seeking behaviour, and capital-labour contradictions in SOEs can provide a critical, nuanced examination of the complex linkages between board traits, governance practices and economic outcomes. This radical perspective yields insights deeper than conventional corporate governance theories.

4.3.2 Politicised bureaucracy model

The politicised bureaucracy model originated as a critique of the traditional public administration dichotomy between politics and administration. In contrast to the

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principle espoused by scholars like Wilson (1887) and others that politics and administration should be separated with an independent, permanent bureaucracy isolated from partisan politics, the politicised bureaucracy model argues against a clear distinction between elected political leaders and the bureaucratic administration (Stillman, 2000). This model posits that bureaucracies and public officials cannot be politically neutral but rather function as instruments for elected officeholders and political parties to implement their ideologies and policy agenda (Peters & Pierre, 2004). It views bureaucracies and administrators as subordinate to the political executives who have an electoral democratic mandate to shape the administrative apparatus in line with their political priorities and campaign promises. Therefore, there should be no rigid separation between political spheres and bureaucratic administration since the latter must be malleable to the objectives of the former (Svara, 1998).

By challenging the notion of a permanent, impartial, and fully independent bureaucracy, the politicised bureaucracy model gives greater power and control to political leaders over the bureaucracy and aligns the administration with partisan ideology (Peters & Pierre, 2004). This is justified by the democratic accountability of political office-bearers who must deliver on voters' expectations. Excessive bureaucracy autonomy could potentially lead to dysfunction and disconnect from popular will. Critics of the traditional public administration dichotomy note that high bureaucracy independence results in elected leaders facing substantial barriers, delays, and resistance in the implementation of their policies and objectives through the administrative machinery of the state (Svara, 1998). The politicised model argues that political principals must be empowered to shape the bureaucracy in their image and wield control over bureaucratic priorities.

However, the model also cautions against taking this logic to extremes. Excessive control and abuse of bureaucratic power for narrow personal, political, ethnic, or party interests can severely undermine effective, equitable and ethical public service delivery (Kopecky et al., 2012). Thus, while elected officials should direct bureaucratic operations to fulfil electoral mandates, the bureaucracy must be

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managed in a way that retains its non-partisan character and orientation towards the public interest. The interface between political principles and the bureaucracy should be regulated to prevent arbitrary appointments, preferential resource allocation and systemic corruption purely for partisan benefit (Kopecky et al., 2012). The bureaucracy must function as the operational machinery of policy implementation subject to political leaders yet be sufficiently insulated from capricious interference. Therefore, the central challenge highlighted by the politicised bureaucracy model is how to structure the relationship between political and administrative spheres such that bureaucracy retains its role as the instrument of the state rather than any one party while implementing policies under the ideational direction of democratically elected ruling parties (Svara, 1998). This balance ensures people-centric efficient governance and limits the abuse of bureaucratic power for partisan interests.

A major criticism of the politicised bureaucracy model, however, is that unchecked political control over the bureaucracy can lead to patronage, cronyism, and corruption if appointments, contracts, and resources are allocated based on political allegiances rather than merit, professional qualifications and procedural integrity. Excessive politicisation could result in a culture of political favours, nepotism, and embezzlement within administrative institutions meant to serve the public interest (Peters & Pierre, 2004). Relatedly, critics argue that over-politicisation can severely undermine bureaucratic professionalism, competence, morale, and commitment to public service. If professional autonomy is excessively constrained by temporary political principals, career bureaucrats may become disillusioned, and the most capable officials may avoid public service altogether, resulting in incompetent administration (Stillman, 2000).

Furthermore, the short-term interests of particular political parties and administrations may be prioritised over longer-term public interest if bureaucrats are forced to align themselves with whatever directives emerge from political principals. Universal public welfare may be jeopardised by partisan objectives (Christensen & Laegreid, 2020). In addition, citizen trust and confidence in

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government could decline if the bureaucracy is perceived as overtly politicised rather than a neutral instrument of public service delivery. Routinised turnover of bureaucratic leadership with changes in elected administrations can also hamper organisational stability and disrupt policy continuity (Peters & Pierre, 2004).

Additionally, political goals overriding the professional and technical judgement of bureaucratic experts on policy design and implementation may result in inefficient, ineffective, or counterproductive governance outcomes (Kopecky et al., 2012). Excessive political interference could also increase bureaucratic red tape if administrators passively resist by adhering rigidly to rules and procedures. Finally, some scholars note that the universal applicability of the politicised model is questionable, given significant cross-cultural variations in attitudes towards bureaucracy. The traditional Weberian bureaucratic model may be favoured over extensive political control in certain political contexts (Stillman, 2000).

In essence, while the politicised bureaucracy model highlights valid tensions between bureaucracy autonomy and democratic control, achieving the right balance remains a persisting dilemma. Unregulated political dominance risks partisan abuse, whereas bureaucratic detachment can also damage public interest. The model's limitations need to be considered alongside its merits.

The politicised bureaucracy model directly speaks to the dual commercial and political role of SOEs, making it apt for studying SOE governance and performance in Ghana's political context. SOE boards in Ghana are largely political appointees, which creates the potential for tension between political directives and profit objectives (Ohemeng, 2011). The model can scrutinise how partisan interests shape board appointments and undermine governance practices. Additionally, the use of SOE resources for political patronage has been a risk highlighted in Ghana (Obeng-Odoom, 2013). The politicised bureaucracy lens can examine how control by political principals may lead SOE executives to allocate resources sub-optimally to serve partisan ends. The model predicts that political interference in SOEs can distort sound economic decisions. This can be tested in the Ghanaian context to

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analyse if the political dominance of SOE boards affects financial performance (Ohemeng, 2011).

However, the model also cautions against extreme politicisation. Therefore, it provides a framework to assess if balanced oversight and appropriate board competence can mitigate the negative effects of political control on SOE governance and economic outcomes.

The model's applicability to analysing SOEs is clear, given their innate hybrid political-economic identity. It can yield productive insights into the complex interplay between principals, boards, governance practices and performance in Ghana's SOEs. In summary, the politicised bureaucracy model offers a highly relevant perspective to the critical yet balanced examination of SOE boards, governance, and performance in view of underlying political pressures and interests.

4.3.3 Agency theory

Agency theory deals with the relationship between two parties - the principal and the agent - in situations where the principal delegates work to the agent. The theory attempts to address issues that arise from differences between the goals or desires of the principal and agent. The roots of agency theory can be traced back to political science and the work of Ross (1973), who examined problems of representation and conflict between constituencies and their representatives. Building on this, Jensen and Meckling (1976) adapted the principal-agent concept specifically to the context of ownership and corporate control, laying the foundations for the theory's use in business and management scholarship.

At its core, agency theory holds that an agency relationship arises whenever one party - the principal - engages another party - the agent - to perform work on their behalf. Common examples include corporate shareholders as principals engaging executive managers as agents, boards engaging CEOs, clients hiring consultants

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or lawyers, and voters electing politicians. The central concern of agency theory is the inherent conflicts of interest between principals and agents that arise primarily due to the separation of ownership and control. Agents tend to have different goals and motivations compared to principals. For instance, executive managers may pursue prestige or career advancement while shareholders want profits. These divergent interests generate agency problems (Fama, 1980). Principals face challenges in monitoring whether agents are acting in the principals' best interests rather than serving the agents' own agenda. Agents leverage their inside position to maximise personal benefits by shirking responsibilities or appropriating resources at the cost of their principals through moral hazard, adverse selection, or skimming profits (Baiman, 1990).

To reduce agency problems, principals can implement governance and incentive alignment mechanisms like performance contracts, executive compensation, oversight procedures and audits. Agents, in turn, expend resources to assure principals of their loyalty through bonding activities like accepting compensation limits. However, these monitoring and control mechanisms are themselves costly, which is an efficiency loss from agency problems (Jensen, 1983).

A major stream of criticism towards agency theory is that it promotes an overly narrow, reductive, and pessimistic model of human behaviour and workplace relationships. Critics argue that agency theory relies predominantly on the assumption that individuals are motivated by rational self-interest and economic utility maximisation. It downplays or ignores a range of extra-economic factors and motivations that can also significantly shape behaviours and alignment between principals and agents, such as professional norms, organisational culture, ethics, intrinsic motivation, as well as social relationships, trust, and reciprocity. Agency theory's cynical view of human nature as being predisposed towards opportunism and shirking has been contended by scholars advocating a more positive model acknowledging that agents can also be driven by goodwill, responsibility, and desire to perform (Ghoshal, 2005; McCabe et al., 2016).

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Relatedly, it has been argued that agency theory is criticised for its narrow focus on financial incentives and governance mechanisms that aim to monitor and control agent behaviour. Critics contend that psychological and social rewards are often equally or more important motivators. Moreover, professional integrity, ethics, identification with organisational objectives, and internalised norms can also significantly influence the actions of agents, which agency theory tends to overlook in its singular emphasis on moral hazard risks (Perrow, 1986; Eisenhardt, 1989). Additionally, some contend that agency theory treats information asymmetry between principal and agent as an exogenous structural feature rather than exploring means to reduce this asymmetry endogenously. It also applies more accurately to transactional principal-agent engagements rather than ongoing employment relationships between firms and professional managers (Perrow, 1986; Simon, 1991). Furthermore, the costs of monitoring, bonding, and enforcing incentive alignment are difficult to measure accurately (Demsetz & Lehn, 1985).

Scholars also note that agency theory overlooks external constraints like competition and institutional pressures that often serve to curb executive opportunism, even without explicit governance mechanisms (Heath, 2009). Ambiguity regarding who the true “principals” really are in the context of diffuse share-ownership of modern corporations has also been highlighted (Lan & Heracleous, 2010). While agency theory retains relevance, scholars argue that these limitations must be addressed by incorporating psychological, social, institutional, and ethical dimensions into the analysis. However, agency theory remains highly influential in corporate governance, organisational behaviour, and political economy analysis.

Agency theory provides a highly relevant framework to examine issues arising from the separation of ownership and control inherent in state-owned enterprises where the government acts as the principal while SOE executives are the agents. Information asymmetry is likely to be pronounced between state principals and SOE executive agents possessing specialised technical knowledge required for operations, thus creating conditions ripe for moral hazard, shirking, and self-

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interested opportunistic actions by agents (Obeng-Odoom, 2013). Furthermore, SOE executives may pursue personal agendas like career advancement, prestige, expanding discretionary spending, and even revenue diversion or corruption rather than prioritising shareholder/public value maximisation preferred by the state principal (Ohemeng, 2011). Political patronage and interference in the appointments of SOE boards and executives can exacerbate agency problems by undermining competence, monitoring effectiveness, and accountability of agents to principals (Obeng-Odoom, 2013).

However, agency theory also predicts that appropriate governance mechanisms such as performance contracts clearly delineating targets, transparency rules mandating disclosure of information to the principal, robust systems of financial audit and control, and monitoring of operations can significantly help align the interests of SOE boards and executives with the state and wider stakeholders (Ohemeng, 2011). This curtails self-seeking behaviours among agents. In essence, agency theory provides analytical tools to examine and address the goal conflicts, moral hazard issues, information asymmetry, incentive skew, and self-control problems that can lead to inefficient or unethical SOE operations as well as poor financial performance when the interests of state principals and SOE executive agents diverge. It offers a highly pertinent perspective to ensure SOE governance frameworks and practices minimise agency costs and risks arising from the separation of ownership and control in Ghana.

4.3.4 The stakeholder theory

The stakeholder theory emerged in the 1980s as a challenge to the prevailing shareholder primacy view of corporate governance advocated by scholars like Milton Friedman, which held that the sole purpose of a company is to maximise returns for its financial shareholders (Friedman, 1970). Pioneered by Stanford business professor R. Edward Freeman through his landmark 1984 book Strategic Management: A Stakeholder Approach, stakeholder theory argues that companies and organisations have important responsibilities towards a broader set of

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stakeholders that extend well beyond immediate shareholders who hold equity in the firm (Freeman, 1984).

The core premise underpinning stakeholder theory is that corporations have relationships with multiple constituents and constituent groups that hold a legitimate “stake” in the operations of the company and whose interests deserve active consideration by managers alongside those of financial shareholders. These stakeholders include but are not limited to employees, customers, suppliers, local communities, governmental bodies, non-governmental organisations, lenders, environmental groups, trade associations, and more (Donaldson & Preston, 1995). According to Freeman’s widely cited definition, a stakeholder refers to “any group or individual who can affect or is affected by the achievement of the organisation's objectives” (1984, p. 46). The interests and objectives of the various stakeholder groups surrounding a company are inherently varied and often conflicting. Employees generally want job security, good wages, and benefits. Local communities want corporate social responsibility and mitigation of any adverse impacts from company activities. Environmental groups lobby for ecological responsibility and compliance with regulations. Customers desire good quality and fair pricing of products and services. Suppliers seek reliable offtake and on-time payments. The fundamental task of managers under stakeholder theory is to develop corporate strategies and make operating decisions that balance and optimise this diverse range of stakeholder interests ethically.

Stakeholder theory has both normative and descriptive aspects. Normatively, it asserts that the interests and well-being of all legitimate stakeholder groups who can affect or be affected by corporate actions have intrinsic value. Therefore, equitable balancing of stakeholder interests is fundamentally right, ethical, and socially just beyond mere profit maximisation for shareholders alone (Evan & Freeman, 1993). Stakeholders contribute to the firm in tangible and intangible ways that merit ethical obligations. However, the theory also makes the descriptive claim that explicitly addressing the multifaceted concerns and needs of diverse stakeholders leads to superior company performance since stakeholders provide

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critical and scarce resources like labour, expertise, financing, patronage, and social legitimacy. Thus, thoughtful stakeholder management and engagement create both moral and instrumental value for competitive advantage (Jones, 1995).

From a pragmatic perspective, proactively engaging with and catering to stakeholders' needs enables corporations to build durable, collaborative relationships founded on trust, loyalty, and mutual support from various parties. This facilitates continued access to resources, information, talent, and markets. It provides an important relational mechanism to better manage external risks, leverage market opportunities, enhance corporate reputation, and gain competitive advantage relative to firms that are more narrowly focused on shareholder returns at the expense of other constituents (Hillman & Keim, 2001). The combined moral, social and economic rationale makes serious stakeholder engagement fundamental to achieving profitability, sustainability, and overall business success.

A major criticism levelled at stakeholder theory is the ambiguity and expansive breadth in its conceptualisation of who constitutes a legitimate stakeholder. The notion of any group or individual that can affect or be affected by the firm casts an excessively wide net that provides little practical guidance for managers in identifying salient stakeholders and priorities (Sternberg, 1997). Relatedly, the varied and often conflicting interests between different stakeholder groups make balancing them appropriately an extremely challenging task fraught with unintended yet detrimental trade-offs (Jensen, 2002).

Furthermore, the risk exists that executives can rhetorically pledge commitment to "stakeholder value maximisation" while still largely acting to advance self-interests such as compensation, job security and power without genuine accountability to stakeholders (Sundaram & Inkpen, 2004). The theory also tends to underemphasise that stakeholders wield highly asymmetric influence and power in practice. Certain groups, such as major investors, dominate, while more vulnerable communities lack a voice despite the ideal of equitable balance (Miles, 2017).

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In addition, scholars argue that shareholder primacy deserves priority since shareholders undertake the most risk by investing capital without guaranteed returns like contractual stakeholders and have property rights over the enterprise (Friedman, 1970). Catering to every stakeholder's demand could impose significant unrecoverable costs on the company, potentially leading to inefficiencies and value destruction (Argandona, 2011). Further questions arise on whether stakeholder management truly prevents unethical corporate behaviour or is merely an impression management strategy for legitimacy. Firms can undertake symbolic stakeholder consultation without ethical practices (Sims, 2003). Instrumental use of stakeholder engagement as a strategic tool to extract gains from stakeholders could also be ethically dubious and lead to exploitative relationships (Jones & Wicks, 1999).

Finally, enforcing genuine commitment to ethical stakeholder obligations poses practical challenges given the difficulty in legislation and formal regulation around the broad concept of stakeholder responsibilities. In summary, while stakeholder theory provides a compelling contrast to shareholder models, addressing its definitional vagueness and balancing challenges, ethical risks, and operational concerns remains key.

The stakeholder theory provides a highly fitting perspective for examining state-owned enterprise governance, given the complex multiplicity of economic and broader social policy objectives with which SOEs are tasked beyond purely financial goals. This requires the balancing of diverse needs and interests of various stakeholder constituents that are affected by or can influence SOE decisions, not just the state as owner (Obeng-Odoom, 2013). Citizens, employees, local communities in which SOEs operate, civil society organisations, consumer advocacy groups and other entities have stakes in SOE operations despite not holding equity claims like shareholders in private firms. A stakeholder view compels analysing the accountability of SOEs beyond narrow government interests to encompass wider obligations to serve citizen welfare and provide public goods (Ohemeng, 2011).

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Furthermore, the application of stakeholder theory would highlight the necessity of understanding power dynamics between different stakeholders like government, public sector unions, consumer forums, employee associations and local community bodies in influencing SOE decision-making on issues like pricing of services, employment conditions, environmental impacts (Amankwah-Amoah, 2019). Cultivating goodwill and engagement from various stakeholders like citizens, employees and communities through substantive transparency, democratic consultation, and ethical conduct is crucial for SOE performance through mechanisms such as employee motivation, citizen cooperation in monitoring, and public legitimacy for SOE activities (Apenteng et al., 2013). Additionally, board characteristics like director independence and stakeholder representation are important structural mechanisms to ensure balanced consideration of diverse stakeholder interests in SOE governance. Overall, stakeholder theory offers a highly fitting vantage point to evaluate whether SOE governance genuinely promotes balanced, ethical, and socially optimal decisions in the public interest versus merely symbolic gestures to advance partisan political interests.

Having highlighted the theoretical framework for this study, the next section presents the empirical literature on the relationship between the variables of interest.

4.4 BOARD CHARACTERISTICS AND SOE ECONOMIC PERFORMANCE

This section captures empirical studies relevant to the relationship between SOE board characteristics and SOE economic performance. There are two main sub-variables under the SOE board characteristics, and they are demographic characteristics and cognitive characteristics, see Figure 5.1. Demographic characteristics of the SOE board generally comprise board size, board composition, gender diversity, ethnic diversity, and age diversity. On the other hand, the cognitive characteristics of the SOE board comprise of board level of education, proportion of members with business, business/ management

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experience, business training, entity's chore business-related expertise and diversity in expertise and diversity in business/ management experience. SOE economic performance is operationally defined in this study by liquidity, revenue, and profitability.

4.4.1 Demographics of SOE boards and SOEs liquidity

Liquidity refers to the ease and speed with which an asset or security can be converted into cash without significantly affecting its market price (Susanti, Latifa, & Sunarsi, 2020). In the context of businesses and financial markets, liquidity indicates the ability of an entity to meet its short-term financial obligations and fund its operations smoothly (Lu & Zhu, 2020). The relationship between demographic characteristics of corporate boards and liquidity, as a critical financial indicator, is a complex interplay that reflects the broader dynamics of corporate governance and decision-making (Shaat et al., 2023). Abang'a and Wang'ombe (2020) discovered that board size, or the number of board members, can affect liquidity by affecting the efficiency of decision-making processes. Larger boards might suffer from communication challenges and slower decision-making, potentially affecting liquidity management (Beck & Brdsgaard, 2022). A higher proportion of NEDs often brings diverse expertise and perspectives, which can lead to better-informed decisions about liquidity management strategies (Andrews, 2022). Gender and ethnic diversity also fall under board composition and are linked to improved decision-making. A study by Nyingi (2019) showed that diverse boards tend to consider a broader range of viewpoints and risk factors, which can positively influence liquidity-related decisions. Similarly, Gakpo et al. (2021) stated that age diversity on corporate boards, encompassing youth, middle-aged, and elderly members, can contribute to effective liquidity management. Turyakira et al. (2023) concluded that a diverse age range could ensure a balance of experience and fresh perspectives.

Furthermore, Cheng-Han (2020) emphasised that younger members might bring innovative ideas and adaptability, while older members may offer seasoned

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insights. Again, Jahja et al. (2020) mentioned that finding the right balance among different age groups could enhance the board's ability to respond to changing liquidity challenges (Gakpo et al., 2021). In addition, Bett and Kihara (2022) stated that the demographic characteristics of corporate boards, including board size, composition, gender, and ethnic diversity, as well as age diversity, can collectively impact liquidity management. According to Papenfuß and Wagner-Krechlok (2022), a well-balanced board with diverse expertise and perspectives is likely to make informed decisions that positively influence a company's liquidity position.

Based on the aforementioned, it can be argued that the demographic characteristics of SOEs (board size, board composition, gender diversity, ethnic diversity, and age diversity) could impact positively on the liquidity of SOEs in Ghana. This implies that an increase in the improved demographic characteristics of SOEs could lead to an improvement in the liquidity of SOEs in Ghana. However, extremely high diversity on multiple fronts may exceed the board's capacity to synergise inputs, hampering coordinated liquidity planning (Huang et al., 2021). Further, demographic diversity's informational benefits manifest only in contexts of psychological safety, open dialogue, egalitarian influence, and cohesion (Johl et al., 2022). With poor group dynamics, diversity may amplify conflicts and fragmentation, undermining liquidity. It is argued that moderate heterogeneity enhances liquidity management via expanded knowledge. However, the progress of diversity starts facing diminishing returns until potential coordination challenges dominate at the highest diversity levels (Anderson et al., 2021). Therefore, it can be argued that demographic characteristics of SOE boards can be harnessed to positively enhance liquidity in Ghana's SOEs. Thus, drawing from previous studies, a proposal is proposed. ***$H1_{Xi}$: demographic characteristics of SOE boards have a significant positive effect on its liquidity.***

4.4.2 Board demographics and revenue of SOEs

Revenue refers to the total amount of money generated by a business or organisation from its primary operations, such as the sale of goods, provision of

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services, or other business activities (El Refae et al., 2021). It is a key financial metric that represents the top line of a company's income statement and reflects the inflow of funds resulting from its core business activities before deducting any expenses (Arora, 2022). The demographic characteristics of corporate boards, including board size, composition, gender and ethnic diversity, as well as age diversity, can collectively influence a company's revenue (Atagboro, 2022). As a result, past research has shown a substantial link relationship between the demographic characteristics of corporate boards and a company's revenue, reflecting the influence of diversity and decision-making dynamics on business performance (Gakpo et al., 2021; Luputa & Mwanza, 2022; Maiwasha, 2023; Wang & Cheng-Han, 2020). Board size, or the number of board members, can affect revenue in several ways (Mumut, 2022). According to Andoh et al. (2023), a larger board may have a diverse range of expertise and networks, potentially leading to more strategic decisions that positively affect revenue generation. However, Khan et al. (2023) emphasised that excessively large boards might also face communication challenges and slower decision-making processes, potentially hindering revenue growth. A study by Jouber (2021) showed that Board composition, specifically the proportion of non-executive directors (NED) versus executive directors (ED), could play a role in revenue outcomes. Fiador (2023) stated that a higher proportion of NEDs, who bring external perspectives and diverse industry experience, might contribute to more innovative strategies and a better understanding of market dynamics, potentially leading to increased revenue streams.

Similarly, Rotondo et al. (2022) emphasised that gender and ethnic diversity in board composition can lead to a broader range of viewpoints and insights, enabling the board to tap into different consumer markets and better tailor products or services, potentially enhancing revenue. Alternately, Nwezoku and Egbunike (2020) presumed that age diversity on corporate boards, encompassing different age groups like youth, middle-aged, and elderly members, could also affect revenue. Mgammal (2022) assumed that a diverse age range could lead to a blend of fresh perspectives, innovative ideas from younger members, and seasoned

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insights from older members. Moreover, Keremidchiev and Nedelchev (2022) reported that this combination might allow the board to make strategic decisions that cater to various customer segments and adapt to evolving market trends, potentially leading to revenue growth. Keremidchiev and Nedelchev (2022) concluded that a well-balanced and diverse board is more likely to make strategic decisions that align with market demands, enhance product/service offerings, and tap into a broader customer base, ultimately contributing to improved revenue outcomes. Based on the above, it can be argued that the presence of diverse demographic characteristics on SOE boards can have a positive impact on board performance. This is because different demographic characteristics bring different strengths to the table, which can ultimately contribute to the overall performance of SOEs in terms of revenue. However, the extent of this influence is dependent on a number of contextual factors, including the board's ability to effectively utilise its diversity and the overall business strategy in place. Hence, it was hypothesised as follows. ***H1xii: demographic characteristics of SOE boards have a significant positive effect on Revenue.***

4.4.3 Demographics of SOE boards and SOEs profitability

Profitability refers to the ability of a business or organisation to generate earnings or profits relative to its expenses and costs. It is a fundamental financial metric that assesses the efficiency and effectiveness of an entity's operations in translating its sales or revenue into net income (Fiador, 2023). The relationship between demographic characteristics of corporate boards and a company's profitability underscores the intricate link between diversity, decision-making dynamics, and financial performance. Board size, or the number of board members, can impact profitability in nuanced ways. However, Luputa and Mwanza (2022) emphasised that a larger board might offer a broader range of expertise and perspectives, potentially leading to more well-informed decisions that positively affect the company's financial bottom line. However, Gakpo et al. (2021) presumed that an excessively large board could also result in slower decision-making processes and

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communication challenges that might hinder quick responses to market changes, potentially affecting profitability.

Furthermore, Ohemeng et al. (2020) stated that Board composition, particularly the proportion of non-executive directors (NED) versus executive directors (ED), is relevant to profitability as well. A higher proportion of NEDs can bring external insights and varied industry experience, potentially leading to more innovative strategies and better risk management decisions, ultimately influencing profitability (Apriliyanti et al., 2023). Additionally, Khumalo and Mazenda (2021) assumed that gender and ethnic diversity within board composition could also affect profitability by broadening the board's perspectives, allowing it to tap into diverse consumer markets, adapt to cultural nuances, and develop products or services that cater to a wider customer base, potentially boosting profitability. Nwezoku and Egbunike (2020) emphasised that age diversity on corporate boards, encompassing different age groups like youth, middle-aged, and elderly members, can also play a role in profitability. A diverse age range can provide a blend of fresh ideas from younger members and seasoned insights from older members, contributing to more balanced and adaptable decision-making that aligns with evolving market trends and customer preferences, potentially enhancing profitability (Marimuthu, 2020). The demographic characteristics of corporate boards, including board size, composition, gender and ethnic diversity, as well as age diversity, can collectively influence a company's profitability (Mongeri, 2021). A well-balanced and diverse board is more likely to make strategic decisions that capture opportunities, manage risks effectively, and cater to a broader consumer base, ultimately contributing to improved profitability (Wezel & Carvalho, 2022). However, the nature and extent of this relationship depend on various contextual factors, the board's ability to leverage its diversity, and the overall business strategy implemented by the company. Hence, it was hypothesised that ***H1xiii:* demographic characteristics of SOE boards have a significant positive effect on Profitability.**

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4.4.4 Cognitive characteristics of SOE boards and SOEs liquidity

Liquidity refers to the degree of ease with which an asset or security can be quickly converted into cash without significantly affecting its market value (Dolgun, Ng, & Mirakhor, 2020). In simpler terms, it represents how readily an item can be bought or sold on the market without causing significant price fluctuations (Hu et al., 2020). The relationship between demographic and cognitive characteristics of corporate boards and liquidity speaks to the influence of the board's composition, expertise, and decision-making capabilities on a company's ability to manage its short-term financial obligations effectively (Mumba & Kazonga, 2021). Cognitive characteristics play a pivotal role in shaping liquidity-related decisions. Board members' level of education, particularly in finance, economics, or related fields, can enhance their understanding of liquidity management strategies, enabling more informed decision-making (Apau & Sibindi, 2023). Again, Park (2021) stated that a higher proportion of members with business or management training, as well as relevant experience, could collectively contribute to a board's capacity to assess liquidity risks and opportunities, potentially leading to improved liquidity management. Additionally, Ren et al. (2020) assumed that the diversity of expertise among board members is another cognitive characteristic that can affect liquidity. A board with a diverse range of professional backgrounds, such as finance, operations, marketing, and risk management, is better equipped to holistically analyse liquidity challenges from different angles (Robinett, 2019).

Diversity in business and management experience also contributes to the board's ability to formulate effective strategies to maintain adequate liquidity levels during various market conditions (Sasidharan, 2020). The presence of members with specialised expertise relevant to the company's core business can further enhance liquidity decisions, ensuring a nuanced understanding of the liquidity requirements within the specific industry (Royo et al., 2019). In conclusion, the cognitive characteristics of corporate boards, including education levels, business training, management experience, and expertise diversity, are intricately linked to liquidity management (Shaat et al., 2023). A well-rounded board with members possessing relevant expertise and cognitive diversity is more likely to make sound decisions

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that mitigate liquidity risks and optimise liquidity resources (Sidki, Boerger, & Boll, 2023). These cognitive characteristics enable the board to navigate complex financial situations, assess market conditions, and respond effectively to changes that impact a company's short-term financial stability (Tang et al., 2020). The relationship underscores the importance of a well-informed, diverse, and expert-drive Board in maintaining optimal liquidity levels. Hence, it was hypothesised that ***H1yi: cognitive characteristics of SOE boards have a significant positive effect on Liquidity.***

4.4.5 Cognitive characteristics of SOE boards and SOEs revenue

Revenue refers to the total income or sales generated by a company or business entity from its primary operations (Papenfuß & Wagner-Krechlok, 2022). It represents the monetary inflow resulting from the sale of goods, provision of services, or other business activities to customers, clients, or other entities. Revenue is a fundamental component of a company's financial statement and is often referred to as the "top line" because it is listed at the beginning of the income statement (Sidki et al., 2023). The relationship between the cognitive characteristics of a board of directors and a company's revenue is a complex interplay that can significantly affect the company's performance and growth (Thompson et al., 2019).

Board level of education, such as the educational qualifications of board members, can influence strategic decision-making and the board's ability to comprehend and respond to complex business challenges (Thuy et al., 2022). According to Turyakira et al. (2023), a well-educated board with diverse academic backgrounds may bring a broader perspective and innovative solutions, potentially leading to more informed choices that positively affect revenue generation. Moreover, Wang and Cheng-Han (2020) stated that having a proportion of board members with specific business or management training can enhance the board's ability to navigate operational intricacies, potentially resulting in improved revenue strategies and financial outcomes (Wezel & Carvalho, 2022). Alternately, Yadav,

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Lakshmi, and Narbhariya (2021) presumed that the proportion of board members with substantial business or management experience is another critical factor. Executives with prior industry experience can offer practical insights, guide effective risk management, and provide valuable mentorship to the company's leadership (Zhao & Mao, 2023). Their seasoned perspectives may lead to better revenue-related decisions, such as market expansion, product diversification, or cost optimisation, which could positively affect the bottom line.

Furthermore, Yujie (2022) assumed that diversity in expertise and business/management experience could play a pivotal role in revenue growth. Additionally, Arora (2022) stated that a diverse board brings together individuals with varying perspectives, allowing for a more comprehensive analysis of challenges and opportunities. This diversity can lead to well-rounded strategies that cater to a broader range of customer needs, potentially expanding the company's market reach and boosting revenue. Additionally, Marimuthu (2020) emphasised that a board with members possessing a mix of business and non-business backgrounds can promote creative problem-solving and innovation, which are essential drivers of revenue growth in today's dynamic business landscape. The cognitive characteristics of a board, encompassing education, experience, and diversity, can collectively influence revenue outcomes by shaping strategic thinking, risk management, and innovation within a company (Adda, 2019). ***H1yii: cognitive characteristics of SOE boards have a significant positive effect on Revenue.***

4.4.6 Cognitive characteristics of SOE boards and SOEs profitability

Profitability refers to the financial condition or performance of a business or entity that indicates its ability to generate profit from its operations (Apriliyanti et al., 2023). It is a measure of the degree to which a company's revenues exceed its expenses, reflecting its capacity to create surplus income after accounting for all costs associated with production, operations, and other activities (Lin et al., 2020). The interplay between the cognitive characteristics of a board of directors and a company's profitability is a crucial dynamic that shapes the financial success of an

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organisation (Tang et al., 2020). The board's level of education can affect the depth and breadth of its understanding of market trends, competitive landscapes, and emerging opportunities. Peter et al. (2022) emphasised that a well-educated board may be better equipped to identify strategic avenues that enhance the company's competitive advantage, potentially leading to optimised operations, effective resource allocation, and ultimately improved profitability. Additionally, Klausen and Winsvold (2021) stated that board members with business or management training bring a refined skill set to decision-making processes, contributing to prudent financial strategies and risk management practices that safeguard profitability.

Alternately, Badarai et al. (2023) concluded that the proportion of board members with substantial business or management experience is a cornerstone in ensuring sound financial outcomes. These experienced individuals can provide valuable insights into operational intricacies, guiding the company through challenges and facilitating informed decision-making that bolsters profitability (Adda, 2019). Fiador (2023) assumed that board members with seasoned judgment can contribute to more accurate financial forecasting, effective cost management, and adept capital allocation, all of which play a pivotal role in sustaining and enhancing profitability over the long term. Again, El Refae et al. (2021) mentioned that diversity in expertise and business/management experience within the boardroom is another determinant of profitability. In addition, Mumut (2022) emphasised that a diverse board can offer a multitude of perspectives on crucial matters, helping to avoid groupthink and fostering innovative problem-solving approaches. This diversity can lead to more robust financial strategies, identification of untapped markets, and adaptive business models that align with changing consumer preferences. Ultimately, Gakpo et al. (2021) concluded that a board with members possessing diverse cognitive characteristics could contribute to a well-rounded decision-making process that positively affects profitability by anticipating shifts in the market and capitalising on emerging trends. Following these assumptions, it can be hypothesised that ***H1yiii: cognitive characteristics of SOE boards have a significant positive effect on Profitability.***

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4.5 SOE board characteristics and SOE governance practices

State-owned enterprise (SOE) governance practices refer to the set of principles, policies, procedures, and mechanisms that guide the management, oversight, and decision-making processes within state-owned enterprises (Jun, 2023). Effective governance practices are essential for ensuring transparency, accountability, and the responsible management of these entities, which are often owned or controlled by the government (Shaat et al., 2023). The relationship between State-Owned Enterprise (SOE) Governance Practices and state-owned enterprises (SOEs) board characteristics is inherently intertwined, as effective governance practices are intricately linked to the composition and attributes of the board of directors (Beck & Brødsgaard, 2022). Accountability, transparency, fairness, independence, and risk management are fundamental aspects of governance that directly affect board dynamics and decision-making processes (Lu & Zhu, 2020).

State-owned enterprise (SOE) Board Characteristics refer to the various attributes and qualities that define the composition, diversity, and expertise of the board of directors overseeing a state-owned enterprise (Nyingi, 2019). However, Turyakira et al. (2023) stated that SOE board characteristics and governance practices highlight the importance of board diversity in enhancing decision-making processes and reducing agency problems within state-owned enterprises. Oruke et al. (2020) analysed SOE governance practices, which emphasise the significance of board independence in mitigating political interference and ensuring the effective implementation of corporate governance mechanisms. Andrews (2022) examined the relationship between board size and SOE performance, which indicated that smaller boards tend to be more efficient in decision-making, leading to improved financial outcomes for state-owned enterprises. Therefore, prior studies have examined a strong relationship between SOE board characteristics and SOE Governance practices (Abang'a & Wang'ombe, 2020; Jahja et al., 2020; Gakpo et al., 2021).

Alternately, Maiwasha (2023) reported that accountability and transparency practices within SOE governance ensure that the board is held responsible for its

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decisions and actions. Ackers and Adebayo (2022) assumed that accountability encourages the board to be more diligent in selecting members with diverse demographics (board size, gender, ethnicity, age), cognitive characteristics (education, training, expertise), and experiences (business and management training, relevant expertise). Again, Antwi et al. (2021) presumed that an independent and diverse board composition promotes fair representation and enhances decision-making quality while also aligning with transparency efforts by offering a range of viewpoints that reflect the interests of stakeholders and the public. Furthermore, Abang'a and Tauringana (2023) reported that effective risk management, a key governance component, prompts SOEs to select board members with specialised expertise and relevant business training. These cognitive characteristics directly influence the entity's decision-making on strategic risk assessment and mitigation strategies (Muyonga, 2023). Ackers and Adebayo (2022) argued that a transparent, accountable, and fair governance framework fosters an environment where board members can contribute their expertise effectively and independently, ensuring that the SOE navigates challenges prudently.

It can, therefore, be argued that SOE board characteristics (demographic and cognitive characteristics) could impact SOE governance practices. This is because board diversity across attributes like gender, age, ethnicity, and professional background contributes to the greater independence of directors in several interlocking ways. Directors who come from underrepresented demographic groups or non-traditional career paths are more likely to bring fresh perspectives to the board rather than just reinforce conventional thinking (Abdullah et al., 2022). The experience of being an outsider in a realm dominated by certain identities makes diverse directors more inclined to scrutinise to minimise risk rather than acquiesce to management decisions. Likewise, minority status also motivates diverse directors to act independently in order to advance the interests of the constituencies they represent, which may otherwise receive inadequate attention (Orazalin & Baydauletov, 2022). For instance, female directors often raise issues

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affecting female employees or customers that male directors gloss over, which encourages fairness.

Furthermore, diverse directors see themselves as role models and feel an obligation to uphold high integrity standards by behaving independently to enhance their credibility (Brunsson & Bäckström, 2020). Minority directors face greater pressure to prove themselves through objective actions. Since diverse directors with diverse demographic and cognitive characteristics are more questioning of management decisions and bring an independent perspective, they are better able to uncover and criticise any lapses in accountability, transparency, or ethics (Clarke & Basuil, 2022). This diversity-driven independence strengthens adherence to good governance practices. There is, therefore, sufficient empirical evidence to support that SOE board characteristics could positively impact SOE governance practices. Thus, drawing from previous studies, H2x: board demographic characteristics have a significant positive effect on SOE governance practices, and ***H2y*: *board cognitive characteristics have a significant positive effect on SOE governance practices.***

4.6 SOE GOVERNANCE PRACTICES AND ITS ECONOMIC PERFORMANCE

The section presents an empirical review of the studies on SOE governance practices and SOE economic performance. Specifically, the study assesses the relationship between risk management, independence, fairness, transparency, accountability, and SOE economic performance. The next section explores each of these relationships in detail.

4.6.1 Risk management and SOE economic performance

Economic performance refers to the financial and operational outcomes achieved in terms of generating revenue, managing costs, achieving profitability, and contributing to economic growth (Ackers & Adebayo, 2022). For Ackers and Adebayo (2022), economic performance of SOEs can be evaluated based on various key indicators that reflect their financial health, efficiency, and overall

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impact on the economy. The relationship between risk management and State-Owned Enterprise (SOE) economic performance is integral and symbiotic (Adebayo & Ackers, 2022).

Risk management is the systematic process of identifying, assessing, analysing, mitigating, and monitoring potential risks or uncertainties that could affect an organisation's objectives, projects, operations, or assets. It involves taking proactive steps to minimise the negative impacts of potential risks while also capitalising on opportunities that may arise (Jagongo & Rop, 2021). However, Gakpo et al. (2021) stated that proactive risk management allows SOEs to anticipate and mitigate potential challenges, thereby safeguarding against unexpected financial setbacks. By assessing risks related to market volatility, regulatory changes, operational disruptions, and financial uncertainties, SOEs can develop strategies to manage these risks effectively (Agboga et al., 2020). This, in turn, contributes to stable revenue generation, optimised cost management, and improved profitability (Myeza et al., 2021). Moreover, (Alabdullah & Hussein, 2023) presumed that strong risk management practices could enhance the SOE's reputation, instil investor confidence, and attract potential partners or stakeholders, positively influencing their economic standing in the market. In essence, Oruke et al. (2020) assumed that risk management serves as a strategic tool to fortify SOEs against economic uncertainties, foster resilience, and bolster their economic performance.

Risk management, therefore, enables SOEs to anticipate threats to sales and revenue, whether from market factors like new competition or internal issues like production disruptions and advanced mitigation strategies that minimise revenue volatility and preserve income stability. Additionally, risk analysis reveals areas of potential cost overruns, like project delays or input price rises. SOEs can then implement targeted solutions like enhanced supplier management or production buffers to maintain cost control and operating efficiency (Gakpo et al., 2021). A mature risk management framework indicates financial prudence and oversight, inducing greater investor confidence. This enables SOEs to raise external capital

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more easily for financing growth initiatives (Alabdullah & Hussein, 2023). Finally, risk monitoring and mitigation make SOEs more adaptable to unforeseen scenarios like natural disasters or sudden regulatory changes. This organisational resilience enables maintaining continuity of operations and performance (Agboga et al., 2020). In essence, strong risk management practices help SOEs protect revenues, control costs, spot opportunities, attract investors, withstand shocks, and make judicious expansion decisions. This enhances multiple dimensions of economic performance, including profitability, growth, stability, and value creation. Following these assumptions, it can be hypothesised that ***H3: Risk management practices have a significant positive effect on SOE economic performance.***

4.6.2 Board independence and SOE economic performance

Independence refers to a state of being free from external control, influence, or reliance on others. It implies autonomy and the ability to make decisions and take actions without being unduly swayed by external pressures, interests, or biases (Sasidharan, 2020). The relationship between independence and State-Owned Enterprise (SOE) economic performance is fundamental and multifaceted (Bezuidenhout, 2021). State-Owned Enterprise (SOE) Economic Performance refers to the financial and operational outcomes achieved by government-owned or controlled entities within a country (Lastrada & Anggraita, 2020). Alternately, Lin et al. (2020) reported that SOEs possess a degree of independence, which empowers them to pursue business strategies that align with their unique goals and market dynamics. This autonomy allows SOEs to innovate, adapt swiftly to changing circumstances, and capitalise on opportunities that could positively affect their economic performance.

Furthermore, Limbo (2019) concluded that independence could foster responsible decision-making and accountability within SOEs. In addition, Chukwuma et al. (2021) inferred that an independent SOE is more likely to focus on long-term sustainability, ethical conduct, and optimal resource allocation, which are critical factors influencing economic outcomes. Conversely, Gakpo et al. (2021) stated

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that undue interference or lack of independence could hinder strategic initiatives, compromise operational efficiency, and hinder the ability to respond effectively to market shifts. Finally, Ohemeng et al. (2020) presumed that a balance between independence and appropriate oversight is essential for SOEs to thrive economically, promoting a dynamic environment that supports growth, innovation, and value creation for stakeholders. In essence, SOE independence enables business agility, innovation, cost optimisation, and financial discipline, which are required for strong economic performance. However, good governance practices for accountability remain essential. The right equilibrium of autonomy and supervision is key to maximising SOE financial sustainability, value creation and support for national economic objectives. This leads to the hypothesis that ***H4 Board independence has a significant positive effect on SOE economic performance.***

4.6.3 Board fairness and SOE economic performance

Fairness refers to the quality of being just, equitable, and impartial in the treatment of individuals, groups, or situations. It involves treating people with respect and without discrimination, ensuring that decisions and actions are unbiased and guided by principles of equality and justice (Du et al., 2018). Fairness provides a positive work atmosphere, boosts employee morale, and inspires devotion to the organisation's objectives. This good work environment may lead to higher staff productivity, innovation, and lower turnover, all of which contribute to enhanced operational efficiency and, as a result, improved SOE economic performance (Duan et al., 2022).

Economic Performance of State-Owned Enterprises (SOE) refers to the financial and operational results obtained by government-owned or government-controlled enterprises inside a nation (Yujie, 2022). The economic performance of SOEs is measured using a variety of variables that assess their capacity to produce income, control expenses, attain profitability, and contribute to overall economic growth (Hermanto et al., 2021). Furthermore, Collins et al. (2021) stated that fairness

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extends to SOE relationships with stakeholders such as consumers, suppliers, and the public. Also, Maimunah, Winarningsih, and Farida (2022) stated that when SOEs prioritise fairness in pricing, quality of service, and engagement, it fosters trust and loyalty among stakeholders. This, in turn, can translate into sustained public relationships, business partnerships, and community support, bolstering the SOE's reputation and financial standing. In essence, Li's (2023) presumed commitment to fairness throughout an SOE's operations serves as a foundation for ethical conduct and stakeholder satisfaction and ultimately contributes to long-term economic success. Thus, drawing from previous studies proposed: ***H5: Fairness practices have a significant positive effect on SOE economic performance.***

4.6.4 Board transparency and SOE economic performance

State-owned enterprise (SOE) economic performance refers to the financial and operational outcomes achieved by government-owned or controlled entities within a country (Li et al., 2019). These entities, often established to operate in various sectors of the economy, can include businesses, corporations, and organisations that are partially or wholly owned by the government (Mohallem, France & De Vasconcelos, 2020). The relationship between transparency and State-Owned Enterprise (SOE) economic performance is pivotal and mutually reinforcing (Mohallem et al., 2020). Transparency refers to the practice of openly sharing information, data, processes, and decisions with stakeholders in a clear, accessible, and honest manner (Zhao & Mao, 2023). Transparency involves providing insight into an organisation's operations, financial performance, decision-making, and other relevant aspects without hiding or distorting information (Keremidchiev & Nedelchev, 2022). According to Gakpo et al. (2021), when SOEs prioritise transparency, it enhances trust and accountability, leading to improved economic performance. For these authors, transparency fosters a climate of accountability, where decisions are made with integrity and stakeholders are informed about the reasoning behind those decisions. This can result in increased investor confidence, attracting capital investments that can facilitate growth and

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expansion. Additionally, Duho and Quansah (2022) concluded that transparent operations often lead to better-informed decision-making, as both internal and external stakeholders have access to critical information. Additionally, Bett and Kihara (2022) state that Informed decisions can lead to optimised resource allocation, more effective strategic planning, and the identification of new growth opportunities. Furthermore, Wezel and Carvalho (2022) premised that transparency improves customer and public perception, contributing to positive brand reputation and consumer loyalty. Mumba and Kazonga (2021) presumed that increased goodwill can lead to higher customer retention rates and potentially increased sales, ultimately boosting revenue and the overall economic performance of SOEs. Following these assumptions, it can be hypothesised that ***H6: Board transparency has a significant positive effect on SOE economic performance.***

4.6.5 Board accountability and SOE economic performance

State-Owned Enterprise (SOE) Economic Performance refers to the financial and operational outcomes achieved by government-owned or controlled entities within a country (Park, 2021). The relationship between accountability and State-Owned Enterprise (SOE) economic performance is fundamental and mutually reinforcing (Muyonga, 2023). Accountability refers to the obligation and willingness of individuals, organisations, or entities to take responsibility for their actions, decisions, and outcomes (Robinett, 2019). Accountability involves being answerable for one's conduct, performance, and the consequences of one's choices, especially in situations where these choices affect others or have broader implications (Royo et al., 2019). Accountability within SOEs involves the willingness of these entities to take responsibility for their actions, decisions, and outcomes (Thuy et al., 2022). When SOEs uphold a culture of accountability, they promote transparency, ethical conduct, and effective governance practices, all of which directly influence economic performance. According to Klausen and Winsvold (2021), accountability enhances the alignment of SOE activities with strategic goals and stakeholder interests. Alternately, Hermanto et al. (2021) stated

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that by ensuring that decisions are made with integrity and that the consequences of those decisions are acknowledged, SOEs build trust among employees, customers, investors, and the public. In addition, Ackers and Adebayo (2022) trust can lead to improved stakeholder engagement, enhanced reputation, and a positive impact on the organisation's economic prospects. Moreover, Jagongo and Rop (2021) discovered that accountability encourages efficient resource utilisation, effective risk management, and proactive problem-solving. Lin et al. (2020) assumed that when accountability is upheld across all levels of the organisation, it facilitates sound decision-making, responsible financial management, and the ability to adapt to changing market conditions. Ultimately, Baum et al. (2020) stated that a strong culture of accountability within SOEs contributes to their sustainable growth, competitiveness, and positive economic performance. Therefore, the hypothesis is as follows: ***H7: board accountability has a significant positive effect on SOE economic performance.***

4.6.6 The mediating role of governance practices

The mediating role of State-Owned Enterprise (SOE) governance practices, including accountability, transparency, fairness, independence, and risk management, can have a profound impact on the relationship between demographic and cognitive characteristics of the board and SOE economic performance indicators (Dang et al., 2021). According to Gakpo et al. (2021), governance practices serve as mechanisms that channel the effects of board demographics and cognitive attributes, ultimately influencing the economic performance outcomes of the SOE. Previous studies have identified the mediating role of SOE governance practices on SOE board characteristics and SOE economic performance (Apau & Sibindi, 2023; Chukwuma et al., 2021; Adda, 2019; Bett & Kihara, 2022). According to Duho and Quansah (2022), effective governance practices, such as accountability and transparency, ensure that the decision-making process is open to scrutiny and that actions are aligned with the organisation's interests. Alternately, Andrews (2022) states that diverse board composition, in terms of demographics and cognitive characteristics, can benefit

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from these practices by allowing different perspectives to be considered and enhancing the board's ability to make well-informed decisions. Furthermore, Adebayo and Ackers (2022) emphasised that the presence of independent directors can mitigate conflicts of interest and promote fairness in decision-making. These practices collectively shape the environment in which board characteristics interact with SOE economic performance indicators (Adebayo & Ackers, 2022). Ohemeng et al. (2020) presumed that when considering the mediating role of governance practices, it is important to recognise that a well-governed SOE is more likely to effectively utilise the demographic and cognitive attributes of its board members. For instance, Ackers and Adebayo (2022) presumed that a diverse board with members possessing relevant business expertise could drive effective risk management and strategic decision-making, resulting in improved economic performance indicators such as liquidity, revenue, and profitability. The interplay between board characteristics and SOE economic performance is intricately influenced by the mediating effect of strong governance practices, which create an environment where diversity and expertise translate into better decision-making and improved financial outcomes (Abang'a & Wang'ombe, 2020). Following these assumptions, it can be hypothesised that ***H8: Board governance practices mediate the relationship between SOE board characteristics and SOE economic performance.***

4.7 THE CONCEPTUAL FRAMEWORK

The study comprises three main variables: board characteristics, governance practices, and economic performance. The independent variable, SOE board characteristics, consists of two main dimensions: demographic characteristics and cognitive characteristics. The mediating variable, SOE governance practices, is measured using five dimensions, including board risk management, board independence, board fairness, board transparency, and board accountability. Finally, the dependent variable, SOE economic performance, is measured using liquidity, revenue, and profitability.

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Based on the theoretical framework and existing empirical evidence, the following conceptual framework in Figure 4.1 was developed for the study. In the study, it is proposed that the characteristics of SOE boards will have a positive association with SOE economic performance. Furthermore, it is proposed that SOE board characteristics will have a significant positive relationship with SOE governance practices. Additionally, it is proposed that SOE governance practices will have a positive relationship with SOE economic performance. Based on this research, it is proposed that a significant positive association will exist between board risk management, board independence, board fairness, board transparency, board accountability, and SOE economic performance (see Figure 4.1). In this study, it is further suggested that SOE governance practices will mediate the relationship between SOE board characteristics and SOE economic performance.

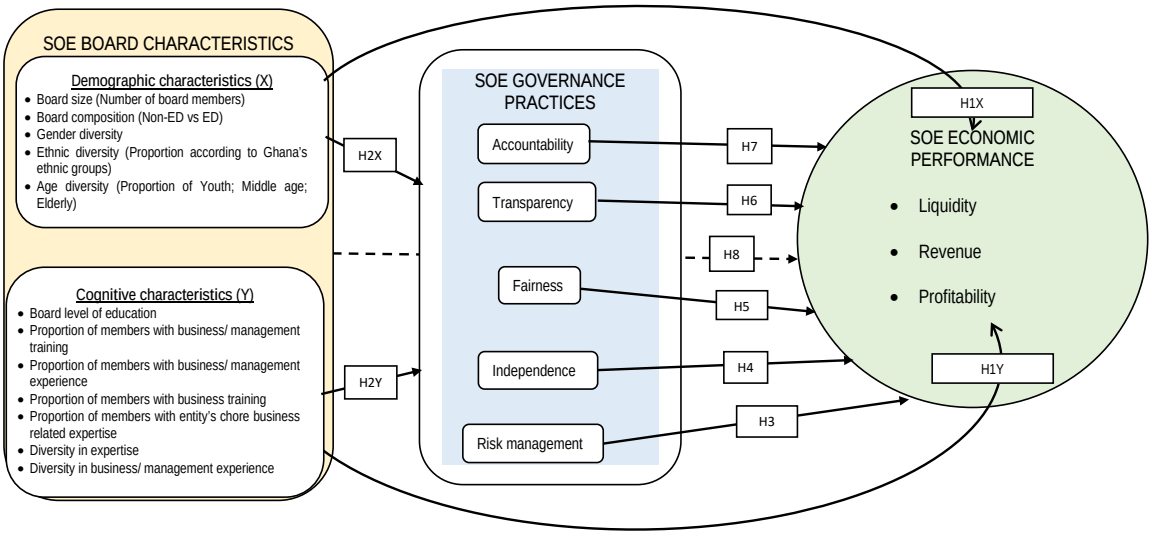

Figure 4.1: The conceptual framework for the study

4.8 CHAPTER SUMMARY

This chapter presents a comprehensive overview of the theoretical foundations that underpin the research on corporate governance and the performance of state-owned enterprises (SOEs) in Ghana. The chapter begins by discussing various competing theories, including stewardship, institutional, public choice, Marxist, politicised bureaucracy, agency, and stakeholder perspectives. The key tenets,

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criticisms, and justifications for applying each theory to understand SOE governance and performance are examined in detail.

Marxist theory, for instance, focuses on class interests and can explain elite capture in SOEs. On the other hand, politicised bureaucracy highlights the tensions between political control and professional interests. The chapter also highlights the importance of understanding the characteristics of SOE boards and their relationship with SOE economic performance. It is proposed that board risk management, board independence, board fairness, board transparency, board accountability, and SOE governance practices will have a positive association with SOE economic performance. Additionally, SOE governance practices will mediate the relationship between SOE board characteristics and SOE economic performance. Agency theory focuses on principal-agent dilemmas arising from ownership-control separation. Stakeholder theory underscores SOEs' varied accountabilities beyond the state owner. Together, these diverse lenses illuminate issues of cronyism, goal conflicts, information asymmetries, and balancing stakeholder demands that characterise SOE governance in Ghana. Their interdisciplinary pluralist application provides a robust framework to analyse the complex linkages between SOE reform policies, governance practices, and performance outcomes from multiple vantage points.

The chapter also examined empirical studies on the relationships between SOE board characteristics, governance practices, and economic performance in Ghana. Board characteristics were categorised into demographic and cognitive attributes. Demographic diversity in size, composition, gender, ethnicity, and age were linked to positive impacts on liquidity, revenue and profitability, though excessive heterogeneity could impede decision-making. Cognitive attributes like education, expertise, experience, and training could enhance performance outcomes. Further, board characteristics were associated with stronger governance practices like accountability, transparency, fairness, and risk management. In turn, governance practices could have positive effects on SOE financial performance indicators. Risk management, independence, fairness, transparency, and accountability could help

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safeguard revenue stability, control costs, attract investment, ensure ethical conduct and support growth. Additionally, governance practices could mediate the relationship between board characteristics and economic performance, as they enabled diverse and expert boards to translate attributes into effective decisions. In summary, board characteristics, governance practices, and SOE performance are intricately linked, suggesting an integrated approach is needed to harness their synergistic effects on SOE's financial sustainability and value creation.

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CHAPTER 5: RESEARCH METHODOLOGY

5.1 INTRODUCTION

This chapter outlines the methodology adopted for investigating the complex nexus among corporate board characteristics, governance practices, and the performance of SOEs in Ghana. Anchored in a pragmatic research philosophy, the study employs a mixed-methods, integrating qualitative and quantitative methods to offer a multi-dimensional perspective on the subject matter. This chapter explains the research design, approach, sample size, sampling procedure, data collection instruments, and data analysis strategies. It delves into the intricacies of pragmatism as the guiding paradigm, explicating its suitability for the research and its implementation in various study components.

5.2 RESEARCH PHILOSOPHY

As stated above, the research philosophy that anchored the examining of the nexus among corporate governance policy changes, corporate governance practices, and the performance of state-owned enterprises (SOEs) in Ghana is the pragmatist paradigm.

5.2.1 The pragmatist paradigm

Pragmatism, rooted in the works of philosophers such as Charles Sanders Peirce, William James, and John Dewey, posits that the value of any theory lies in its practical utility (Menand, 1997). In pragmatism, truth is viewed as a product of the interaction between the knower and the known, and knowledge is seen as an instrument or tool for coping with the world (James, 1907). This paradigm eschews the traditional dichotomy between positivist and constructivist paradigms, focusing instead on what works as the truth regarding the research questions at hand (Johnson & Onwuegbuzie, 2004).

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The pragmatist paradigm is particularly suited to mixed-methods research since it allows for the use of both qualitative and quantitative methods in a complementary manner, emphasising the importance of the research question/s and the practical consequences of the research (Tashakkori & Teddlie, 1998). In this study, pragmatism justifies the use of both qualitative methods (to understand the nuances of corporate governance in Ghana) and quantitative methods (to empirically examine the relationships between governance practices and SOE performance).

A key aspect of the pragmatist paradigm is its flexibility and openness to different methods, theories, and worldviews (Morgan, 2014). This approach allows the researcher to select methods and strategies that are most effective for answering the research questions without being constrained by methodological purism. In the context of this study, this means adopting a flexible approach to data collection and analysis and choosing methods that are most appropriate for each aspect of the research.

5.2.2 Implementation of the pragmatist paradigm in the study

Under the pragmatist paradigm, qualitative methods are used to gain a deep understanding of the corporate governance framework in Ghana. This involves analysing policy documents and/or legal texts and conducting interviews with stakeholders. The aim is to understand the subjective experiences and interpretations of individuals within the SOE governance framework.

The quantitative aspect of the study, also guided by pragmatism, involves statistical analysis of data related to board characteristics, governance practices, and SOE economic/financial performance. This approach seeks to identify patterns, correlations, and potential causal relationships, providing a more objective measure of these elements.

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Consistent with the pragmatist philosophy, the study integrates findings from both qualitative and quantitative methods. This integration is guided by the practical aim of providing a comprehensive understanding of the research problem rather than by the constraints of any specific methodological tradition.

The pragmatist paradigm provides a robust and flexible philosophical foundation for this mixed-methods study. The paradigm supports the use of diverse methodologies guided by the practical needs of the research and the nature of the research questions. This approach enhances the study's capacity to develop a comprehensive understanding of the complex dynamics between corporate governance policy changes, practices, and the performance of SOEs in Ghana.

5.3 RESEARCH DESIGN AND APPROACH

5.3.1 Research design

The research was structured as a cross-sectional mixed-method design. Cross-sectional studies, often likened to a snapshot in time (Bryman, 2012), allow for the examination of phenomena at a specific point, providing a detailed portrait of the situation as it stands. Given the nature of this research aimed at discerning current relationships and patterns without the temporal depth of longitudinal studies, a cross-sectional design was deemed most appropriate.

Within this design, data was collated from a range of SOEs within Ghana, capturing a plethora of board characteristics, governance practices, and performance indicators. By analysing this data through the prism of Structural Equation Modelling (SEM), the study was able to derive robust, statistically significant insights into the relationships at play.

In sum, the marriage of an explanatory study type with a cross-sectional, mixed-method design ensured that this research was anchored in methodological rigour and uniquely positioned to offer rich, empirical insights into the corporate governance realm of Ghana's SOEs.

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5.3.2 Research approach

The study employs an abductive research approach, a methodological stance that is particularly suited to the exploratory and integrative nature of the mixed-methods research design, as advocated by Tavory and Timmermans (2014).

Abduction, a term originally coined by the philosopher Charles Sanders Peirce, refers to a form of logical inference that starts with an observation and then seeks to find the simplest and most likely explanation (Peirce, 1931, 1958). This approach involves moving back and forth between theory and data, iteratively developing and refining theories to best explain the observed phenomena, a process well-articulated by Kovács and Spens (2005). The abductive approach is chosen for this study due to its flexibility and its capacity to accommodate the complexity and dynamism inherent in examining corporate governance within the context of SOEs in Ghana.

The abductive approach is particularly well-suited to mixed-methods research because it allows for a fluid interplay between qualitative and quantitative data, facilitating a comprehensive understanding of the research problem, as highlighted by Morgan (2007). In this study, abduction guides the process of integrating insights from both qualitative and quantitative components, enabling a more holistic understanding of how policy changes impact governance practices and SOE performance.

The abductive approach in this study involves an iterative process where theories about corporate governance and SOE performance are continuously refined based on empirical data, a concept discussed by Timmermans and Tavory (2012). This process begins with an exploration of existing theories and frameworks related to corporate governance. As new data is gathered through qualitative and quantitative methods, these theories are revisited and revised, ensuring that the theoretical framework remains grounded in empirical evidence.

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In the qualitative phase, the abductive approach manifests in the analysis of policy documents, legal texts, and stakeholder/respondent interviews. This approach allows for a nuanced understanding of the legal and regulatory framework and its interpretation by various stakeholders.

For the quantitative component, the abductive approach involves using statistical methods to test and refine hypotheses about the relationships between board characteristics, governance practices, and SOE performance. The findings from this analysis may either support or challenge existing theories, leading to further refinement of the theoretical framework, as suggested by Ketokivi and Choi (2014).

The abductive approach is crucial in integrating the findings from both qualitative and quantitative strands of the study. This integration involves a continuous dialogue between data and theory, ensuring that the conclusions drawn from the study are both empirically grounded and theoretically robust, as Fletcher (2017) emphasises in his discussion on qualitative research methods.

5.4 SAMPLE SIZE AND SAMPLING PROCEDURE

The determination of sample size and the selection process are crucial aspects of any empirical study. These elements ensure that the results are generalisable and robust, which in turn underpins the reliability of research conclusions. However, the challenge of these elements is even more pronounced in studies that involve multifaceted entities. For instance, a study that seeks to measure Ghana's SOE performance requires an intricate balance between the adequacy of representation and logistical feasibility. As Creswell (2014) notes, this can be a daunting task.

5.4.1 Sample size

In light of this study's focus on corporate governance within Ghana's SOEs, a sample size of thirty-six (36) SOEs was settled upon. According to SIGA's 2022 records, this figure represents more than 30% of all SOEs in Ghana. It is

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noteworthy that a sizeable body of academic literature supports the 'rule of thumb', which posits that capturing at least 30% of a finite population can be deemed as a representative sample (Krejcie & Morgan, 1970). Specifically, Krejcie and Morgan (1970) emphasise that when the population is diverse, as with Ghana's SOEs, a sample representing at least 30% of the total is sufficiently robust to infer generalisations about the entire population.

5.4.2 Sampling procedure

In terms of procedure, stratified random sampling was the chosen technique. Bryman (2012) elucidates that this approach allows for the categorisation of a population into homogenous groups or strata, ensuring that the sampling process within these strata is random. Given the variances among Ghana's SOEs in parameters such as size, sector, and performance metrics, stratification facilitated the accurate representation of each distinct group.

Within the strata formed a simple random sampling was then conducted. As underscored by Saunders et al. (2009), this method ensures an equal selection chance for each member, greatly minimising biases and further enhancing the validity of the research conclusions. A total of 500 self-administered questionnaires were distributed, and 412 were returned and used. This represents an 82.4% response rate.

The strategic alignment of a rule-of-thumb-backed sample size with a scientifically rigorous sampling technique was pivotal. This amalgamation sought to endow the study with empirical validity, ensuring the findings truly reflect the broader landscape of SOEs in Ghana.

5.5 DATA COLLECTION INSTRUMENT

In the pursuit of comprehensive insights into the corporate governance practices and economic performance of SOEs in Ghana, below is a comprehensive

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breakdown of the various sections of the data collection instrument, inclusive of the nature of data sought in each.

5.5.1 Demographics of respondents

This section primarily sought to capture the demographic details of the respondents. Key elements addressed in this segment included gender, highest educational qualification, age, the organisation of employment, length of service, department of operation, and the position occupied within the organisation. By capturing this data, the research aimed to understand the diversity and background of its respondents, thereby providing a foundation for analysing subsequent responses in the context of these demographics.

5.5.2 Corporate governance practices

In this section, respondents were invited to indicate their level of agreement or disagreement with a series of statements related to corporate governance practices. These statements were grouped under five thematic areas: Board's Risk Management, Board Independence, Board Fairness, Board Transparency, and Board Accountability. Each statement was evaluated using a 5-point Likert scale, ranging from 'Strongly Agree' to 'Strongly Disagree'. This format allowed for the nuanced capture of respondents' perceptions and beliefs regarding their company's governance structures and their impact on performance.

5.5.3 Respondent's perception of SOE economic performance

This section further delved into the respondents' perceptions concerning the economic performance of their respective organisations. Here again, a 5-point Likert scale was utilised, with statements focusing on revenue targets, profitability, and liquidity growth, among others. The purpose of this segment was to gauge the perceived economic success or challenges of the SOEs from the viewpoint of those within the organisation.

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5.5.4 Board characteristics

It should be noted that this section was reserved exclusively for the researcher and was not to be filled out by the respondents. Instead, data for this section would be obtained from official SOE records. This section aimed to extract data on various board characteristics such as board size, composition, educational levels, gender diversity, age diversity, diversity in expertise, business/management experience, and ethnic diversity. By studying these parameters, the research intended to investigate the correlation, if any, between board characteristics and corporate governance efficiency.

5.5.5 SOE economic performance

Similar to the preceding section on board characteristics, this part was solely for the researcher's use. The intention here was to gather data from official SOE records regarding key economic performance indicators like Return on Assets (ROA), Return on Equity (ROE), Tobin’s q, Debt ratio, and the size of the SOE. This data would provide an empirical foundation upon which perceptions gathered in earlier sections could be compared and analysed. However, due to limited data, the available shares for over 90% of sampled SOEs were restricted to only ROA and ROE, which are key economic performance indicators.

5.6 DATA ANALYSIS

Within the confines of this research, the overarching objective was twofold. Firstly, it aimed to critically analyse and understand the legal framework of corporate governance in Ghana. Secondly, it aimed to uncover the complex relationships between corporate board characteristics, governance practices, and SOE performance. To achieve this dual objective, the research employed a composite analytical strategy that utilised both qualitative and quantitative methodologies (mixed methods).

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In the initial stage of the analytical process, a qualitative assessment was conducted through document analysis. This method allowed for a thorough examination of various documents, providing a comprehensive understanding of the current corporate governance landscape. Moving into the quantitative realm, Structural Equation Modelling (SEM) was utilised as the analytical beacon. The research utilised SMART PLS 4 software to navigate the complex relationships and nuances, aiming to uncover the connections between the constructs. The diagrams can be found in section 6.4.2.1, specifically Figures 6.7a to 6.9.

The subsequent sections describe the elaborate methodologies and analytical pathways undertaken during this study, offering a window into the rigorous analytical rigour and depth embedded within this research. Through a meticulous combination of document analysis and SEM, this research aspires to contribute an insightful, robust, and nuanced understanding of the corporate governance narrative as it pertains to Ghanaian SOEs.

This introduction aims to set the stage for the detailed exploration of the methodologies employed in the subsequent sections.

5.6.1 Document analysis

Within the context of this research study, document analysis was judiciously employed as a primary qualitative research method to critically evaluate the prevailing corporate governance legal framework for State-Owned Enterprises (SOEs) in Ghana. The subsequent sections provide an intricate breakdown of the methodology adopted, elucidating the selection, examination, and interpretation of the various documents consulted.

5.6.2 Document selection and categorisation

The initial phase involved the meticulous identification and selection of pertinent documents. These encompassed:

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- Statutory instruments, such as the SIGA Act and related legislative documents,
- Official publications, including annual reports, policy statements, and strategic framework documents from relevant governmental bodies,
- Previous scholarly research articles, conference papers, and white papers deliberated on Ghana's corporate governance landscape.

The documents were categorised based on their source, relevance, publication date, and type (e.g., legal, organisational, academic) to ensure a comprehensive and organised analysis.

5.6.3 Data extraction and preliminary analysis

Each document underwent a rigorous data extraction process, where key tenets related to corporate governance, board composition, executive influence, and best practices were highlighted. Initial interpretations were noted, and a meta-data table was developed to capture the essence of each document, including its primary focus, main arguments, and notable findings.

5.6.4 Thematic analysis

Post-preliminary analysis, a thematic approach was adopted. Key themes and sub-themes emerging from the documents were identified and clustered. For instance, themes like 'Board Composition,' 'Transparency and Accountability,' 'Executive Influence,' and 'Regulatory Compliance' emerged as predominant discussion areas.

5.6.5 Cross-document synthesis

Given the diverse array of documents under review, a cross-document synthesis was pivotal. This step involved juxtaposing findings from different documents to identify consistencies, disparities, gaps, or trends in the corporate governance discourse.

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5.6.6 Critical analysis

Leveraging a critical lens, the study interrogated the underlying assumptions, biases, or perspectives inherent in each document. Questions were raised regarding the potential influence of political, economic, or socio-cultural factors on the framing of the governance framework. Moreover, the documents were also examined in light of their temporal context, considering the evolving nature of corporate governance paradigms.

5.6.7 Validation and reliability of the qualitative study

Document analysis, as a method, proved instrumental in furnishing a nuanced, in-depth, and holistic understanding of the corporate governance legal framework for SOEs in Ghana. By amalgamating insights from legal, organisational, and academic documents, the study was able to capture the multifaceted nature of governance structures while concurrently ensuring the analysis was grounded, comprehensive, and critically informed. Through this meticulous approach, the study not only deciphered the written tenets of governance but also unearthed the implicit narratives, ideologies, and dynamics shaping the SOE governance landscape in Ghana.

5.7 STRUCTURAL EQUATION MODELLING

The Structural Equation Modelling (SEM) using SMART PLS 4 software was further used to assess the study. The diagram depicting the relationships is presented in Chapter 6, section 6.4.2.1.

At the outset, the object of this analysis was constructed by the conceptualisation and operationalisation of latent variables. Each latent variable, representing constructs like board characteristics and governance practices, was meticulously defined by a set of indicators grounded in existing literature, best practices, and empirical considerations. This laid the groundwork for subsequent SEM analyses.

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By practice, before delving into the structural model, it is imperative to validate the measurement model, ensuring it reliably represents the constructs under study. This step is pivotal in verifying the validity and reliability of the constructs, ensuring that they aptly encapsulate their underlying indicators. The Composite Reliability (CR), which typically surpasses a threshold of 0.7, confirms the satisfactory reliability of each construct. Alongside this, both convergent and discriminant validity were assiduously vetted. Convergent validity with Average Variance Extracted (AVE) values exceeding 0.5, while the Fornell-Larcker criterion ensures the distinctiveness of each construct. However, for this study, the unit of analysis was the SOE and not the individual responses from the employees. Therefore, the responses to the questionnaire by the employees for each construct were transformed into averages at the SOE level. Hence, Cronbach's alpha for each construct was used to establish the reliability of each construct and the research instrument as a unit.

With a robust measurement model in place, the spotlight then shifted to the structural model. The primary objective here was to decipher the strength and direction of relationships between constructs. Computing path coefficients achieved this. The significance of these coefficients was subsequently ascertained through a bootstrapping procedure with 5,000 resamples, a gold standard in PLS-SEM. By juxtaposing the derived t-statistic values against critical values from the t-distribution, the significance of relationships was established. The p-values further buttressed these findings, offering a gradient of significance ranging from highly significant to not significant.

An intriguing layer to this analysis was introduced by Objective 7, which explored the mediation effect of corporate governance practices. Here, indirect paths within the model were painstakingly delineated and tested. The bootstrapping approach once again came to the fore, illuminating the significance of these indirect effects. This mediation analysis, fortified by the combined insights from direct and indirect paths, bestowed the research with rich, multi-dimensional perspectives.

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In closing the analytical loop, while PLS-SEM does not dwell heavily on global fit indices, a few were still consulted to affirm the model's robustness. The Standardised Root Mean Square Residual (SRMR) was a pivotal touchpoint, with values beneath 0.08 affirming a good fit. The model's predictive prowess was further ratified through blindfolding procedures, though path coefficients and their significance remained the linchpin.

In sum, the methodological expedition undertaken using SMART PLS 4 provided a rigorous and nuanced lens, effectively shedding light on the intricate relationships pivotal to the Ghanaian SOE landscape. The result was a rich tapestry of insights that stand to significantly contribute to both academic discourse and practical implications in the realm of corporate governance in Ghana's SOEs.

5.8 CHAPTER SUMMARY

This chapter has systematically delineated the research methodology employed in investigating the relationship between corporate governance and the performance of state-owned enterprises (SOEs) in Ghana. The methodology was carefully crafted to address the multifaceted nature of the research questions and objectives, ensuring a comprehensive and robust analysis.

The study was grounded in the pragmatist paradigm, providing a flexible and practical framework for integrating both qualitative and quantitative methods. This approach facilitated a balanced exploration of the complex realities of corporate governance in Ghana's SOEs, allowing for a nuanced understanding of both subjective experiences and objective performance metrics. A cross-sectional, mixed-methods design was adopted, enabling the study to capture a snapshot of the current state of corporate governance and SOE performance in Ghana. The abductive research approach was instrumental in iteratively refining theories and integrating insights from both qualitative and quantitative data.

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In terms of sample size and sampling procedure, the study utilised a stratified random sampling technique to select a representative sample of 36 SOEs from Ghana. This approach ensured the diversity and generalisability of the findings, meticulously balancing representativeness with logistical feasibility. The data collection strategy was comprehensive, encompassing demographic details, perceptions of corporate governance practices, economic performance, and board characteristics. This multi-faceted approach ensured a holistic collection of data relevant to the study's objectives.

The data analysis was conducted in two primary layers: qualitative document analysis and quantitative analysis using Structural Equation Modelling (SEM). Document analysis provided in-depth insights into the corporate governance framework, while SEM enabled the exploration of relationships between various constructs related to governance and SOE performance. This qualitative method allowed for a critical evaluation of the corporate governance legal framework, providing a rich context for understanding the governance landscape in Ghana's SOEs. SEM was pivotal in quantitatively assessing the relationships between board characteristics, governance practices, and SOE performance. This methodological approach provided statistically significant insights and helped in understanding the mediation effects within the governance framework.

The chapter has demonstrated a rigorous and methodologically sound approach to exploring the intricate dynamics of corporate governance and performance in Ghana's SOEs. The mixed methods approach, grounded in pragmatism and executed through a combination of document analysis and SEM, has provided a rich and nuanced understanding of the subject matter. This methodological rigour ensures that the findings of this study are robust, reliable, and meaningfully contribute to the field of corporate governance in the context of state-owned enterprises.

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CHAPTER 6: RESULTS AND DISCUSSION

6.1 INTRODUCTION

The corporate landscape in Ghana, like many other nations, has witnessed significant transformations in recent years. State-owned enterprises (SOEs) play a pivotal role in the country's economic development, making their performance a subject of substantial academic and practical interest. This research study, titled "The Nexus among Corporate Board Characteristics, Governance Practices, and Performance of State-owned Enterprises in Ghana," has been conducted to shed light on the intricate relationship between various facets of corporate governance and the performance of SOEs within the Ghanaian context.

In the preceding chapters, the researcher has extensively reviewed the literature, formulated research hypotheses, and provided an in-depth analysis of the data collection and research methodology. In this results and discussion chapter, the researcher presents and discusses the outcomes of the empirical investigation, which seeks to answer the central research question: How do corporate board characteristics and governance practices influence the performance of state-owned enterprises in Ghana?

This chapter is organised into three major sections as follows. It begins with a recap of the study objectives and hypotheses**.** In this section, the research objectives and objectives are recapitulated to facilitate a better overall comprehension of the chapter. The results and discussion of the literature review follow next. This section provides a summary of the major findings and conclusions based on the literature review, which has a bearing on some of the research objectives. Lastly, the results and discussion of the empirical research are presented and discussed. This section reports and discusses descriptive statistics and hypothesis testing. Under the descriptive statistics, the response rate is presented and discussed, followed by other descriptive statistics of the demographic and financial characteristics of the sample of state-owned enterprises included in the study. Next, the researcher

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presents the inferential statistical analysis results concerning the objectives linked to the research hypotheses.

By delving into these aspects, this chapter aims to provide a comprehensive analysis of the research outcomes, contributing to the ongoing discourse on corporate governance, state-owned enterprises, and business performance in the Ghanaian landscape.

6.2 Recapping the objectives and hypotheses

This section provides a summary of the major findings and conclusions based on the literature review, which has a bearing on some of the research objectives.

6.2.1 Objectives

The objectives of the study are to:

1. Identify the key elements of corporate board characteristics.
2. Identify the key elements of good corporate governance practices.
3. Critically evaluate the current corporate governance legal framework
4. Determine the direct influence of corporate board characteristics on SOE economic performance.
5. Determine the influence of corporate board characteristics on corporate governance practices of SOEs.
6. Determine the influence of corporate governance practices on SOE economic performance.
7. Determine the indirect influence of corporate board characteristics on SOE economic performance via corporate governance practices. That is, to determine the mediating effect of corporate governance practices in the board characteristics and SOE economic performance relationship.
8. Provide recommendations for enhancing corporate governance in Ghanaian SOEs with the aim of contributing to their optimal economic performance.

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6.2.2 Hypotheses

H1: Corporate board characteristics significantly influence SOE economic performance.

- *H1x: Board demographic characteristics significantly influence SOE economic performance.*
- *H1y: Board cognitive characteristics significantly influence SOE economic performance.*

H2: Corporate board characteristics significantly influence the corporate governance practices of SOEs.

- *H2x: Board demographic characteristics significantly influence the corporate governance practices of SOEs.*
- *H2y: Board cognitive characteristics significantly influence the corporate governance practices of SOEs.*

H3: Risk management significantly influences SOE economic performance.
H4: Board independence significantly influences SOE economic performance.
H5: Board fairness significantly influences SOE economic performance.
H6: Board transparency significantly influences SOE economic performance.
H7: Board accountability significantly influences SOE economic performance.
H8: Board characteristics indirectly influence SOE economic performance via governance practices.

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6.2.3 The proposed conceptual framework tested

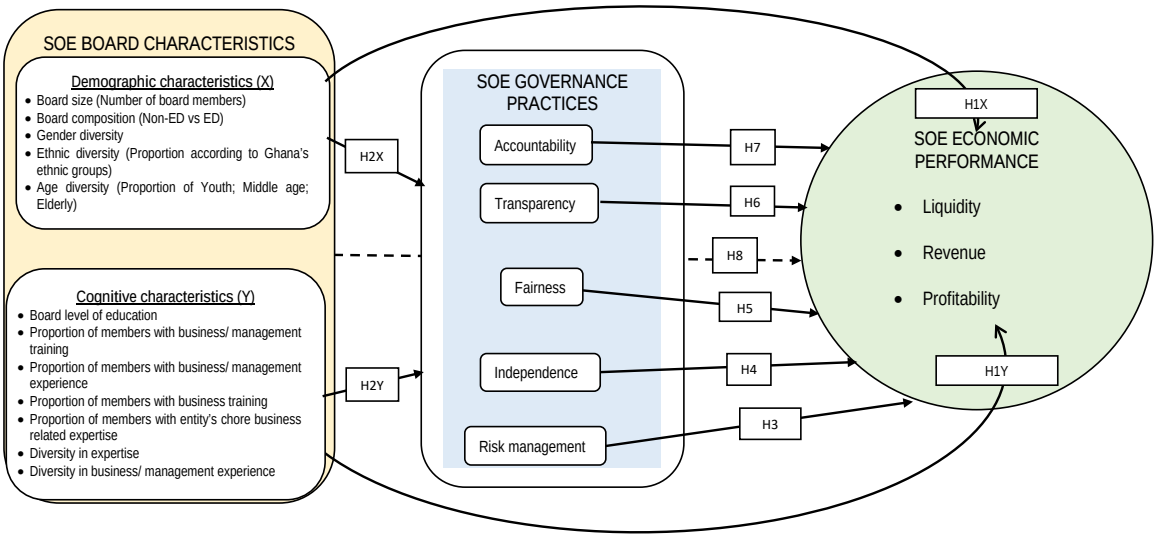

Figure 6.1 The proposed conceptual framework

6.3 RESULTS AND DISCUSSION OF THE QUALITATIVE STUDY

6.3.1 Elements of Corporate Governance Characteristics

The literature on board characteristics frequently features board size, board composition with emphasis on the proportion of Non-Executive Directors, gender inclusivity with advocacy for more female presence on boards and age diversity of boards (see Atagboro, 2022; Gakpo et al., 2021; Maiwasha, 2023; Luputa & Mwanza, 2022).

The size of a board is an important characteristic that can affect its effectiveness and performance metrics. A larger board may be more diverse and bring more expertise, but it can also be more difficult to manage and make decisions (Andoh et al., 2023). On the other hand, a smaller board may be more cohesive and efficient, but it may lack diversity and expertise (Khan et al., 2023).

Board composition is an important characteristic that can affect the effectiveness of a board. There is a special emphasis on the proportion of Non-Executive Directors (NEDs) on boards (Fiador, 2023). NEDs are independent directors who

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do not have any executive responsibilities in the company. They are appointed to bring an external perspective to the board and provide oversight of management (Jouber, 2021). Research suggests that having a higher proportion of NEDs on a board can improve its effectiveness (Fiador, 2023).

Gender diversity on boards has been a dimension of board characteristics which has gained much discussion in recent years. Research suggests that having a higher proportion of female board members can improve the performance of a company; this is because women bring different perspectives and experiences to the table, which can lead to better decision-making (Rotondo et al., 2022).

Age diversity is yet another important characteristic that can affect the effectiveness of a board. Older directors are believed to bring more experience and wisdom to the board, but they may also be less open to new ideas and less willing to take risks (Nwezoku & Egbunike, 2020). Younger directors, on the other hand, are noted for bringing fresh perspectives and new ideas, but they may lack experience and wisdom. Research suggests that having a mix of ages on a board can lead to better decision-making (Keremidchiev & Nedelchev, 2022).

All of these board characteristics are jointly identified as demographic characteristics (Mongeri, 2021). There is another set of board characteristics identified as cognitive characteristics, which, among others, include board members' level of education (Apau & Sibindi, 2023) and diversity in business and management experience (Sasidharan, 2020).

6.3.2 Elements of good corporate governance practices

In the literature on corporate governance practices, board accountability, board fairness, board independence, board risk management, and board transparency frequently appear as key corporate governance practices that shape the direction and performance of companies.

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Board accountability is being responsible or having to answer for actions taken by the board (Robinett, 2019). Investors need to know who will be responsible for each activity and accountable when something goes wrong. Board fairness is akin to treating all stakeholders fairly and equitably. This includes ensuring that all stakeholders have equal access to information about the company (Du et al., 2018). Board independence is the ability of the board to make decisions without undue influence from management or other stakeholders (Sasidharan, 2020). It is important to ensure that the board can act in the best interests of the company. Board risk management is the competence of the board in identifying, assessing, and managing risks faced by the company (Jagongo & Rop, 2021). It is important to ensure that the company can achieve its goals while minimising risks. Board transparency points to the openness of boards in their decision-making processes. It involves providing stakeholders with information about the company's operations, financial performance, and risks (Zhao & Mao, 2023).

In conclusion, these practices help ensure that companies are managed in a way that is consistent with their goals and objectives while being moral, open, and responsible.

6.3.3 Ghana’s corporate governance legal framework

From the review of the SOE corporate governance legal framework in Ghana, the following inferences are made. The SIGA Act 990 mandates SIGA to ensure that specified entities operate efficiently, profitably, transparently, and accountably, in accordance with good corporate governance practices and the policies of the Government. SIGA has the mandate to promote the socio-economic growth of the country through the SOEs by protecting the investments and assets of the State in specified entities.

SIGA’s functions reflect the Government’s intention to improve the efficiency, accountability, and profitability of specified entities, as well as to protect and enhance the value of the State’s assets and investments.

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The board composition of SIGA seems to have some degree of independence from government interference but not enough to ensure full autonomy and accountability. The chairperson and three other members are nominated by the President, which gives the executive branch a significant influence over the board's leadership and direction. This may compromise the board's ability to act in the best interest of the Authority and its stakeholders. The representative from the Office of the President and the official from the Ministry of Finance are likely to have a direct relationship with the government, which may affect their objectivity and independence. They may also have a conflict of interest if the Authority's activities or decisions are contrary to the government's policies or interests.

The chartered accountant and the legal practitioner are nominated by their respective professional associations, which may enhance their independence and expertise. However, they should not have any material or personal ties with the government, the company, or its executives that may impair their judgment or loyalty.

The Director-General of the Authority is part of the board but also part of the executive team. This may create a dual role that may hinder the board's oversight and evaluation of the management's performance and strategy. To navigate these problems, there is a need for a clear definition of independence and a process to assess and disclose the independence status of each member. The board should also have a diverse composition in terms of skills, experience, gender, ethnicity, and other relevant factors that may enhance its representation and effectiveness.

The arbitrary power conferred on the President to remove any member from the board, even if not appointed by the president, is a threat to the independence of the board. That is, both politically appointed board members and those appointed by professional bodies can be removed at the will of the President if their actions appear to oppose the political interests of the Executive or government. Board members` loyalty may deflect from their fiduciary duty to the Authority towards pleasing the President even if their actions do not promote the mandate of SIGA.

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The quorum at a Board meeting is five (5) members, which is more than half of the total membership of nine (9). This ensures adequate representation and gives legitimacy to the Board's decisions and actions as envisioned in subsection 6 of section 9.

The adequacy and sustainability of the funding sources for SIGA depend on factors such as (1) the performance and profitability of the SOEs and joint venture companies, which may affect the amount and stability of dividends received by the Authority; the SOEs may face various challenges and risks in their operations, such as market competition, political interference and governance issues which may affect profitability negatively. (2) The availability and reliability of loans and grants from external sources, which may depend on the creditworthiness and reputation of the Authority and the government, as well as the terms and conditions of the lenders and donors. Loans and grants may also entail additional costs and obligations for the Authority, such as interest payments and debt servicing. (3) The effectiveness and efficiency of the Authority's monitoring and enforcement mechanisms, which may influence the amount and frequency of fees and penalties collected from the SOEs.

Therefore, the funding sources of the Authority may not be adequate or sustainable in the long term unless they are supplemented by other sources of revenue or income that are more diversified and independent from the government or the SOEs. For example, the Authority may consider charging fees for its advisory or consultancy services to other entities. Alternatively, the Authority may seek to increase its share of dividends from the SOEs or joint venture companies by improving their governance and performance or by investing in new or emerging sectors that have high growth potential.

The PFM Act 921 places a responsibility on the board of directors of a public corporation to ensure the efficient management of its financial resources, including collecting and receiving money owed to it. It also provides that if a public corporation fails to collect or receive funds due to it, the Minister of Finance may,

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based on the Auditor-General's recommendation, withdraw or suspend the salaries of the board members. This makes the public corporations accountable to the Minister of Finance and the Auditor-General for their economic performance and compliance with the Act. This provision promotes good governance, transparency, and accountability in the public sector.

Under the PFM Act, public corporations are accountable to the Minister of Finance for their economic performance and compliance with the Act. It also serves as a deterrent and a sanction for directors who neglect their reporting duties. These thus seek to engender good governance, transparency, and accountability in the public sector. Again, public corporations and state-owned enterprises are accountable to the Minister of Finance and their respective sector Ministers for their financial planning and management, and they must align their plans with the approved budget and fiscal policy of the Government. This is aimed at promoting transparency, efficiency, and sustainability in the public sector.

The PFM Act's requirement for public corporations or state-owned enterprises to disclose any financial directive received from the Minister in its annual report and indicate how it complied with the directive bodes to ensure transparency, efficiency, and accountability in the public sector. The Act also adds a layer of transparency, accountability, and compliance in the financial management of public corporations and SOEs in Ghana by requiring them to keep proper accounts and records of their operations and submit them to the Auditor-General for audit.

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6.4 RESULT OF THE EMPIRICAL RESEARCH

6.4.1 Descriptive statistics

The descriptive statistics in this study are reported in this section.

6.4.1.1 The response rate

A total of five hundred (500) self-administered questionnaires were distributed to employees of SOEs in Ghana, and four hundred and twelve (412) completed questionnaires were received from thirty-six (36) SOEs out of the forty (40) SOEs to which questionnaires were distributed. After data cleaning, all the 412 returned questionnaires were usable. This represents an 82.4% response rate at the individual response level and 90% at the SOE level.

6.4.1.2 Instrument reliability statistics

By convention, to proceed with any quantitative analysis, it is necessary to check the reliability of the instrument both at the individual constructs level and the entire instrument as a unit. Table 6.1 below presents the reliability test scores.

Table 6.1: Reliability test of constructs

Variable	Cronbach`s Alpha
Board Risk Management	0.955
Board Independence	0.933
Board Fairness	0.940
Board Transparency	0.890
Board Accountability	0.937
Perception of Economic Performance	0.928
Overall	0.969

Cronbach's alpha measures the internal consistency of a set of questionnaire items for a single construct (Hajja, 2018). It is conventionally considered acceptable when it is greater than or equal to 0.70 (Hajja, 2018; Vaske et al., 2017). In our study, the Cronbach's alpha reliability tests for the corporate governance

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constructs all yielded values exceeding 0.70, indicating strong internal consistency and reliability.

A Cronbach's alpha value of 0.955 for board risk management suggests that the items or questions related to board risk management in the survey are highly consistent with each other, and the respondents' answers to these questions are closely aligned. Also, the high alpha value of 0.933 for board independence indicates strong internal consistency among the items measuring board independence. This suggests that the survey questions reliably measure respondents' perceptions of board independence.

An alpha value of 0.940 for board fairness demonstrates that the items related to board fairness in the survey are consistent with each other. Respondents' answers regarding board fairness align well. The alpha value of 0.890 for board transparency indicates good internal consistency among the items assessing board transparency. While slightly lower than some of the other constructs, this value is still quite high and suggests that respondents' views on board transparency are reliable.

The Cronbach's alpha of 0.937 for board accountability suggests strong internal consistency among the items measuring board accountability. Respondents' responses to questions related to board accountability are highly consistent. The Cronbach's alpha value of 0.928 indicates strong internal consistency among the items assessing respondents' perceptions of economic performance. It suggests that the survey questions reliably measure respondents' views on economic performance.

The overall Cronbach's alpha value of 0.969, which combines all the constructs, demonstrates extremely high internal consistency across the entire questionnaire. This suggests that the questionnaire as a whole is very reliable.

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The high Cronbach's alpha values for each construct and the overall questionnaire indicate that the survey questions measured the intended concepts consistently and reliably. This strengthens the validity of a study`s findings, as reliable measures are crucial for drawing meaningful conclusions about relationships (Vaske et al., 2017) between corporate governance practices, perception of economic performance and economic performance of SOEs in Ghana.

6.4.1.3 Corporate governance practices statistics for SOEs

Having established that the research instrument and the constructs on corporate governance practices met the reliability threshold, a descriptive analysis of these constructs is conducted and presented. Here, the overall mean and the overall frequency of responses for the Likert scale on each corporate governance practice are presented. For a detailed presentation of the means and frequency of responses for the Likert scales for each item measuring the corporate governance practices, see the figures under Appendix B.

In Figure 6.2, the overall mean of 3.7 demonstrates that the staff of SOEs in Ghana generally agree that their board of directors are managing the risks the SOEs are confronted with well. 45% of respondents confirmed this and responded that they agreed to all the items under board risk management. Those who agree with the statements and those who strongly agree (20%) together constitute 65% of the responses. 27% of respondents were neutral on their stands as to whether the boards manage risks well or not. Those who disagree (7%) and those who strongly disagree (1%) constitute 8% of respondents, which is far less than the 65% of respondents who agree or strongly agree with the statements.

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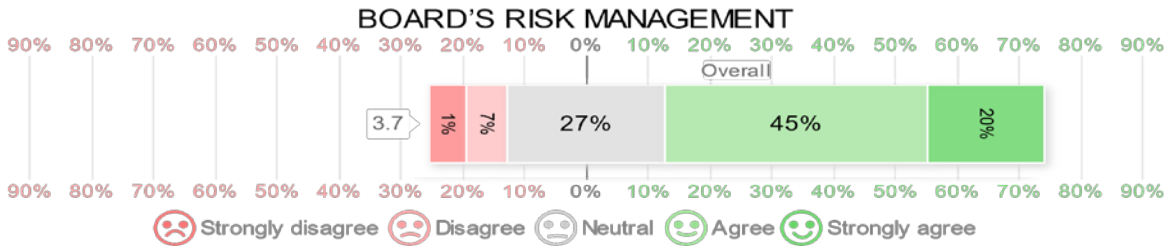

Figure 6.2: SOE board risk management

For board independence, in Figure 6.3 below, the average score of 3.9 indicates that the employees of SOEs in Ghana mostly agree that their board of directors are exercising board independence well. This is supported by the 44% of respondents who agreed to all the items under board independence. The total proportion of respondents who agreed and strongly agreed (25%) to the statements was 69%, which is much higher than the 8% of respondents who disagreed (7%) or strongly disagreed (1%). 22% of respondents were undecided about their views on whether the boards were independent or not.

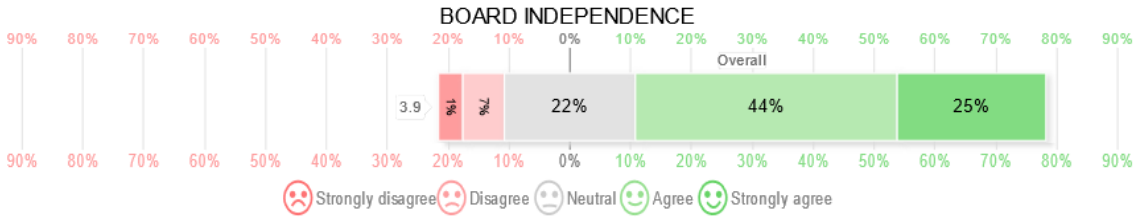

Figure 6.3: SOE Board independence

The average score of 3.6 shows that the employees of SOEs in Ghana tend to agree that their boards of directors are fair in their dealings. This is evidenced by the 43% of respondents who agreed to all the items under board fairness. The percentage of respondents who agreed and strongly agreed (15%) to the statements was 58%, which is higher than the 12% of respondents who disagreed or strongly disagreed (10% and 2%, respectively). 30% of respondents were ambivalent about their opinions on whether the boards were fair or not.

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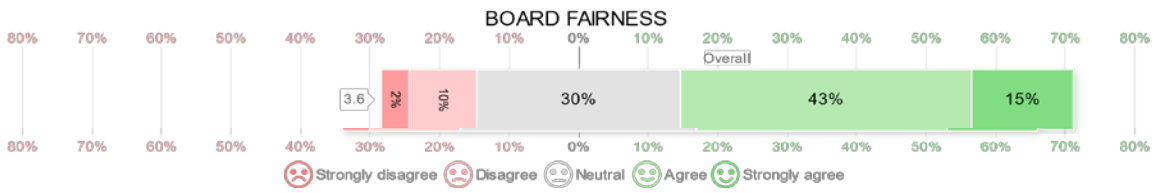

Figure 6.4: SOE Board fairness

The 30% neutral implies that a significant portion of the respondents are either unsure, indifferent, or have mixed feelings about the board's fairness. This could indicate a lack of clarity, communication, or trust between the employees and the board of directors. It could also suggest that board fairness is not a salient or relevant issue for some respondents or that they have other factors that influence their perception of the board's performance.

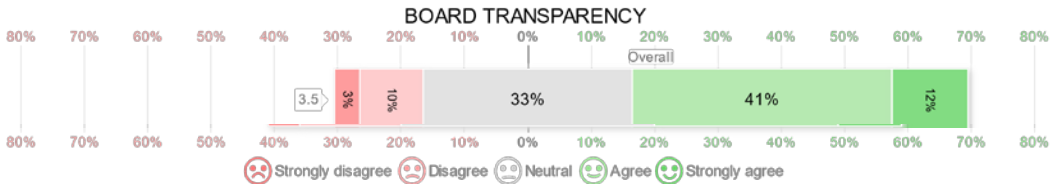

Figure 6.5: SOE board transparency

An average score of 3.5 is an indication that the employees of SOEs in Ghana tend to agree that their board of directors is transparent in its dealings. This is supported by the 41% of respondents who agreed to all the items under board transparency. The percentage of respondents who agreed and strongly agreed (12%) to the statements represents 53%, which is higher than the 13% of respondents who disagreed (10%) or strongly disagreed (3%). 33% of respondents were unsure about their opinions on whether the boards were transparent or not. This could imply that a significant portion of the respondents, just like under board fairness, are either unsure, indifferent, or have mixed feelings about board transparency.

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For board accountability, an average score of 3.7 shows that the employees of SOEs in Ghana are more inclined to agree that their boards of directors are accountable. This is evidenced by the 44% of respondents who agreed to all the items under board accountability. The percentage of respondents who agreed (44%) and strongly agreed (18%) to the statements constitute 62%, which is higher than the 10% of respondents who either disagreed (8%) or strongly disagreed (2%). However, 28% of respondents were neutral on their stands when it comes to whether or not their boards were accountable. This is quite a significant number who could not categorically fall into any of the two extremes. They may represent a section of staff who believes there should be more accountability than there is presently.

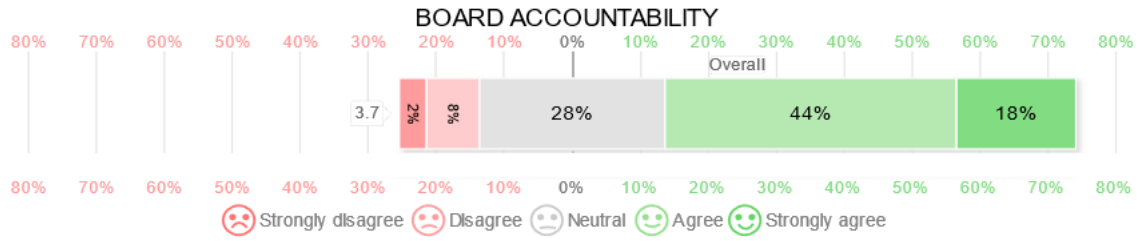

Figure 6.6: SOE board accountability

Table 6.2: SOEs level of performance on corporate governance practices

Corporate Governance Practices	Frequency (%)
Board Risk Management	
Poor	0 (0.0)
Average	29 (80.6)
Good	7 (19.4)
Total	36 (100.0)
Board Independence	
Poor	0 (0.0)
Average	7 (19.4)
Good	29 (80.6)
Total	36 (100.0)
Board Fairness	
Poor	0 (0.0)
Average	14 (38.9)
Good	22 (61.1)
Total	36 (100.0)
Board Transparency	
Poor	0 (0.0)

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Average	12 (33.3)
Good	24 (66.7)
Total	36 (100.0)
Board Accountability	
Poor	0 (0.0)
Average	12 (33.3)
Good	24 (66.7)
Total	36 (100.0)
Perception of Economic Performance	
Poor	4 (11.1)
Average	14 (38.9)
Good	18 (50.0)
Total	36 (100.0)

Note: *Poor = mean ≤ 2.6; Average = 2.6 < mean ≤ 3.4; Good = mean ≥ 3.5*

Table 6.2 presents the descriptive statistics for the corporate governance practices of SOEs in Ghana. For easy data management and analysis, the Likert scale responses for these constructs were binned into three groups: poor, average, and good, using their means scores as the cut-off points for the binning.

The majority of respondents (80.6%) perceive that the board's risk management practices are average, while a significant minority (19.4%) consider them to be good. None of the respondents rated the board's risk management practices as poor. This suggests that, in general, the board's risk management practices are viewed favourably by respondents.

An overwhelming majority of respondents (80.6%) believe that the board demonstrates good independence, while 19.4% consider it to be average. None of the respondents rated board independence as poor. This indicates a high level of confidence in the board's independence.

A majority of respondents (61.1%) perceive the board's fairness as good, while 38.9% consider it to be average. None of the respondents rated board fairness as poor. This suggests that the board is generally viewed as fair by most respondents.

The majority of respondents (66.7%) perceive the board to be transparent, while 33.3% consider it to be average in terms of transparency. None of the respondents

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rated board transparency as poor. This indicates a positive perception of the board's transparency practices.

Similar to board transparency, the majority of respondents (66.7%) view the board as accountable, while 33.3% consider it to be average in terms of accountability. None of the respondents rated board accountability as poor. This suggests that the board is generally perceived as accountable by most respondents.

While a portion of respondents (11.1%) perceive the economic performance as poor, a majority (50.0%) consider it to be good. About 38.9% of respondents rate economic performance as average. This indicates that there is a mixed perception of economic performance, with a slightly more positive view overall.

Overall, these results suggest that the board's corporate governance practices are generally perceived positively by respondents, with a majority of respondents rating them as average or good. Additionally, economic performance is viewed somewhat positively, with a larger proportion of respondents rating it as good compared to poor. These findings provide valuable insights into how corporate governance practices are perceived within SOEs in Ghana.

Table 6.3: Frequency Distribution of Board Characteristics of SOEs in Ghana

Board Characteristics	Frequency (%)
Board Composition	
Non-Executive Directors	270 (78.9)
Executive Directors	72 (21.1)
Total	342 (100)
Board Level of Education	
PhD	51 (14.9)
Masters	200 (58.5)
Bachelor's	65 (19.0)
HND	2 (0.6)
SSCE/WASSCE	24 (7.0)
Total	342 (100)
Gender Diversity	
Female	105 (30.7)
Male	237 (69.3)
Total	342 (100)
Age Diversity	
Youth	6 (1.8)
Middle age	104 (30.4)
Elderly	195 (57.0)

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Very old	37 (10.8)
Total	342 (100)
Diversity in Expertise	
Accounting & Finance	60 (17.5)
Marketing	103 (30.1)
Human Resources	51 (14.9)
Information Technology	0 (0.0)
Risk Management	13 (3.8)
Audit	17 (5.0)
Other	98 (28.7)
Total	342 (100)
Diversity in Level of Business and Management Experience	
None	11 (3.2)
Early career	40 (11.7)
Mid-career	139 (40.6)
Advanced career	152 (44.4)
Total	342(100)

These frequency and percentage distributions provide insights into the characteristics of boards of Ghana's SOEs. They indicate patterns related to educational qualifications, gender, age, expertise, and business experience among board members. These insights can be valuable for evaluating the diversity and composition of boards and for considering potential areas for improvement in governance and leadership within these SOEs.

From Table 6.3, the majority of boards in SOEs in Ghana (78.9%) are composed of non-executive directors, while a smaller portion (21.1%) consists of executive directors. This suggests that non-executive directors play a dominant role in the governance structure of these SOEs.

The highest proportion of board members have master's degrees (58.5%). A notable portion of board members hold bachelor's degrees (19.0%). A small percentage have PhD degrees (14.9%). The remaining educational categories (HND, Diploma, and SSCE/WASSCE) represent a smaller portion of board members.

Gender diversity on boards of SOEs in Ghana shows that there is a gender imbalance, with a significantly higher percentage of male board members (69.3%) compared to female board members (30.7%). This highlights a potential gender diversity challenge in board composition.

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A majority of board members fall into the "elderly" category (57.0%). "Middle age" board members also constitute a significant portion (30.4%). "Very old" and "youth" board members make up smaller proportions, 10.8% and 1.8%, respectively.

The most common areas of expertise among board members are marketing (30.1%), followed by accounting and finance (17.5%). There is a notable presence of board members with expertise in human resources (14.9%). Expertise in information technology is relatively low (0.0%). Other areas of expertise collectively account for a significant proportion (28.7%) of board members.

The majority of board members have advanced-career-level experience (44.4%). Mid-career board members also constitute a significant portion (40.6%). Early career board members and those with no business and management experience are in the minority.

Table 6.4: Summary statistics of continuous variables

Variable	Obs	Mean	Std. Dev.	Min	Max
Board size	36	9.5	1.859	6	13
ROA	36	.079	.196	-.272	.647
ROE	36	-5.394	32.553	-195.277	.652
Debt Ratio	36	.394	.348	.005	1.12
SOE Size	36	17.244	3.221	7.55	23.239

Table 6.4 presents the summary statistics for the study's continuous variables. The board size of the 36 sampled SOEs averaged 10 members (M = 9.5, SD = 1.859). This suggests that, on average, SOEs in the sample have moderately sized boards, but there is some variability in board size across the organisations.

In terms of economic performance, ROA had an average value of .079 (M = .079, SD = .196). The standard deviation indicates a moderate level of variability in ROA among the SOEs. While the average ROA is positive, ranging from -.272 to .647, the standard deviation suggests that some SOEs perform significantly better or worse than the mean in terms of asset profitability.

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ROE showed a mean value of -5.394 (M = -5.394, SD = 32.553). This notably high standard deviation implies substantial variability in ROE across the sample. The negative mean ROE indicates that, on average, the sampled SOEs experienced a deficit in equity returns, with the standard deviation highlighting the significant diversity in ROE, including both positive and negative values.

Examining the Debt Ratio, the average ratio was .394 (M = .394, SD = .348). The standard deviation underscores considerable variability in debt levels across the SOEs. With values ranging from .005 to 1.12, this suggests a diverse range of debt management strategies within the sample.

Lastly, the size of the SOEs averaged 17.244 (M = 17.244, SD = 3.221. The standard deviation implies that while the average SOE size is moderate, there is a noticeable dispersion in the sizes of the organisations. This variation in SOE size may reflect differences in resources, operations, or market presence among the sampled entities.

Table 6.5: Normality Test for Variables

Variables	Shapiro-Wilk Test Statistic	Df	Sig
Board Risk Management	0.955	35	0.152
Board Independence	0.931	35	0.026
Board Fairness	0.984	35	0.867
Board Transparency	0.935	35	0.035
Board Accountability	0.968	35	0.377
Perception of Econ. Performance	0.97	35	0.437
ROA	0.808	35	0.000
ROE	0.165	35	0.000
Debt Ratio	0.899	35	0.003
SOE Size	0.881	35	0.001

This study used the Shapiro-Wilk test to ascertain whether or not the data is approximately normally distributed. The Shapiro-Wilk test emerged as the most effective for assessing normality as compared with the Kolmogorov-Smirnov test, Lilliefors test and Anderson-Darling test. The Shapiro-Wilk test is a statistical test to assess whether a dataset follows a normal distribution (Khatun, 2021; Razali & Wah, 2011). It is used to make informed decisions about whether parametric

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statistical tests (which assume normality) are appropriate for analysing the data or if non-parametric tests should be used instead.

The null hypothesis of the Shapiro-Wilk test is that *H0: The data is normally distributed*. The alternative hypothesis is that *The data is not normally distributed.* If the p-value is low ($p<0.05$), it suggests that the data significantly deviates from a normal distribution, indicating non-normality, hence a rejection of the null hypothesis (Khatun, 2021). However, if the p-value is high ($p>0.05$), it suggests that the data is consistent with a normal distribution; hence, the null hypothesis is supported or accepted. Hence, in exploratory data analysis (EDA), for normally distributed datasets, parametric tests are appropriate, and for non-normally distributed datasets, non-parametric tests are employed for analysis.

The test statistic for board risk management is ($W = 0.955$, $p > 0.05$). The p-value for board risk management is 0.152, which is greater than the significance level of 0.05. This suggests that the data for board risk management is approximately normally distributed. Board independence has a test statistic of ($W = 0.931$, $p < 0.05$). The p-value for board independence is 0.026, which is less than 0.05. The data for board independence significantly deviates from normality, indicating a non-normal distribution. The data for board fairness is normally distributed, and with ($W = 0.984$, $p > 0.05$), the p-value is 0.867, much greater than 0.05. Board transparency has ($W = 0.935$, $p < 0.05$). The p-value is 0.035, less than 0.05. The null hypothesis can, therefore, be rejected, indicating a non-normal distribution. Board accountability has ($W = 0.968$, $p > 0.05$), with a p-value of 0.377, greater than 0.05. This means the data for board accountability is approximately normally distributed.

Perception of economic performance has ($W = 0.970$, $p > 0.05$): The p-value for perception of economic performance is 0.437, exceeding 0.05. Hence, this suggests that the data follows a normal distribution. ROA has ($W = 0.808$, $p < 0.05$). The p-value for ROA is less than 0.05 ($p< 0.05$), indicating that the data for ROA significantly deviates from normality. Similarly, ROE has ($W = 0.165$, $p < 0.05$)

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strongly suggesting a non-normality. Debt ratio has ($W = 0.899$, $p < 0.05$), which means the p-value for debt ratio is 0.003, less than 0.05. This indicates a significant departure from normality. Finally, SOE size has ($W = 0.881$, $p < 0.05$). With a p-value of 0.001 (less than 0.05), signifying that the data is not normally distributed.

In sum, based on the Shapiro-Wilk test results, variables such as board risk management, board fairness, board accountability, and perception of economic performance can be considered as having approximately normal distributions. However, variables like board independence, board transparency, ROA, ROE, debt ratio, and SOE size significantly deviate from normality.

Having established that the dependent variables, ROA and ROE, are not normally distributed, the researcher adopted a non-parametric analysis approach. This is because parametric analysis requires that the data, especially the dependent variable(s), meets the normal distribution assumption (Osborne & Waters, 2019; Garson, 2012).

6.4.2 Inferential statistics

The inferential statistics in the study are reported in this section.

6.4.2.1 Corporate board characteristics and SOE economic performance

The effect of board characteristics on SOE economic performance proxied by profitability metrics is presented in the ensuing paragraphs. This is separated into the effect of board demographic characteristics on SOE economic performance on the one hand and the effect of board cognitive characteristics on SOE economic performance on the other hand. Table 6.6 presents results on the former, and Table 6.7 presents results on the latter.

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Table 6.6: Board demographic characteristics and SOE economic performance

	Path Coefficients	t-statistic	p-values
Board Size -> ROA	0.297	0.550	0.582
Board Size -> ROE	-0.232	0.592	0.554
Non-Executive Directors -> ROA	-0.044	0.131	0.896
Non-Executive Directors -> ROE	-0.081	0.335	0.738
Female -> ROA	-0.111	0.486	0.627
Female -> ROE	0.146	0.695	0.487
Middle Age -> ROA	-0.359	1.074	0.283
Middle Age -> ROE	-0.332	1.619	0.105
Elderly -> ROA	-0.287	0.550	0.582
Elderly -> ROE	0.109	0.365	0.715

Note: ROA = Return on Assets; ROE = Return on Equity

Board size has a positive impact on ROA with a path coefficient of (β = 0.297, t = 0.550, p = 0.582). However, its impact is insignificant as the p-value is greater than the conventional significance level of 5% (p >0.05). Board size has an insignificant negative impact on ROE (β = -0.232, t = 0.592, p = 0.554). These results imply that increasing board size might not significantly improve SOEs' Return on Assets. Similarly, the insignificant negative impact on ROE suggests that board size does not substantially influence SOEs' ROE. The results show that board size has no significant impact on the ROA and ROE of SOEs in Ghana.

The findings corroborate that of Choudhary (2016), who found that board size is not significantly associated with ROE, and Vaidya (2019), who also found that medium-sized boards performed better than very small or very large boards, but the impact of board size on financial performance was not statistically significant. However, the finding contradicts that of Nazar (2015), who reported a significant negative relationship between board size and both ROA and ROE in Sri Lankan listed companies. It also contradicts the findings of Rehman (2020), who found mixed results, where board size showed a positive impact on ROA and a negative impact on ROE in the Chinese banking sector. Thus, it can be deduced that the impact of board size on ROA and ROE is varied and inconclusive, arising from the kind of company, the industry and the country involved.

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Board composition was entered in the PLS-SEM as a grouping variable with two categories – Non-Executive Directors and Executive Directors. Executive Directors were used as the reference group. Therefore, the result for the path coefficient for Non-Executive Directors is interpreted relative to Executive Directors. In light of the above, Non-Executive Directors have less impact on the ROA of SOEs than Executive Directors. However, this impact is not significant (β = -0.044, t = 0.131, p = 0.896). The same finding is made between Non-Executive Directors and ROE (β = -0.081, t = 0.335, p = 0.738) of SOEs. Non-Executive Directors have a comparatively lesser impact, albeit insignificant, on both ROA and ROE when compared to Executive Directors. The study finds no significant influence of the proportion of Non-Executive Directors on the ROA and ROE of SOEs in Ghana. This implies that the composition of non-executive directors relative to executive directors does not significantly affect the economic performance of SOEs in Ghana.

This finding adds to the already mixed findings on the impact of non-executive directors on ROA and ROE. For instance, Mohebbi (2014) found a positive and significant relationship between the presence of non-executive managers on the board and both ROA and ROE. Olatunji (2011), on the other hand, found a negative and significant relationship between the proportion of non-executive directors and ROE in Nigerian banks. Overall, the studies suggest that the impact of non-executive directors on ROA and ROE may vary depending on the context – country and industry and country-specific or industry-specific factors involved.

Like board composition, board gender diversity was also analysed as a grouping variable with two categories –the proportion of males and the proportion of females. The proportion of males was used as the reference group. Hence, the path coefficient for the proportion of females is interpreted relative to the proportion of males on the board. A greater proportion of Female board members has less impact on ROA (β = -0.111, t= 0.486, p = 0.627) than a greater portion of males on the boards of SOEs in Ghana. On the other hand, a greater proportion of female board members has a higher impact (β = 0.146, t = 0.695, p = 0.487) on ROE.

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However, neither relationship is statistically significant as both p-values are greater than 5% ($p > 0.05$). This implies that the presence of a greater proportion of female board members does not significantly impact either ROA or ROE when compared to a higher proportion of male board members. In other words, the presence of female board members on the boards of SOEs in Ghana does not have a significant impact on ROA and ROE. Thus, gender diversity, as measured in this study, does not have a significant influence on the economic performance of SOEs in Ghana.

This finding contradicts others that provided evidence that the presence of female board members can have a positive impact on financial performance. For example, Hamilton (2021) found a positive relationship between the percentage of women on the board and ROA, as well as a positive relationship between ROE and the percentage of women on the board. Leyva-Townsend (2021) also found a positive association between the participation of women on the board and ROE. Carmo (2022) supported these findings, showing that female presence on the board positively influenced ROA. Lastly, Krasnov (2023) focused on Russian banks and also found that board gender diversity had a positive impact on both ROA and ROE. These findings suggest that having female board members can enhance the financial performance of SOEs.

The last board demographic characteristic examined in the study is the age diversity of board members. Adapting Lindemann et al. (2017) age classification, board members were classified into “young” (19 to 44 years), “middle age” (45-64), “elderly” or senior citizens (65+ years). Thus, board age diversity had three categories, and the “young” category was used as the reference category. Therefore, the results are interpreted relative to the “young” category. The presence of board members who are in middle age has less impact on both ROA ($\beta = -0.359$, $t= 1.074$, $p = 0.283$) and ROE (-0.332, $t= 1.619$, $p = 105$) than the presence of young board members. But neither relationship is statistically significant. Also, the presence of board members who are elderly has less impact on ROA ($\beta = -0.287$, $t= 0.550$, $p = 582$) and high impact on ROE ($\beta = 0.109$, $t =$

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0.365, p = 0.715) than the presence of young board members. However, none of the effects are statistically significant. Board members in the middle-aged and elderly categories do not significantly impact either ROA or ROE when compared to young board members. Thus, the age diversity of the board does not appear to be a significant factor affecting the economic performance of SOEs in Ghana based on the age categories considered in this study. Existing studies present mixed findings on the impact of the age of the board of directors on financial performance. Jonson (2020), for instance, found a positive association between the average age of board members and ROA. However, Rusadi (2023) contradicts these findings, showing a negative relationship between the average age of the board and ROE. The findings of this study that none of the age categories significantly impact both ROA and ROE contradicts the findings of the existing studies as presented above, albeit mixed and inconclusive. However, the findings confirm that of Budiarsyah (2023), who explored the impact of age diversity on ROA and ROE and did not find relationships between the age of the board and both ROA and ROE.

In sum, the results show that board demographic characteristics have no significant impact on profitability measures, such as ROA and ROE, of SOEs in Ghana. ***The null hypothesis that H1X: Board demographic characteristics significantly influence SOE economic performance is therefore rejected***. The related PLS-SEM diagrams are presented below. Note: Path coefficients and p-values are displayed, and R-squared in oval shapes.

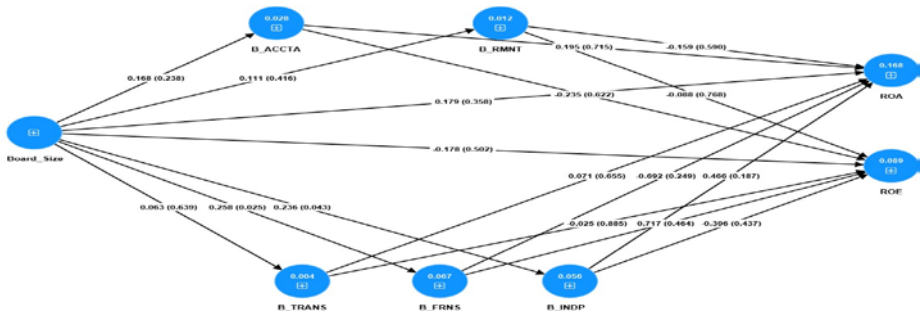

Figure 6.7a: Board size, corporate governance practices & SOE economic performance

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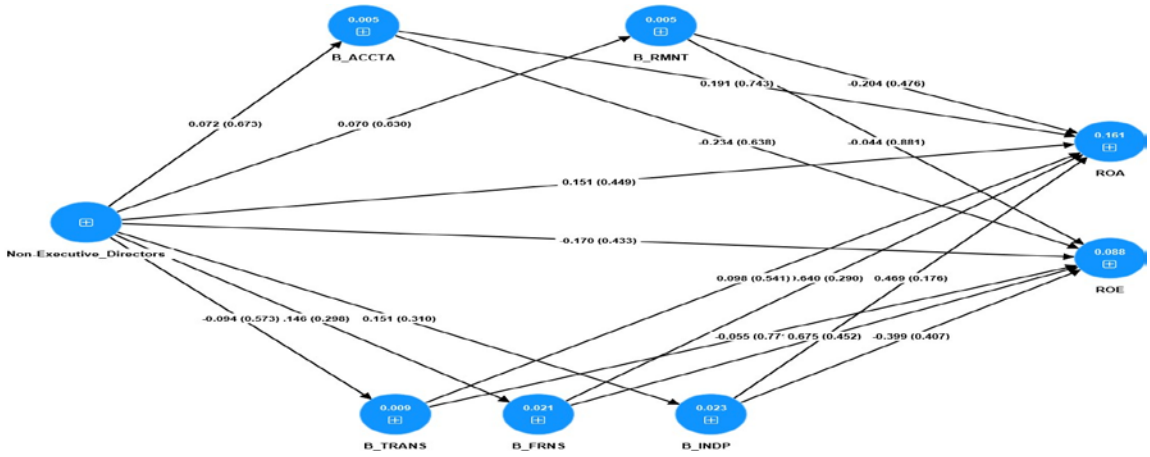

Figure 6.7b: NED, corporate governance practices & SOE economic performance

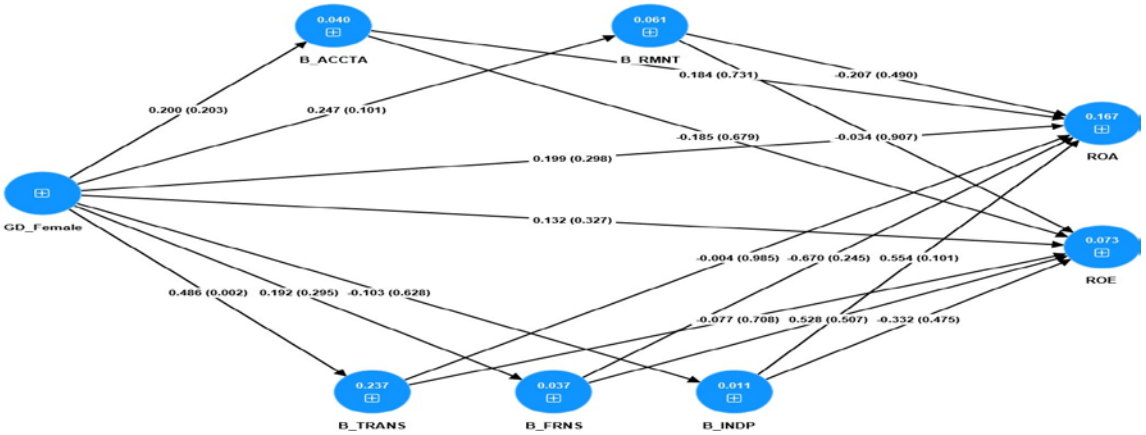

Fig 6.8: Gender Diversity corporate governance practices & SOE economic performance

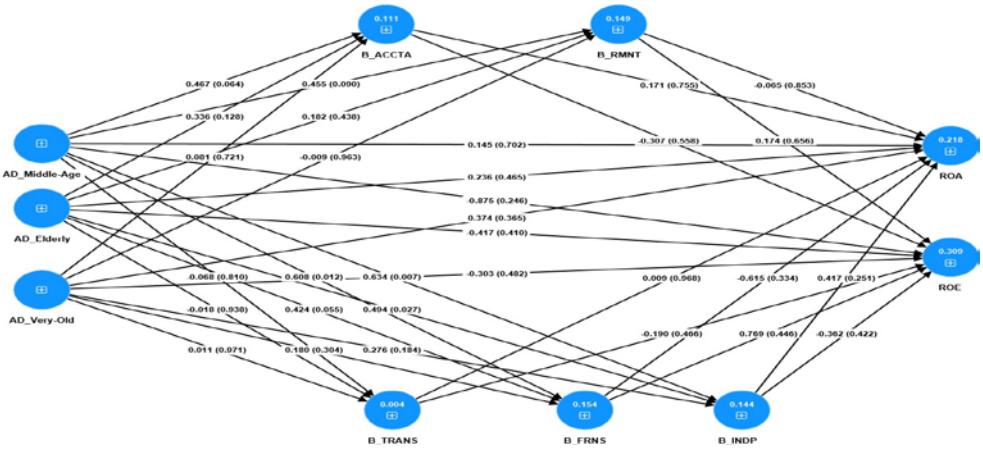

Fig 6.9: Age diversity corporate governance practices & SOE economic performance

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Table 6.7: Board cognitive characteristics and SOE economic performance

	Path Coefficients	t-statistic	p-values
PhD -> ROA	0.458	1.293	0.196
PhD -> ROE	0.009	0.026	0.979
Masters -> ROA	0.494	1.173	0.241
Masters -> ROE	0.104	0.292	0.770
Bachelor Degree -> ROA	0.173	0.401	0.689
Bachelor Degree -> ROE	-0.099	0.260	0.795
Advanced Career -> ROA	-0.761	1.066	0.286
Advanced Career -> ROE	-0.161	0.278	0.781
Mid-Career -> ROA	0.006	0.011	0.991
Mid-Career -> ROE	-0.174	0.370	0.712
Early Career -> ROA	-0.419	1.061	0.289
Early Career -> ROE	-0.145	0.435	0.664

Table 6.7 presents the impact of board cognitive characteristics on the economic performance of SOEs in Ghana. The results are interpreted as follows.

With respect to the level of education of board members, there were four categories – those with PhD, Masters, bachelor's degrees, and non-degree holders. The Non-Degree holders were used as the reference category. The results are thus interpreted relative to the non-Degree holders' category. The presence of board members with a PhD qualification shows a higher impact on ROA ($\beta = 0.458$, $t = 1.293$, $p = 0.196$) than the presence of non-degree holders. However, the impact is not statistically significant, indicating that having board members with a PhD might have a positive influence on ROA or ROE. However, this result is not strong enough to be considered significant. Similarly, the impact of the presence of board members with PhD is higher on ROE than with the presence of non-Degree holders, albeit statistically insignificant ($\beta = 0.009$, $t = 0.026$, $p = 0.979$), suggesting that having board members with a PhD does not significantly affect ROE than having non-Degree holders.

Board members with a master's degree have a higher impact on ROA ($\beta = 0.494$, $t = 1.173$, $p = 0.241$) than non-degree board members. However, this effect is not statistically significant. Similarly, the impact of the presence of master's degree holders on SOE boards on ROE is high but statistically insignificant ($\beta = 0.104$, $t =$

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0.292, p = 0.770) compared with the presence of non-degree holders, suggesting that having board members with a Master's degree does not significantly affect Return on Equity differently from having non-degree holders on the board.

Also, Board members with a bachelor's degree show a higher insignificant impact on ROA (β = 0.173, t = 0.401, p = 0.689) than board members without degrees. However, the impact on ROE is lower and statistically insignificant (β = -0.099, t = 0.260, p = 0.795) compared with the presence of non-degree holders. This suggests that having board members with a bachelor's degree does not significantly affect Return on Equity differently from having board members without degrees.

The study did not find any significant relationship between any of the levels of educational attainment and ROA and ROE for SOEs in Ghana. These contradict the findings of existing studies that also present mixed results. For instance, Madyan (2021) found that the board of directors with the highest educational level of Masters and PhD had a significant positive effect on ROA in Indonesian banking companies. Habtoor (2022) also found that board education had mixed results, with Bachelor's degree holders having a negative impact on ROA and ROE, while PhD and Master's degree holders had positive impacts on ROA and ROE, which corroborates Madyan's findings. Adnan (2016) also found that education diversity in the board had a negative association with ROE and ROA in government-linked companies (GLCs) in Malaysia. Thus, the impact of the board of directors' level of education on firm performance varies depending on the context and the specific educational degrees held by the board members.

Diversity in board business/management experience had four categories – advanced career experience, mid-career experience, early career experiences and no experience. The no-experience category was used as the reference category, and the interpretation of results is relative to this category. Board members with advanced career experience exhibit less and insignificant impact on both ROA (β = -0.761, t = 1.066, p = 0.286) and ROE (β = -0.161, t = 0.278, p = 0.781) than

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board members without business or management experience. This suggests that the presence of board members with advanced career experience does not significantly influence either ROA or ROE differently than the presence of board members without business or management experience.

Board members with mid-career experience show a higher but insignificant impact on both ROA (β = 0.006, t = 0.011, p = 0.991) and less but insignificant impact on ROE (β = -0.174, t = 0.370, p = 0.712), than board without business and management experience. This implies that the presence of board members with mid-career experience does not significantly affect the financial metrics of SOEs in Ghana any differently from board members without business or management experience.

Lastly, Board members with early career experience have a low and insignificant impact on both ROA (β = -0.419, t = 1.061, p = 0.289) and ROE (β = -0.145, t = 0.435, p = 0.664) than board members without business or management experience. This indicates that having board members with early career experience does not significantly influence either ROA or ROE differently from having board members without business or management experience.

In summary, the results suggest that the cognitive characteristics of board members, as represented by their educational qualifications and career experience, do not have a statistically significant impact on the economic performance of SOEs in Ghana, based on the parameters considered in this study. The findings imply that, within the scope of this research, the educational qualifications or career experience of board members do not play a significant role in shaping the financial outcomes of SOEs in the country. Therefore, the null hypothesis, ***H1Y: Board cognitive characteristics significantly influence SOE economic performance,*** **is therefore rejected.**

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6.4.2.2 Board characteristics and governance practices of SOEs

The second hypothesis of the study was further developed into two sub-hypotheses. The first looked at board demographic characteristics and corporate governance practices, while the second looked at board cognitive characteristics and corporate governance practices. Tables 6.8 and 6.9 present the results of these sub-hypotheses, respectively.

Table 6.8: Board demographic characteristics and corporate governance practices

	Path Coefficients	t-statistic	p-values
Board Size -> Board Accountability	0.168	1.180	0.238
Board Size -> Board Fairness	0.258	2.235	0.025
Board Size -> Board Independence	0.236	2.025	0.043
Board Size -> Board Risk Management	0.111	0.813	0.416
Board Size -> Board Transparency	0.063	0.469	0.639
Non-Executive Directors ->Board Accountability	0.072	0.421	0.673
Non-Executive Directors ->Board Fairness	0.146	1.041	0.298
Non-Executive Directors -> Board Independence	0.151	1.015	0.310
Non-Executive Directors -> Board Risk Management	0.070	0.482	0.630
Non-Executive Directors -> Board Transparency	-0.094	0.564	0.573
Female -> Board Accountability	0.200	1.274	0.203
Female -> Board Fairness	0.192	1.047	0.295
Female -> Board Independence	-0.103	0.484	0.628
Female -> Board Risk Management	0.247	1.639	0.101
Female -> Board Transparency	0.486	3.146	0.002
Middle Age -> Board Accountability	0.467	1.850	0.064
Middle Age -> Board Fairness	0.608	2.503	0.012
Middle Age -> Board Independence	0.634	2.714	0.007
Middle Age -> Board Risk Management	0.455	1.697	0.090
Middle Age -> Board Transparency	-0.068	0.241	0.810
Elderly -> Board Accountability	0.336	1.522	0.128
Elderly -> Board Fairness	0.424	1.922	0.055
Elderly -> Board Independence	0.494	2.210	0.027
Elderly -> Board Risk Management	0.182	0.775	0.438
Elderly -> Board Transparency	-0.018	0.078	0.938
Very Old -> Board Accountability	0.081	0.358	0.721
Very Old -> Board Fairness	0.180	1.029	0.304
Very Old -> Board Independence	0.276	1.328	0.184
Very Old -> Board Risk Management	-0.009	0.047	0.963
Very Old -> Board Transparency	0.011	0.036	0.971

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Table 6.8 presents the impact of board demographic characteristics on various aspects of corporate governance practices in SOEs in Ghana. The results are interpreted as follows.

Board size does not significantly impact board accountability (β = 0.168, t = 1.180, p = 0.238), board risk management (β = 0.111, t = 0.813, p = 0.416), and board transparency (β = 0.063, t = 0.469, p = 0.639), as the respective p-values are greater than 5% (p > 0.05). These imply that board size is not a significant factor that influences whether or not boards of SOEs are accountable, manage risks well or are transparent in the execution of their functions. However, board size has a significant positive impact on Board Fairness (β = 0.258, t = 2.235, p = 0.025) and Board Independence (β = 0.236, t = 2.025, p = 0.043), indicating that larger boards are associated with higher fairness and independence in the execution of board functions.

Non-Executive Directors do not impact board accountability (β = 0.072, t = 0.421, p = 0.673), board Fairness (β = 0.146, t = 1.041, p = 0.298), board independence (β = 0.151, t = 1.015, p = 0.310), board risk management (β = 0.070, t = 0.482, p = 0.630), and board transparency (β = -0.094, t = 0.564, p = 0.573) significantly. These suggest that the presence of non-executive directors on boards of SOEs in Ghana does not significantly affect corporate governance practices differently from the presence of executive board members on SOE boards in Ghana.

A higher proportion of female board members significantly impact board transparency (β = 0.486, t = 3.146, p = 0.002). This indicates that a higher proportion of female board members is associated with greater board transparency than the presence of a higher proportion of male board members. On the other hand, the presence of a higher proportion of female board members does not impact Board Accountability (β = 0.200, t = 1.274, p = 0.203), Board Fairness (β = 0.192, t = 1.047, p = 0.295), Board Independence (β = -0.103, t = 0.484, p = 0.628), and Board Risk Management (β = 0.247, t = 1.639, p = 0.101), more significantly different from the presence of a higher proportion of male board members.

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On the one hand, the presence of middle age board members has a significant positive impact on Board Fairness (β = 0.608, t = 2.503, p = 0.012) and Board Independence (β = 0.634, t = 2.714, p = 0.007). This indicates that boards with middle-aged members are associated with higher fairness and independence than boards with young board members. On the other hand, the presence of middle-aged board members does not significantly impact Board Accountability (β = 0.467, t = 1.850, p = 0.064), Board Risk Management (β = 0.455, t = 1.697, p = 0.090), and Board Transparency (β = -0.068, t = 0.241, p = 0.810) any differently from the presence of young board members.

In addition, the presence of elderly board members significantly impacts Board Independence (β = 0.494, t = 2.210, p = 0.027), indicating that boards with elderly members are associated with higher independence than boards with young members. However, elderly board members do not significantly impact Board Accountability (β = 0.336, t = 1.522, p = 0.128), Board Fairness (β = 0.424, t = 1.922, p = 0.055), Board Risk Management (β = 0.182, t = 0.775, p = 0.438), or Board Transparency (β = -0.018, t = 0.078, p = 0.938) more or less differently than the presence of young board members.

Lastly, with respect to the age diversity, the presence of very old board members does not significantly impact any of Board Accountability (β = 0.081, t = 0.358, p = 0.721), Board Fairness (β = 0.180, t = 1.029, p = 0.304), Board Independence (β = 0.276, t = 1.328, p = 0.184), Board Risk Management (β = -0.009, t = 0.047, p = 0.963), and Board Transparency (β = 0.011, t = 0.036, p = 0.971). This suggests that the presence of very old board members does not significantly affect corporate governance practices more or less differently from the presence of young board members.

The results underscore the importance of demographic diversity in board membership in enhancing specific aspects of corporate governance, such as fairness, independence, and transparency. Boards with a mix of age groups and

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gender diversity can contribute positively to certain governance practices, aligning with global trends promoting diversity in corporate leadership.

Therefore, one cannot reject the hypothesis that H2X: Board demographic characteristics significantly influence the corporate governance practices of SOEs. All other hypotheses on board demographic characteristics and corporate governance practices are rejected.

Table 6.9: Board cognitive characteristics and corporate governance practices

	Path Coefficients	t-statistic	p-values
PhD -> Board Accountability	0.235	0.929	0.353
PhD -> Board Fairness	0.341	1.256	0.209
PhD -> Board Independence	0.225	1.135	0.256
PhD -> Board Risk Management	0.264	1.156	0.248
PhD -> Board Transparency	0.010	0.046	0.963
Masters -> Board Accountability	0.189	0.852	0.394
Masters -> Board Fairness	0.288	1.391	0.164
Masters -> Board Independence	0.225	1.075	0.282
Masters -> Board Risk Management	0.031	0.152	0.879
Masters -> Board Transparency	0.120	0.550	0.582
Bachelor Degree -> Board Accountability	0.362	1.448	0.148
Bachelor Degree -> Board Fairness	0.345	1.389	0.165
Bachelor Degree -> Board Independence	0.336	1.521	0.128
Bachelor Degree -> Board Risk Management	0.286	1.097	0.273
Bachelor Degree -> Board Transparency	-0.028	0.116	0.908
Advanced Career -> Board Accountability	0.080	0.327	0.744
Advanced Career -> Board Fairness	0.270	1.168	0.243
Advanced Career -> Board Independence	0.211	0.825	0.409
Advanced Career -> Board Risk Management	0.156	0.801	0.423
Advanced Career -> Board Transparency	-0.071	0.305	0.760
Mid-Career -> Board Accountability	0.092	0.397	0.691
Mid-Career -> Board Fairness	0.140	0.706	0.480
Mid-Career -> Board Independence	0.121	0.626	0.531
Mid-Career -> Board Risk Management	0.156	0.761	0.447
Mid-Career -> Board Transparency	-0.035	0.152	0.879
Early Career -> Board Accountability	-0.012	0.055	0.956
Early Career -> Board Fairness	0.078	0.412	0.680
Early Career -> Board Independence	0.147	0.823	0.411
Early Career -> Board Risk Management	-0.138	0.681	0.496
Early Career -> Board Transparency	-0.132	0.835	0.404

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Table 6.9 presents the impact of board cognitive characteristics on various aspects of corporate governance practices in SOEs in Ghana.

The presence of board members with a PhD does not impact Board Accountability (β = 0.235, t = 0.929, p = 0.353), Board Fairness (β = 0.341, t = 1.256, p = 0.209), Board Independence (β = 0.225, t = 1.135, p = 0.256), Board Risk Management (β = 0.264, t = 1.156, p = 0.248), and Board Transparency (β = 0.010, t = 0.046, p = 0.963) significantly different from the presence of non-degree board members.

Also, the presence of board members with a Master's degree does not impact Board Accountability (β = 0.189, t = 0.852, p = 0.394), Board Fairness (β = 0.288, t = 1.391, p = 0.164), Board Independence (β = 0.225, t = 1.075, p = 0.282), Board Risk Management (β = 0.031, t = 0.152, p = 0.879), and Board Transparency (β = 0.120, t = 0.550, p = 0.582) significantly different from the presence of non-degree members on boards of SOEs.

The presence of board members with a Bachelor's degree do not impact Board Accountability (β = 0.362, t = 1.448, p = 0.148), Board Fairness (β = 0.345, t = 1.389, p = 0.165), Board Independence (β = 0.336, t = 1.521, p = 0.128), Board Risk Management (β = 0.286, t = 1.097, p = 0.273), and Board Transparency (β = -0.028, t = 0.116, p = 0.908) more or less significantly different from the presence of non-degree members on boards of SOEs.

The presence of board members with Advanced Career experience in business and management does not impact Board Accountability (β = 0.080, t = 0.327, p = 0.744), Board Fairness (β = 0.270, t = 1.168, p = 0.243), Board Independence (β = 0.211, t = 0.825, p = 0.409), Board Risk Management (β = 0.156, t = 0.801, p = 0.423) and Board Transparency (β = -0.071, t = 0.305, p = 0.760) were significantly different from the presence of board members without business or management experience.

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Board members with a Mid-Career experience in business or management do not impact Board Accountability (β = 0.092, t = 0.397, p = 0.691), Board Fairness (β = 0.140, t = 0.706, p = 0.480), Board Independence (β = 0.121, t = 0.626, p = 0.531), Board Risk Management (β = 0.156, t = 0.761, p = 0.447), and Board Transparency (β = -0.035, t = 0.152, p = 0.879) are significantly different from board members without business or management experience.

Lastly, board members with an Early Career experience in business or management do not impact Board Accountability (β = -0.012, t = 0.055, p = 0.956), Board Fairness (β = 0.078, t = 0.412, p = 0.680), Board Independence (β = 0.147, t = 0.823, p = 0.411), Board Risk Management (β = -0.138, t = 0.681, p = 0.496), and Board Transparency (β = -0.132, t = 0.835, p = 0.404) significantly different from board members without business or management experience.

Generally, to the best of the author's knowledge, this study is the first to empirically examine the direct effects of board characteristics on corporate governance practices and, more specifically, focus on SOEs. The extant literature dwelled largely on the impact of board characteristics on the financial performance of entities, as already discussed above. There is, therefore, a limitation in comprehensively discussing the present findings in light of the existing empirical studies on the impact of board characteristics, either demographic characteristics or cognitive characteristics, on corporate governance practices. Thus, this constitutes a unique contribution of the study to the existing body of knowledge on board characteristics and firm performance. It also opens up the academic discourse on this apparently new scholarly enquiry.

Although no significant finding was made with respect to the impact of any of the board's cognitive characteristics on any of the corporate governance practices, this exploration paves the way for future studies to examine the potential relationships not only in the context of SOEs but also in other firm contexts.

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Unlike the insignificant results found under the influence of board cognitive characteristics on corporate governance practices, some significant relationships are found for some board demographic characteristics and some corporate governance practices. Specifically, demographic characteristics such as board size, middle-aged board members and elderly board members had a positive and significant impact on board independence, board size, and middle-aged board members positively and significantly impacted board fairness, and the proportion of female board members also impacted board transparency. These are unique findings and contributions to the relatively non-existent body of empirical knowledge on board characteristics and corporate governance practices.

Therefore, one can reject the hypothesis that H2Y: Board cognitive characteristics significantly influence corporate governance practices of SOEs for all the relationships between board cognitive characteristics and corporate governance practices (see related PLS-SEM diagrams Figures 6.10a and 6.10b below).

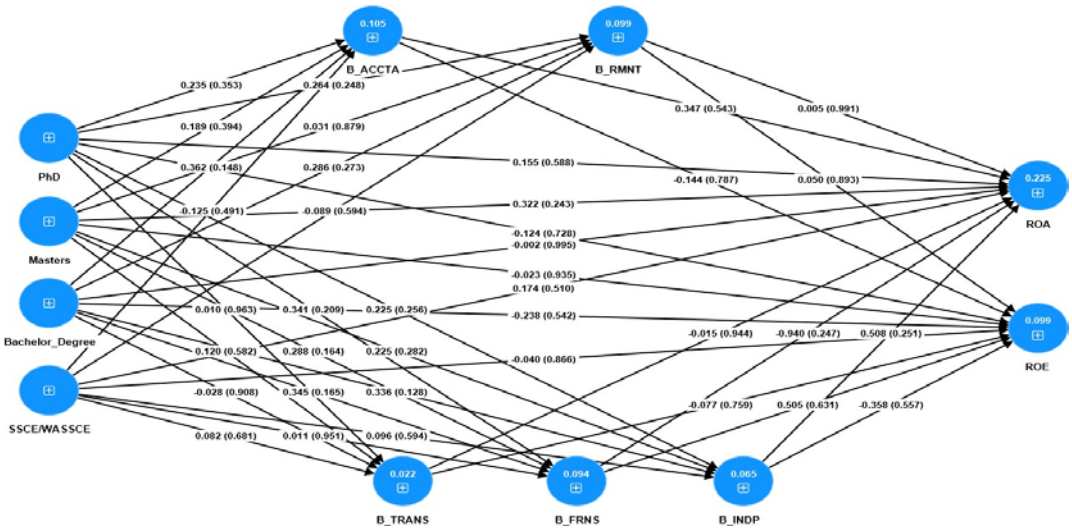

Figure 6.10a: Level of education, corporate governance practices and economic performance

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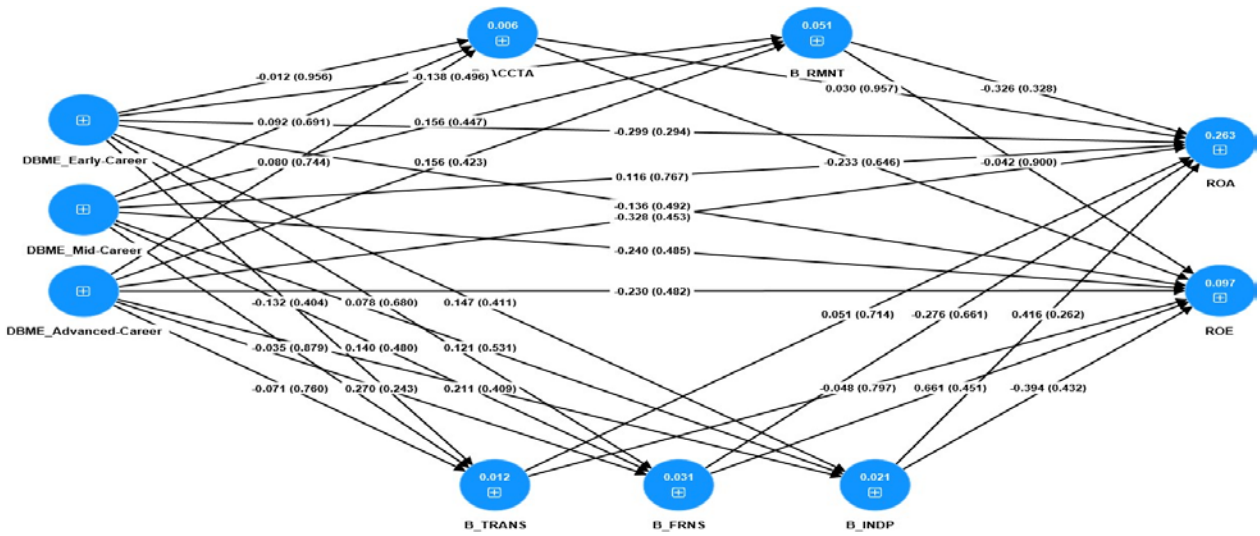

Figure 6.10b: Business and management experience, corporate governance practices and economic performance

6.4.3 Governance practices and SOE economic performance

The results of the impact of the various corporate governance practices on the economic performance of SOEs in Ghana are presented in Table 6.10 and interpreted below.

Table 6.10: Corporate governance practices and SOE economic performance

	Path Coefficient	t-statistic	p-values
Board Accountability -> ROA	0.161	0.303	0.762
Board Accountability-> ROE	-0.200	0.463	0.643
Board Fairness -> ROA	-0.569	1.007	0.314
Board Fairness -> ROE	0.595	0.756	0.449
Board Independence -> ROA	0.463	1.406	0.160
Board Independence-> ROE	-0.393	0.851	0.395
Board Risk Management -> ROA	-0.211	0.716	0.474
Board Risk Management -> ROE	-0.036	0.128	0.898
Board Transparency -> ROA	0.072	0.477	0.633
Board Transparency -> ROE	-0.026	0.169	0.866

From the results, it is clear that board accountability has different effects on ROA and ROE. However, the effects are not significant. For instance, board accountability has a positive but insignificant impact on ROA (β = 0.161, t = 0.303,

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p = 0.762) but a negative and also insignificant impact on ROE (β = -0.200, t = 0.463, p = 0.643). It, therefore, suggests that the level of board accountability is not a significant factor that impacts the economic performance of SOEs in Ghana with respect to ROA and ROE. Analogous to the reasons for SOE boards avoiding transparency, boards of SOEs in Ghana evade accountability with impunity. As such, SOEs do not meet their commercial bottom lines but rather the personal interests of the politically dominated board members and their appointer(s).

This finding is corroborated by Ohemeng and Adabor (2019), who state that some boards of SOEs continue to reel under excessive political interference in appointments, which results in directors being tacitly accountable to the appointing authority – government, rather than objective accountability for the profitability and or sustainability of the SOEs. Even in instances where audited financial statements are presented to the parliament select committee on public accounts in the name of fulfilling governance and oversight duties, they sometimes undertake delayed, hurried reviews of SOE boards without sufficient rigour or objectivity (Ohemeng et al., 2018), hence leaving much to be desired of the oversight responsibility of parliament over these SOEs which results in a loop of hanging issues running through different governments and by extension different CEOs and boards of these SOEs.

Also, board fairness negatively impacts ROA (β = -0.569, t = 1.007, p = 0.314) but positively impacts ROE (β = 0.595, t = 0.756, p = 0.449). However, these relationships are not statistically significant (p > 0.05). These imply that board fairness in the execution of their functions is not a significant corporate governance practice that influences the ROA and ROE of SOEs in Ghana. Board fairness, according to Hurst et al. (2022), entails equitable representation, procedural justice, and the ethical treatment of stakeholders, which contributes significantly to long-term success and sustainability. The insignificant relationship established in the study, in the light of Hurst and his colleague`s conceptualisation of board fairness, could be attributed to disproportionate representation in terms of skills, gender, age, ethnicity, religion and differently-abled persons on SOE boards.

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These, findings compromise board effectiveness arising from skewed perspectives. Such boards, according to Owusu (2014), are also inherently exposed to exhibiting in-group biases in staff recruitment, procurement contracts, financial schemes and operational decisions, which ultimately leads to inefficiencies and missing the commercial bottom line of SOEs.

Board Independence is found to have an insignificant positive impact on ROA (β = 0.463, t = 1.406, p = 0.160) and an insignificant negative impact on ROE (β = -0.393, t = 0.851, p = 0.395). These indicate that the independence of the boards is not a significant driver for the ROA and ROE of Ghanaian SOEs. For instance, boards with a majority of non-executive directors are generally considered to be independent and can objectively put forward their views. Bhagat and Bolton (2019) succinctly intimate that independent directors play a crucial role in corporate governance by offering objective and unbiased viewpoints to counterbalance the perspectives of internal executives on the board.

The empirical studies provide mixed findings on the impact of board independence on firm performance, specifically ROA and ROE. Qadorah (2018) found a positive relationship between board independence and ROA in Jordanian-listed firms. Habtoor (2022) found that board independence had a negative impact on accounting-based performance - ROA and ROE. Wu (2021) examined the influence of board independence on firm performance in the world's top 1000 firms and found that the percentage of independent directors had a positive influence on ROA. In summary, the empirical evidence collectively suggests that board independence may have a positive impact on firm performance, particularly in terms of ROA. However, as already indicated and in line with the argument of Ohemeng and Adabor (2019), SOE boards are dominated by directors largely appointed from government ministries, departments, agencies, and the ruling political party rather than competent true independents from the private or non-profit sectors to serve on SOE boards. The outcome of not having a truly independent board of directors is that proper and genuine oversight cannot be exercised to lead to profitable or sustainable operations of SOEs in Ghana.

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Board risk management, though, has a negative effect on ROA and ROE. The impact is not significant for ROA (β = -0.211, t = 0.716, p = 0.474) and ROE (β = -0.036, t = 0.128, p = 0.898). These results suggest that the level of board risk management practices employed by SOEs does not have a significant effect on their economic performance in terms of ROA or ROE. This, though surprisingly, could be true in the context of Ghanaian SOEs. This could be due to the fact that board membership appointments are mainly driven by political interests rather than expertise. This phenomenon largely impairs real board risk management oversight of the boards. Thus, purported actions of risk mitigation may be a smoke screen to obscure rent-seeking behaviours either for the personal gain of the board and management or the appointer(s). This extrapolation corroborates the finding of Owusu (2014) that appointments to the board are driven by rewarding political affiliations rather than merits and technical expertise and that of Adabor (2020), who also finds that professional expertise on boards remains inadequate. It further confirms Sowah's (2019) finding that there is an inadequate representation of competent, independent directors on SOE boards, which severely compromises the ability of the boards to constructively challenge management actions and critically oversee operations, finances, risks, and strategy in the best interests of the SOE.

Board transparency does not significantly impact either ROA (β = 0.072, t = 0.477, p = 0.633) or ROE (β = -0.026, t = 0.169, p = 0.866). These findings indicate that the transparency of board practices does not have a significant influence on the economic performance of SOEs in Ghana. This could be attributed to the fact that SOEs in Ghana, for political reasons, are not open with their dealings, including the mandatory requirement to publish their audited financial statements. For instance, only five (5) out of one hundred and thirty-two (132) entities presented their audited financial statements in 2017 for analysis (State Ownership Report, 2017), and seventy-nine (79) presented their audited financial statements for analysis in 2020 (State Ownership Report, 2020) which further decreased to forty-seven (47) in the most recent Auditor General`s report (Public Accounts of Ghana, 2021). Reasons proffered for the majority of SOEs not complying with this mandate

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include inadequate resources, delays in finalising audits, resistance from certain politically affiliated board members and weak enforcement of penalties for non-compliance (Ohemeng & Adabor, 2019; Sowah, 2019). Politically exposed board members are reported to resist transparency initiatives that could show lapses, inaction, or self-interests (Berliner, 2014). That is, the beneficiaries of the status quo impede transparency initiatives in SOEs. This resistance was experienced during the data collection phase of this study as some boards expressly instructed their employees, in the presence of the data collectors, not to respond to the questionnaire. Thus, shrouding the operations of SOEs in secrecy only ensures the benefit of those who have interests to protect to the detriment of the financial viability and sustainability of the SOEs.

The study suggests that the examined governance practices - board accountability, fairness, independence, risk management, and transparency do not influence the economic performance of SOEs. This underscores the complexity of factors influencing the financial outcomes of these enterprises. Therefore, H3: Risk management significantly influences SOE economic performance; H4: Independence significantly influences SOE economic performance; H5: Fairness significantly influences SOE economic performance; H6: Transparency significantly influences SOE economic performance; H7: Accountability significantly influences SOE economic performance is rejected.

6.4.4 The mediating influence of board characteristics

Similar to H1 and H2, H8 is further disaggregated into two sub-hypotheses, with the first sub-hypothesis focusing on the indirect influence of board demographic characteristics on SOE economic performance via corporate governance practices and the second sub-hypothesis looking at the indirect influence of board cognitive characteristics on SOE economic performance via corporate governance practices. The results are presented and interpreted below.

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Table 6.11: Governance practices, board demographics and SOE economic performance

	Path Coefficients	t-statistic	p-values
Board Size -> Board Accountability -> ROA	0.033	0.256	0.798
Board Size -> Board Accountability -> ROE	-0.039	0.376	0.707
Board Size -> Board Fairness -> ROA	-0.179	0.895	0.371
Board Size -> Board Fairness -> ROE	0.185	0.623	0.533
Board Size -> Board Independence -> ROA	0.110	1.165	0.244
Board Size -> Board Independence -> ROE	-0.093	0.773	0.439
Board Size -> Board Risk Management -> ROA	-0.018	0.283	0.777
Board Size -> Board Risk Management -> ROE	-0.010	0.159	0.873
Board Size -> Board Transparency -> ROA	0.004	0.142	0.887
Board Size -> Board Transparency -> ROE	-0.002	0.054	0.957
Non-Executive Directors -> Board Accountability-> ROA	0.014	0.126	0.900
Non-Executive Directors -> Board Accountability -> ROE	-0.017	0.195	0.845
Non-Executive Directors -> Board Fairness -> ROA	-0.093	0.607	0.544
Non-Executive Directors -> Board Fairness -> ROE	0.098	0.534	0.593
Non-Executive Directors -> Board Independence -> ROA	0.071	0.807	0.420
Non-Executive Directors -> Board Independence -> ROE	-0.060	0.626	0.531
Non-Executive Directors -> Board Risk Management -> ROA	-0.014	0.258	0.796
Non-Executive Directors -> Board Risk Management -> ROE	-0.003	0.060	0.952
Non-Executive Directors -> Board Transparency -> ROA	-0.009	0.241	0.809
Non-Executive Directors -> Board Transparency -> ROE	0.005	0.128	0.898
Female -> Board Accountability-> ROA	0.037	0.253	0.800
Female -> Board Accountability -> ROE	-0.037	0.31	0.756
Female -> Board Fairness -> ROA	-0.129	0.561	0.575
Female -> Board Fairness-> ROE	0.101	0.445	0.656
Female ->Board Independence -> ROA	-0.057	0.405	0.686
Female -> Board Independence-> ROE	0.034	0.309	0.757
Female -> Board Risk Management -> ROA	-0.051	0.492	0.623
Female -> Board Risk Management-> ROE	-0.008	0.097	0.923
Female -> Board Transparency -> ROA	-0.002	0.019	0.984
Female -> Board Transparency -> ROE	-0.037	0.394	0.693
Middle Age -> Board Accountability -> ROA	0.080	0.220	0.826
Middle Age -> Board Accountability -> ROE	-0.143	0.434	0.664
Middle Age -> Board Fairness-> ROA	-0.374	0.697	0.486
Middle Age ->Board Fairness-> ROE	0.468	0.602	0.547
Middle Age -> Board Independence-> ROA	0.264	0.927	0.354
Middle Age -> Board Independence -> ROE	-0.229	0.766	0.444
Middle Age -> Board Risk Management -> ROA	-0.029	0.136	0.892
Middle Age -> Board Risk Management -> ROE	0.079	0.301	0.764
Middle Age -> Board Transparency -> ROA	-0.001	0.008	0.994
Middle Age -> Board Transparency -> ROE	0.013	0.157	0.875
Elderly -> Board Accountability -> ROA	0.057	0.215	0.830
Elderly -> Board Accountability -> ROE	-0.103	0.422	0.673
Elderly -> Board Fairness -> ROA	-0.261	0.645	0.519

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Elderly -> Board Fairness-> ROE	0.326	0.561	0.575
Elderly -> Board Independence -> ROA	0.206	0.959	0.338
Elderly -> Board Independence -> ROE	-0.179	0.783	0.434
Elderly -> Board Risk Management-> ROA	-0.012	0.093	0.926
Elderly -> Board Risk Management-> ROE	0.032	0.228	0.820
Elderly -> Board Transparency -> ROA	0.000	0.002	0.998
Elderly -> Board Transparency -> ROE	0.003	0.050	0.960
Very Old -> Board Accountability -> ROA	0.014	0.077	0.939
Very Old -> Board Accountability -> ROE	-0.025	0.164	0.870
Very Old -> Board Fairness -> ROA	-0.111	0.455	0.649
Very Old -> Board Fairness -> ROE	0.139	0.427	0.669
Very Old -> Board Independence-> ROA	0.115	0.744	0.457
Very Old -> Board Independence -> ROE	-0.100	0.628	0.530
Very Old -> Board Risk Management -> ROA	0.001	0.008	0.994
Very Old -> Board Risk Management -> ROE	-0.002	0.020	0.984
Very Old -> Board Transparency -> ROA	0.000	0.001	0.999
Very Old -> Board Transparency -> ROE	-0.002	0.025	0.980

Board size, through board accountability, has a negligible and statistically insignificant effect on ROA (β = 0.033, t = 0.256, p = 0.798). This suggests that changes in board size, mediated by accountability, do not significantly impact SOEs' return on assets. Similarly, the effect of Board Size through board accountability on ROE is also non-significant (β = -0.039, t = 0.376, p = 0.707), indicating that board size, when mediated by board accountability, does not affect the return on equity.

Board size, mediated by board fairness, does not significantly affect ROA (β = -0.179, t = 0.895, p = 0.371). This means that board size, when influenced by board fairness, does not impact asset returns. The effect on ROE from board size through board fairness is also insignificant (β = 0.185, t = 0.623, p = 0.533), indicating that board size, mediated by board fairness, does not significantly influence equity returns.

Board size, mediated by board independence, has an insignificant effect on ROA (β = 0.110, t = 1.165, p = 0.244). This suggests that changes in board size, influenced by board independence, do not significantly impact asset returns. The effect of board size through board independence on ROE is also insignificant (β =

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-0.093, t = 0.773, p = 0.439), indicating that board size, when mediated by board independence, does not significantly affect equity returns.

Board size, influenced by board risk management, has an insignificant effect on ROA (β = -0.018, t = 0.283, p = 0.777). This suggests that changes in board size, mediated by board risk management practices, do not significantly impact asset returns. In the same manner, the effect of boar size through board risk management on ROE is also insignificant (β = -0.010, t = 0.159, p = 0.873), indicating that board size, when influenced by board risk management, does not significantly affect equity returns.

The effect of board size on ROA, mediated by board transparency, is insignificant (β = 0.004, t = 0.142, p = 0.887). This suggests that changes in board size, influenced by board transparency, do not significantly impact the asset returns of SOEs in Ghana. Also, the effect of board size on ROE through board transparency is insignificant (β = -0.002, t = 0.054, p = 0.957), indicating that board size, when influenced by board transparency, does not significantly affect equity returns of SOEs in Ghana.

Non-executive directors, through board accountability, do not significantly impact ROA (β = 0.014, t = 0.126, p = 0.900) any differently than executive directors of SOEs in Ghana. This suggests that non-executive directors, mediated by accountability, do not significantly impact SOEs' return on assets differently than executive directors. Similarly, the effect of non-executive directors through board accountability on ROE does not significantly differ from that of executive directors (β = -0.017, t = 0.195, p = 0.845), indicating that non-executive directors, when mediated by board accountability, does not affect the return on equity significantly differently from executive directors.

Non-executive directors, mediated by board fairness, do not significantly affect ROA (β = -0.093, t = 0.607, p = 0.544) differently than executive directors of SOEs in Ghana. This means that the presence of non-executive directors, when

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influenced by board fairness, does not impact asset returns differently than executive directors. The effect on ROE from Non-executive directors through board fairness is also insignificant (β = 0.098, t = 0.534, p = 0.593), indicating that the presence of non-executive directors, mediated by board fairness, does not significantly influence equity returns differently from executive directors.

Non-executive directors, mediated by board independence, have an insignificant effect on ROA (β = 0.071, t = 0.807, p = 0.420). This suggests that the presence of non-executive directors, influenced by board independence, does not significantly impact the asset returns of Ghanaian SOEs differently from executive directors. The effect of non-executive directors through board independence on ROE is also insignificant (β = -0.060, t = 0.626, p = 0.531), indicating that the presence of non-executive directors, when mediated by board independence, does not significantly affect SOE equity returns differently from executive directors.

Non-executive directors, influenced by board risk management, have an insignificant effect on ROA (β = -0.014, t = 0.258, p = 0.796). This suggests that the presence of non-executive directors, mediated by board risk management practices, does not significantly impact asset returns differently from executive directors. In the same manner, the effect of non-executive directors through board risk management on ROE is insignificant (β = -0.003, t = 0.060, p = 0.952), indicating that the presence of non-executive directors, when influenced by board risk management, does not affect equity returns significantly and differently from executive directors.

The effect of non-executive directors on ROA, mediated by board transparency, is insignificant (β = -0.009, t = 0.241, p = 0.809). This suggests that the presence of non-executive directors, influenced by board transparency, does not significantly impact asset returns of SOEs differently from executive directors. Also, the effect of non-executive directors on ROE through board transparency is insignificant (β = 0.005, t = 0.128, p = 0.898), indicating that the presence of non-executive

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directors, when influenced by board transparency, does not significantly affect equity returns differently from executive directors.

The proportion of female board members, through board accountability, does not significantly impact ROA (β = 0.037, t = 0.253, p = 0.800) any differently than the proportion of male board members of SOEs in Ghana. This suggests that the proportion of female board members, mediated by accountability, does not significantly impact SOEs' return on assets differently than the proportion of male board members. Similarly, the effect of the proportion of female board members through board accountability on ROE does not significantly differ from that of the proportion of male board members (β = -0.037, t = 0.31, p = 0.756), indicating that the proportion of female board members, when mediated by board accountability, does not affect return on equity significantly differently from the proportion of male board members.

The proportion of female board members, mediated by board fairness, does not significantly affect ROA (β = -0.129, t = 0.561, p = 0.575) differently than the proportion of male board members of SOEs in Ghana. This means that the proportion of female board members, when influenced by board fairness, does not impact asset returns differently than the proportion of male board members. The effect on ROE from the proportion of female board members through board fairness is also insignificant (β = 0.101, t = 0.445, p = 0.656), indicating that the proportion of female board members, mediated by board fairness, does not significantly influence equity returns differently from the proportion of male board members.

The proportion of female board members, mediated by board independence, has an insignificant effect on ROA (β = -0.057, t = 0.405, p = 0.686). This suggests that the proportion of female board members, influenced by board independence, does not significantly impact the asset returns of Ghanaian SOEs differently from the proportion of male board members. The effect of non-executive directors through board independence on ROE is also insignificant (β = 0.034, t = 0.309, p = 0.757),

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indicating that the proportion of female board members, when mediated by board independence, does not significantly affect SOE equity returns differently from the proportion of male board members.

The proportion of female board members influenced by board risk management has an insignificant effect on ROA (β = -0.051, t = 0.492, p = 0.623). This suggests that the proportion of male board members, mediated by board risk management practices, does not significantly impact asset returns differently from the proportion of male board members. In the same manner, the effect of the proportion of female board members through board risk management on ROE is insignificant (β = -0.008, t = 0.097, p = 0.923), indicating that the presence of the proportion of female board members when influenced by board risk management, does not affect equity returns significantly and differently from the proportion of male board members.

The effect of the proportion of female board members and directors on ROA, mediated by board transparency, is insignificant (β = -0.002, t = 0.019, p = 0.984). This suggests that the proportion of female board members, influenced by board transparency, does not significantly impact asset returns of SOEs differently from the proportion of male board members. Also, the effect on ROE through board transparency is insignificant (β = -0.037, t = 0.394, p = 0.693), indicating that the presence of the proportion of female board members, when influenced by board transparency, does not significantly affect equity returns differently from the proportion of male board members.

The effect of the presence of middle-aged board members, through board accountability, does not significantly impact ROA (β = 0.080, t = 0.220, p = 0.826) any differently than the presence of young board members of SOEs in Ghana. This suggests that the presence of middle-aged board members, mediated by accountability, does not significantly impact SOEs return on assets differently than the presence of young board members. Similarly, the effect of the presence of middle-aged board members through board accountability on ROE does not significantly differ from that of the presence of young board members (β = -0.143, t

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= 0.434, p = 0.664), indicating that the presence of middle-aged board members, when mediated by board accountability, does not affect return on equity significantly differently from the presence of young board members.

The presence of middle-aged board members, mediated by board fairness, does not significantly affect ROA (β = -0.374, t = 0.697, p = 0.486) differently than the presence of young board members of SOEs in Ghana. This means that the presence of middle-aged board members, when influenced by board fairness, does not impact asset returns differently than the presence of young board members. The effect on ROE from the presence of middle-aged board members through board fairness is also insignificant (β = 0.468, t = 0.602, p = 0.547), indicating that the presence of middle-aged board members, mediated by board fairness, does not significantly influence equity returns differently from the presence of young board members.

The presence of middle-aged board members, mediated by board independence, has an insignificant effect on ROA (β = 0.264, t = 0.927, p = 0.354). This suggests that the presence of middle-aged board members, influenced by board independence, does not significantly impact the asset returns of Ghanaian SOEs differently from the presence of young board members. The effect of middle-aged board members through board independence on ROE is also insignificant (β = -0.229, t = 0.766, p = 0.444), indicating that the presence of middle-aged board members, when mediated by board independence, does not significantly affect SOE equity returns differently from the presence of young board members.

The presence of middle-aged board members, influenced by board risk management, has an insignificant effect on ROA (β = -0.029, t = 0.136, p = 0.892). This suggests that the presence of young board members, mediated by board risk management practices, does not significantly impact asset returns differently from the presence of young board members. In the same manner, the effect of the presence of middle-aged board members through board risk management on ROE is insignificant (β = 0.079, t = 0.301, p = 0.764), indicating that the presence of

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middle-aged board members, when influenced by board risk management, does not affect equity returns significantly and differently from the presence of young board members.

The effect of the presence of middle-aged board members on ROA, mediated by board transparency, is insignificant (β = -0.001, t = 0.008, p = 0.994). This suggests that the presence of middle-aged board members, influenced by board transparency, does not significantly impact asset returns of SOEs differently from the presence of young board members. Also, the effect on ROE through board transparency is insignificant (β = 0.013, t = 0.157, p = 0.875), indicating that the presence of middle-aged board members, when influenced by board transparency, does not significantly affect equity returns differently from the presence of young board members.

The effect of the presence of elderly board members, through board accountability, does not significantly impact ROA (β = 0.057, t = 0.215, p = 0.830) any differently than the presence of young board members of SOEs in Ghana. This suggests that the presence of elderly board members, mediated by accountability, does not significantly impact SOEs return on assets differently than the presence of young board members. Similarly, the effect of the presence of elderly board members through board accountability on ROE does not significantly differ from that of the presence of young board members (β = -0.103, t = 0.422, p = 0.673), indicating that the presence of elderly board members, when mediated by board accountability, does not affect return on equity significantly differently from the presence of young board members.

The presence of elderly board members, mediated by board fairness, does not significantly affect ROA (β = -0.261, t = 0.645, p = 0.519) differently than the presence of young board members of SOEs in Ghana. This means that the presence of elderly board members, when influenced by board fairness, does not impact asset returns differently than the presence of young board members. The effect on ROE from the presence of elderly board members through board fairness

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is also insignificant (β = 0.326, t = 0.561, p = 0.575), indicating that the presence of elderly board members, mediated by board fairness, does not significantly influence equity returns differently from the presence of young board members.

The presence of elderly board members, mediated by board independence, has an insignificant effect on ROA (β = 0.206, t = 0.959, p = 0.338). This suggests that the presence of elderly board members, influenced by board independence, does not significantly impact the asset returns of Ghanaian SOEs differently from the presence of young board members. The effect of elderly board members through board independence on ROE is also insignificant (β = -0.179, t = 0.783, p = 0.434), indicating that the presence of elderly board members, when mediated by board independence, does not significantly affect SOE equity returns differently from the presence of young board members.

The presence of elderly board members, influenced by board risk management, has an insignificant effect on ROA (β = -0.012, t = 0.093, p = 0.926). This suggests that the presence of young board members, mediated by board risk management practices, does not significantly impact asset returns differently from the presence of young board members. In the same manner, the effect of the presence of elderly board members through board risk management on ROE is insignificant (β = 0.032, t = 0.228, p = 0.820), indicating that the presence of elderly board members, when influenced by board risk management, does not affect equity returns significantly and differently from the presence of young board members.

The effect of the presence of elderly board members on ROA, mediated by board transparency, is insignificant (β = 0.000, t = 0.002, p = 0.998). This suggests that the presence of elderly board members, influenced by board transparency, does not significantly impact asset returns of SOEs differently from the presence of young board members. Also, the effect on ROE through board transparency is insignificant (β = 0.003, t = 0.050, p = 0.960), indicating that the presence of elderly board members, when influenced by board transparency, does not significantly affect equity returns differently from the presence of young board members.

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The effect of the presence of very old board members, through board accountability, does not significantly impact ROA (β = 0.014, t = 0.077, p = 0.939) any differently than the presence of young board members of SOEs in Ghana. This suggests that the presence of very old board members, mediated by accountability, does not significantly impact SOEs return on assets differently than the presence of young board members. Similarly, the effect of the presence of very old board members through board accountability on ROE does not significantly differ from that of the presence of young board members (β = -0.025, t = 0.164, p = 0.870), indicating that the presence of very old board members, when mediated by board accountability, does not affect return on equity significantly differently from the presence of young board members.

The presence of very old board members, mediated by board fairness, does not significantly affect ROA (β = -0.111, t = 0.455, p = 0.649) differently than the presence of young board members of SOEs in Ghana. This means that the presence of very old board members, when influenced by board fairness, does not impact asset returns differently than the presence of young board members. The effect on ROE from the presence of very old board members through board fairness is also insignificant (β = 0.139, t = 0.427, p = 0.669), indicating that the presence of very old board members, mediated by board fairness, does not significantly influence equity returns differently from the presence of young board members.

The presence of very old board members, mediated by board independence, has an insignificant effect on ROA (β = 0.115, t = 0.744, p = 0.457). This suggests that the presence of very old board members, influenced by board independence, does not significantly impact the asset returns of Ghanaian SOEs differently from the presence of young board members. The effect of very old board members through board independence on ROE is also insignificant (β = -0.100, t = 0.628, p = 0.530), indicating that the presence of very old board members, when mediated by board independence, does not significantly affect SOEs equity returns differently from the presence of young board members.

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The presence of very old board members, influenced by board risk management, has an insignificant effect on ROA (β = 0.001, t = 0.008, p = 0.994). This suggests that the presence of young board members, mediated by board risk management practices, does not significantly impact asset returns differently from the presence of young board members. In the same manner, the effect of the presence of very old board members through board risk management on ROE is insignificant (β = -0.002, t = 0.020, p = 0.984), indicating that the presence of very old board members, when influenced by board risk management, does not affect equity returns significantly and differently from the presence of young board members.

The effect of the presence of very old board members on ROA, mediated by board transparency, is insignificant (β = 0.000, t = 0.001, p = 0.999). This suggests that the presence of very old board members, influenced by board transparency, does not significantly impact asset returns of SOEs differently from the presence of young board members. Also, the effect on ROE through board transparency is insignificant (β = -0.002, t = 0.025, p = 0.980), indicating that the presence of very old board members, when influenced by board transparency, does not significantly affect equity returns differently from the presence of young board members.

On the basis of all the above, the hypothesis that H8X: Corporate board characteristics indirectly influence SOE economic performance via corporate governance practices is therefore rejected for all board demographic characteristics.

Table 6.12: Governance practices, board cognitive and SOE economic performance

	Path Coefficients	t-statistic	p-values
PhD -> Board Accountability -> ROA	0.082	0.377	0.706
PhD -> Board Accountability -> ROE	-0.034	0.180	0.857
PhD -> Board Fairness -> ROA	-0.321	0.720	0.472
PhD -> Board Fairness -> ROE	0.172	0.35	0.726
PhD -> Board Independence -> ROA	0.114	0.697	0.486
PhD -> Board Independence-> ROE	-0.080	0.455	0.649
PhD -> Board Risk Management -> ROA	0.001	0.009	0.993
PhD ->Board Risk Management -> ROE	0.013	0.104	0.917
PhD -> Board Transparency -> ROA	0.000	0.003	0.998

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PhD -> Board Transparency -> ROE	-0.001	0.012	0.990
Masters -> Board Accountability-> ROA	0.066	0.328	0.743
Masters ->Board Accountability -> ROE	-0.027	0.154	0.877
Masters -> Board Fairness -> ROA	-0.271	0.641	0.522
Masters -> Board Fairness-> ROE	0.145	0.309	0.758
Masters -> Board Independence-> ROA	0.114	0.621	0.535
Masters -> Board Independence -> ROE	-0.081	0.395	0.693
Masters -> Board Risk Management-> ROA	0.000	0.002	0.999
Masters -> Board Risk Management -> ROE	0.002	0.020	0.984
Masters -> Board Transparency -> ROA	-0.002	0.028	0.978
Masters -> Board Transparency -> ROE	-0.009	0.124	0.901
Bachelor Degree -> Board Accountability -> ROA	0.126	0.437	0.662
Bachelor Degree -> Board Accountability -> ROE	-0.052	0.203	0.839
Bachelor Degree -> Board Fairness -> ROA	-0.325	0.668	0.504
Bachelor Degree -> Board Fairness-> ROE	0.174	0.324	0.746
Bachelor Degree -> Board Independence -> ROA	0.171	0.728	0.466
Bachelor Degree -> Board Independence-> ROE	-0.120	0.467	0.641
Bachelor Degree -> Board Risk Management -> ROA	0.001	0.008	0.994
Bachelor Degree -> Board Risk Management -> ROE	0.014	0.089	0.929
Bachelor Degree -> Board Transparency -> ROA	0.000	0.008	0.994
Bachelor Degree -> Board Transparency -> ROE	0.002	0.033	0.974
Advanced Career -> Board Accountability -> ROA	0.002	0.015	0.988
Advanced Career -> Board Accountability -> ROE	-0.019	0.134	0.894
Advanced Career -> Board Fairness -> ROA	-0.074	0.259	0.796
Advanced Career -> Board Fairness -> ROE	0.178	0.455	0.649
Advanced Career -> Board Independence -> ROA	0.088	0.555	0.579
Advanced Career -> Board Independence -> ROE	-0.083	0.485	0.628
Advanced Career -> Board Risk Management-> ROA	-0.051	0.511	0.609
Advanced Career -> Board Risk Management-> ROE	-0.007	0.066	0.947
Advanced Career -> Board Transparency -> ROA	-0.004	0.098	0.922
Advanced Career -> Board Transparency -> ROE	0.003	0.068	0.946
Mid-Career -> Board Accountability -> ROA	0.003	0.017	0.987
Mid-Career -> Board Accountability -> ROE	-0.022	0.146	0.884
Mid-Career ->Board Fairness-> ROA	-0.039	0.191	0.849
Mid-Career ->Board Fairness -> ROE	0.093	0.353	0.724
Mid-Career -> Board Independence -> ROA	0.050	0.447	0.655
Mid-Career -> Board Independence -> ROE	-0.048	0.375	0.708
Mid-Career ->Board Risk Management -> ROA	-0.051	0.454	0.650
Mid-Career -> Board Risk Management -> ROE	-0.007	0.061	0.952
Mid-Career -> Board Transparency -> ROA	-0.002	0.050	0.960
Mid-Career -> Board Transparency -> ROE	0.002	0.037	0.971
Early Career -> Board Accountability -> ROA	0.000	0.003	0.998
Early Career -> Board Accountability -> ROE	0.003	0.024	0.981
Early Career ->Board Fairness -> ROA	-0.022	0.134	0.893
Early Career -> Board Fairness -> ROE	0.052	0.224	0.823
Early Career -> Board Independence -> ROA	0.061	0.527	0.598

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Early-Career -> Board Independence -> ROE	-0.058	0.407	0.684
Early Career -> Board Risk Management -> ROA	0.045	0.451	0.652
Early Career -> Board Risk Management -> ROE	0.006	0.064	0.949
Early Career -> Board Transparency -> ROA	-0.007	0.229	0.819
Early Career -> Board Transparency-> ROE	0.006	0.161	0.872

The effect of the presence of PhD holders on boards, mediated by board accountability, does not significantly impact ROA (β = 0.082, t = 0.377, p = 0.706) of SOEs in Ghana. This suggests that the presence of PhD holders on boards, mediated by board accountability, do not significantly impact SOEs return on assets differently than the presence of non-degree holders. Similarly, the effect of the presence of PhD holders on boards through board accountability on ROE does not significantly differ from that of the presence of non-degree holders on boards (β = -0.034, t = 0.180, p = 0.857), indicating that the presence of PhD holders on boards, when mediated by board accountability, does not affect return on equity significantly and differently from the presence of non-degree holding board members.

The presence of PhD holders on boards, mediated by board fairness does not significantly affect ROA (β = -0.321, t = 0.720, p = 0.472) of SOEs in Ghana. This means that the presence of PhD holders on boards, when influenced by board fairness, does not impact asset returns differently than the presence of non-degree board members. The effect on ROE from the presence of PhD holding board members through board fairness is also insignificant (β = 0.172, t = 0.350, p = 0.726), indicating that the presence of board members with PhD, mediated by board fairness, does not significantly influence equity returns differently from the presence of members without a degree.

The presence of PhD holders on boards, mediated by board independence, has an insignificant effect on ROA (β = 0.114, t = 0.697, p = 0.486). This suggests that the presence of PhD holders on boards, influenced by board independence, do not significantly impact asset returns of Ghanaian SOEs differently from the presence of non-degree holding board members. The effect of PhD holding board members through board independence on ROE is also insignificant (β = -0.080, t = 0.455, p

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= 0.649), indicating that the presence of board members with PhD, when mediated by board independence, does not significantly affect SOEs equity returns differently from the presence of non-degree holding board members.

The presence of PhD holders on boards, influenced by board risk management, has an insignificant effect on ROA (β = 0.001, t = 0.009, p = 0.993). This suggests that the presence of board members with PhD, mediated by board risk management practices, does not significantly impact asset returns differently from the presence of non-degree board members. In the same manner, the effect of the presence of PhD board members through board risk management on ROE is insignificant (β = 0.013, t = 0.104, p = 0.917), indicating that the presence of board members having PhD, when influenced by board risk management, does not affect equity returns significantly and differently from the presence of board members without a degree.

The effect of the presence of PhD holders on boards on ROA, mediated by board transparency, is insignificant (β = 0.000, t = 0.003, p = 0.998). This suggests that the presence of PhD holders on boards, influenced by board transparency, do not significantly impact asset returns of SOEs differently from the presence of non-degree holding board members. Also, the effect on ROE through board transparency is insignificant (β = -0.001, t = 0.012, p = 0.990), indicating that the presence of PhD on SOE boards, when influenced by board transparency, does not significantly affect equity returns differently from the presence of non-degree holding board members.

The effect of the presence of Master's degree holders on boards, mediated by board accountability, does not significantly impact ROA (β = 0.066, t = 0.328, p = 0.743) of SOEs in Ghana. This suggests that the presence of master's degree holders on SOE boards, mediated by board accountability, do not significantly impact SOEs return on assets differently than the presence of non-degree holders. Similarly, the effect of the presence of Master's degree holders on boards through board accountability on ROE does not significantly differ from that of the presence

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of non-degree holders on boards (β = -0.027, t = 0.154, p = 0.877), indicating that the presence of Master's degree holders on boards, when mediated by board accountability, does not affect the return on equity significantly and differently from the presence of non-degree holding board members.

The presence of Master's degree holders on boards, mediated by board fairness does not significantly affect ROA (β = -0.271, t = 0.641, p = 0.522) of SOEs in Ghana. This means that the presence of Master's degree holders on boards, when influenced by board fairness, does not impact asset returns differently than the presence of non-degree board members. The effect on ROE from the presence of Master's degree-holding board members through board fairness is also insignificant (β = 0.145, t = 0.309, p = 0.758), indicating that the presence of board members with Master's degree, mediated by board fairness, does not significantly influence equity returns differently from the presence of members without a degree.

The presence of Master's degree holders on boards, mediated by board independence, has an insignificant effect on ROA (β = 0.114, t = 0.621, p = 0.535). This suggests that the presence of Master's degree holders on boards, influenced by board independence, do not significantly impact the asset returns of Ghanaian SOEs differently from the presence of non-degree-holding board members. The effect of Master's degree-holding board members through board independence on ROE is also insignificant (β = -0.081, t = 0.395, p = 0.693), indicating that the presence of board members with master's, when mediated by board independence, does not significantly affect SOEs equity returns differently from the presence of non-degree holding board members.

The presence of Master's degree holders on boards, influenced by board risk management, has an insignificant effect on ROA (β = 0.000, t = 0.002, p = 0.999). This suggests that the presence of board members with master's, mediated by board risk management practices, do not significantly impact asset returns differently from the presence of non-degree board members. In the same manner, the effect of the presence of master's board members through board risk

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management on ROE is insignificant (β = 0.002, t = 0.020, p = 0.984), indicating that the presence of board members having master's when influenced by board risk management, does not affect equity returns significantly and differently from the presence of board members without a degree.

The effect of the presence of Master's degree holders on boards on ROA, mediated by board transparency, is insignificant (β = -0.002, t = 0.028, p = 0.978). This suggests that the presence of Master's degree holders on boards, influenced by board transparency, do not significantly impact the asset returns of SOEs differently from the presence of non-degree-holding board members. Also, the effect on ROE through board transparency is insignificant (β = -0.009, t = 0.124, p = 0.901), indicating that the presence of Master's on SOE boards, when influenced by board transparency, does not significantly affect equity returns differently from the presence of non-degree holding board members.

The effect of the presence of Bachelor's degree holders on boards, mediated by board accountability, does not significantly impact ROA (β = 0.126, t = 0.437, p = 0.662) of SOEs in Ghana. This suggests that the presence of Bachelor's degree holders on SOE boards, mediated by board accountability, do not significantly impact SOEs return on assets differently than the presence of non-degree holders. Similarly, the effect of the presence of Bachelor's degree holders on boards through board accountability on ROE does not significantly differ from that of the presence of non-degree holders on boards (β = -0.052, t = 0.203, p = 0.839), indicating that the presence of Bachelor's degree holders on boards, when mediated by board accountability, does not affect the return on equity significantly and differently from the presence of non-degree holding board members.

The presence of Bachelor's degree holders on boards, mediated by board fairness does not significantly affect ROA (β = -0.325, t = 0.668, p = 0.504) of SOEs in Ghana. This means that the presence of Bachelor's degree holders on boards, when influenced by board fairness, does not impact asset returns differently than the presence of non-degree board members. The effect on ROE from the presence of

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Bachelor's degree-holding board members through board fairness is also insignificant (β = 0.174, t = 0.324, p = 0.746), indicating that the presence of board members with Bachelor's degrees, mediated by board fairness, does not significantly influence equity returns differently from the presence of members without a degree.

The presence of Bachelor's degree holders on boards, mediated by board independence, has an insignificant effect on ROA (β = 0.171, t = 0.728, p = 0.466). This suggests that the presence of Bachelor's degree holders on boards, influenced by board independence, do not significantly impact the asset returns of Ghanaian SOEs differently from the presence of non-degree holding board members. The effect of Bachelor's degree-holding board members through board independence on ROE is also insignificant (β = -0.120, t = 0.467, p = 0.641), indicating that the presence of board members with Bachelor's degree, when mediated by board independence, does not significantly affect SOEs equity returns differently from the presence of non-degree holding board members.

The presence of Bachelor's degree holders on boards, influenced by board risk management, has an insignificant effect on ROA (β = 0.001, t = 0.008, p = 0.994). This suggests that the presence of board members with a Bachelor's degree, mediated by board risk management practices, does not significantly impact asset returns differently from the presence of non-degree board members. In the same manner, the effect of the presence of Bachelor's degree-holding board members through board risk management on ROE is insignificant (β = 0.014, t = 0.089, p = 0.929), indicating that the presence of board members having Bachelor's degree, when influenced by board risk management, does not affect equity returns significantly and differently from the presence of board members without a degree.

The effect of the presence of Bachelor's degree holders on boards on ROA, mediated by board transparency, is insignificant (β = 0.000, t = 0.008, p = 0.994). This suggests that the presence of Bachelor's degree holders on boards, influenced by board transparency, do not significantly impact the asset returns of

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SOEs differently from the presence of non-degree-holding board members. Also, the effect on ROE through board transparency is insignificant (β = 0.002, t = 0.033, p = 0.974), indicating that the presence of Bachelor's degree holders on SOE boards, when influenced by board transparency, does not significantly affect equity returns differently from the presence of non-degree holding board members.

The effect of the presence of members with advanced careers in business or management expertise on boards, mediated by board accountability, does not significantly impact ROA (β = 0.002, t = 0.015, p = 0.988) of SOEs in Ghana. This suggests that the presence of members with an advanced career in business or management experience on SOE boards, mediated by board accountability, do not significantly impact SOEs return on assets differently than the presence of board members without business or management expertise. Similarly, the effect of the presence of an advanced career in business or management expertise on boards through board accountability on ROE is not significant (β = -0.019, t = 0.134, p = 0.894), indicating that the presence of members with an advanced career in business or management on boards, when mediated by board accountability, does not affect the return on equity significantly and differently from the presence of members without business or management expertise on boards.

The presence of members with advanced career in business or management on boards, mediated by board fairness does not significantly affect ROA (β = -0.074, t = 0.259, p = 0.796) of SOEs in Ghana. This means that the presence of members with advanced career in business or management on boards, when influenced by board fairness, does not impact asset returns differently from the presence of members without business or management expertise. The effect on ROE from the presence of members with advanced careers in business or management on boards through board fairness is also insignificant (β = 0.178, t = 0.455, p = 0.649), indicating that the presence of board members with advanced career in business or management on boards, mediated by board fairness, does not significantly influence equity returns differently from the presence of members without business or management expertise.

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The presence of members with advanced career in business or management on boards, mediated by board independence, has an insignificant effect on ROA (β = 0.088, t = 0.555, p = 0.579). This suggests that the presence of members with an advanced career in business or management on boards, influenced by board independence, do not significantly impact the asset returns of Ghanaian SOEs differently from the presence of members without business or management expertise. The effect of members with advanced careers in business or management on boards of SOEs through board independence on ROE is also insignificant (β = -0.083, t = 0.485, p = 0.628), indicating that the presence of board members with advanced career in business or management on boards, when mediated by board independence, does not significantly affect SOEs equity returns differently from the presence of board members without business or management expertise.

The presence of members with advanced careers in business or management on boards, influenced by board risk management, has an insignificant effect on ROA (β = -0.051, t = 0.511, p = 0.609). This suggests that the presence of board members with advanced careers in business or management, mediated by board risk management practices, does not significantly impact asset returns differently from the presence of members without business or management expertise. In the same manner, the effect of the presence of members with advanced careers in business or management on boards through board risk management on ROE is insignificant (β = -0.007, t = 0.066, p = 0.947), indicating that the presence of board members having advanced career experience in business or management on boards when influenced by board risk management, does not affect equity returns significantly and differently from the presence of board members without business or management expertise.

The effect of the presence of members with advanced career in business or management on boards on ROA, mediated by board transparency, is insignificant (β = -0.004, t = 0.098, p = 0.922). This suggests that the presence of members with an advanced career in business or management on boards, influenced by

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board transparency, do not significantly impact asset returns of SOEs differently from the presence of board members without business or management expertise. Also, the effect on ROE through board transparency is insignificant (β = 0.003, t = 0.068, p = 0.946), indicating that the presence of members with advanced career in business or management on SOEs boards, when influenced by board transparency, does not significantly affect equity returns differently from the presence of board members without business or management expertise.

The effect of the presence of members with mid-career in business or management expertise on boards, mediated by board accountability, does not significantly impact ROA (β = 0.003, t = 0.017, p = 0.987) of SOEs in Ghana. This suggests that the presence of members with mid-career in business or management experience on SOE boards, mediated by board accountability, do not significantly impact SOEs return on assets differently than the presence of board members without business or management expertise. Similarly, the effect of the presence of mid-career in business or management expertise on boards through board accountability on ROE is not significant (β = -0.022, t = 0.146, p = 0.884), indicating that the presence of members with mid-career in business or management on boards, when mediated by board accountability, does not affect return on equity significantly and differently from the presence of members without business or management expertise on boards.

The presence of members with mid-career in business or management on boards, mediated by board fairness does not significantly affect ROA (β = -0.039, t = 0.191, p = 0.849) of SOEs in Ghana. This means that the presence of mid-career members in business or management on boards, when influenced by board fairness, does not impact asset returns differently from the presence of members without business or management expertise. The effect on ROE from the presence of members with mid-career in business or management on boards through board fairness is also insignificant (β = 0.093, t = 0.353, p = 0.724), indicating that the presence of board members with mid-career in business or management on boards, mediated by board fairness, does not significantly influence equity returns

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differently from the presence of members without business or management expertise.

The presence of members with mid-career businesses or management on boards, mediated by board independence, has an insignificant effect on ROA (β = 0.050, t = 0.447, p = 0.655). This suggests that the presence of members with mid-career in business or management on boards, influenced by board independence, do not significantly impact asset returns of Ghanaian SOEs differently from the presence of members without business or management expertise. The effect of members with mid-careers in business or management on boards of SOEs through board independence on ROE is also insignificant (β = -0.048, t = 0.375, p = 0.708), indicating that the presence of board members with mid-career in business or management on boards, when mediated by board independence, does not significantly affect SOEs equity returns differently from the presence of board members without business or management expertise.

The presence of members with mid-career in business or management on boards, influenced by board risk management, has an insignificant effect on ROA (β = -0.051, t = 0.454, p = 0.650). This suggests that the presence of board members with mid-career in business or management, mediated by board risk management practices, does not significantly impact asset returns differently from the presence of members without business or management expertise. In the same manner, the effect of the presence of members with mid-career in business or management on boards through board risk management on ROE is insignificant (β = -0.007, t = 0.061, p = 0.952), indicating that the presence of board members having mid-career experience in business or management on boards, when influenced by board risk management, does not affect equity returns significantly and differently from the presence of board members without business or management expertise.

The effect of the presence of members with mid-career in business or management on boards on ROA, mediated by board transparency, is insignificant (β = -0.002, t = 0.050, p = 0.960). This suggests that the presence of members with mid-career

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in business or management on boards, influenced by board transparency, do not significantly impact asset returns of SOEs differently from the presence of board members without business or management expertise. Also, the effect on ROE through board transparency is insignificant (β = 0.002, t = 0.037, p = 0.971), indicating that the presence of members with mid-career in business or management on SOE boards, when influenced by board transparency, does not significantly affect equity returns differently from the presence of board members without business or management expertise.

The effect of the presence of members with early career in business or management expertise on boards, mediated by board accountability, does not significantly impact ROA (β = 0.000, t = 0.003, p = 0.998) of SOEs in Ghana. This suggests that the presence of members with an early career in business or management experience on SOE boards, mediated by board accountability, do not significantly impact SOEs return on assets differently than the presence of board members without business or management expertise. Similarly, the effect of the presence of members with an early career in business or management expertise on boards through board accountability on ROE is not significant (β = 0.003, t = 0.024, p = 0.981), indicating that the presence of members with an early career in business or management on boards, when mediated by board accountability, does not affect return on equity significantly and differently from the presence of members without business or management expertise on boards.

The presence of members with early career in business or management on boards, mediated by board fairness does not significantly affect ROA (β = -0.022, t = 0.134, p = 0.893) of SOEs in Ghana. This means that the presence of members with early careers in business or management on boards, when influenced by board fairness, does not impact asset returns differently from the presence of members without business or management expertise. The effect on ROE from the presence of members with early careers in business or management on boards through board fairness is also insignificant (β = 0.052, t = 0.224, p = 0.823), indicating that the presence of board members with early career in business or management on

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boards, mediated by board fairness, does not significantly influence equity returns differently from the presence of members without business or management expertise.

The presence of members with an early career in business or management on boards, mediated by board independence, has an insignificant effect on ROA (β = 0.061, t = 0.527, p = 0.598). This suggests that the presence of members with an early career in business or management on boards, influenced by board independence, do not significantly impact asset returns of Ghanaian SOEs differently from the presence of members without business or management expertise. The effect of members with early careers in business or management on boards of SOEs through board independence on ROE is also insignificant (β = -0.058, t = 0.407, p = 0.684), indicating that the presence of board members with early career in business or management on boards, when mediated by board independence, does not significantly affect SOEs equity returns differently from the presence of board members without business or management expertise.

The presence of members with early career in business or management on boards, influenced by board risk management, has an insignificant effect on ROA (β = 0.045, t = 0.451, p = 0.652). This suggests that the presence of board members with an early career in business or management, mediated by board risk management practices, do not significantly impact asset returns differently from the presence of members without business or management expertise. In the same manner, the effect of the presence of members with an early career in business or management on boards through board risk management on ROE is insignificant (β = 0.006, t = 0.064, p = 0.949), indicating that the presence of board members having early career experience in business or management on boards when influenced by board risk management, does not affect equity returns significantly and differently from the presence of board members without business or management expertise.

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The effect of the presence of members with early career in business or management on boards on ROA, mediated by board transparency, is insignificant (β = -0.007, t = 0.229, p = 0.819). This suggests that the presence of members with an early career in business or management on boards, influenced by board transparency, does not significantly impact asset returns of SOEs differently from the presence of board members without business or management expertise. Also, the effect on ROE through board transparency is insignificant (β = 0.006, t = 0.161, p = 0.872), indicating that the presence of members with early career in business or management on SOEs boards, when influenced by board transparency, does not significantly affect equity returns differently from the presence of board members without business or management expertise.

Similarly, as explained under section 6.4.2, there is a dearth of empirical studies, to the best of the author's knowledge, on the indirect influence of board characteristics, be it demographic or cognitive characteristics, on the economic performance of firms/entities through corporate governance practices. The existing body of empirical literature examines the impact of board characteristics on firm performance on the one hand and the impact of corporate governance practices on the other hand. No study, thus far, to the best of the author's knowledge, has jointly examined the impact of board characteristics on the performance of firms through corporate governance practices; talk less of lowering the investigative lenses on SOEs. Hence, as intimated under section 6.4.2, there is a constraint in comprehensively discussing the present findings vis-a-vis existing empirical studies on the indirect impact of board characteristics, either demographic characteristics or cognitive characteristics, on performance through corporate governance practices. This, again, constitutes a unique contribution of the study to the existing body of knowledge on board characteristics and firm performance. It also opens up the academic discourse on this apparently new scholarly enquiry.

Although no significant finding was made for the indirect impact of board characteristics, either demographic characteristics or cognitive characteristics, on the economic performance of SOEs through corporate governance practices, this

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exploration paves the way for future studies to examine the potential indirect relationships not only in the context of SOEs but also in other firm contexts.

On the basis of the findings above, the hypothesis H8Y, that corporate board characteristics indirectly influence SOE economic performance via corporate governance practices, is therefore rejected for all board cognitive characteristics.

6.4.5 The confirmed conceptual framework

From the empirical analysis of the study, some of the key variables in some of the following constructs were found to be statistically significant in providing empirical evidence. The variables under the various constructs that were statistically significant are as follows.

Under SOE board characteristics sub-group *demographic characteristics (X), board size* (number of board members) has a significant influence on governance practices. At the same time, a*ge diversity* (proportion of youth, middle age, and elderly) impacts certain governance practices. For the sub-group cognitive characteristics (Y), **the** board level of education has a significant relationship with economic performance through selected governance practices. Figure 6.10c is the SEM analysis of the relationships among the key variables under the various constructs.

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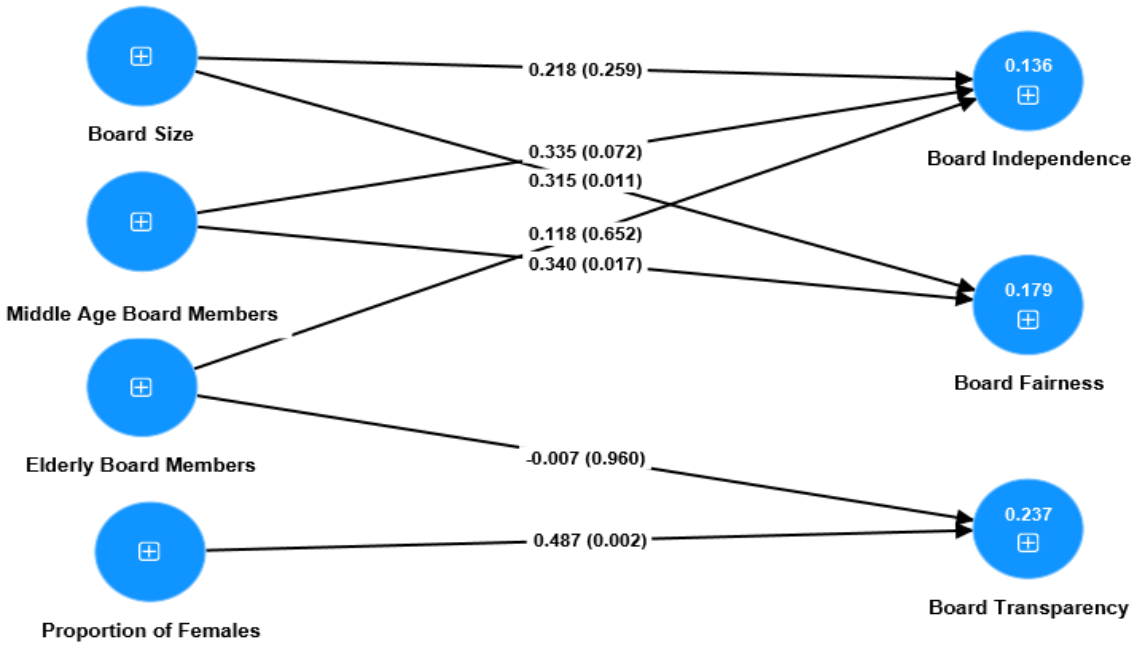

Figure 6.10c: SEM Diagram of the confirmed conceptual framework

6.5 CHAPTER SUMMARY

This chapter presents the results and discussion of the findings for the specific objectives and their corresponding hypotheses. It starts by recapping the study's objectives, hypotheses and conceptual framework. The chapter has two main sections for the objectives and hypotheses. The first is the presentation and discussion of the qualitative aspect of the study, which identified the key board characteristics and the key good corporate governance practices as found in the empirical literature and an evaluation of the current legal framework governing the functioning of SOEs in Ghana. The key board characteristics found through the literature review are board composition (emphasising the proportion of non-executive board members), board size, gender diversity and age diversity of board members. These together were termed board demographic characteristics. Another set of board characteristics termed board cognitive characteristics identified through the literature review included board members' level of education and diversity in board members' business/management experience. The last part of the literature review was the evaluation of SIGA's Act 990 and PFM Act 921. It was shown that while the legal frameworks have provisions which are well intended

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to ensure the effective and efficient operation of SOEs in Ghana, the influence of the executive arm of government in the appointment and firing of board members could affect, especially, their independence, fairness, transparency and risk management in the best interest of the SOEs in favour of the political mileage of the appointing authority. The second main section dealt with the testing of the study's hypotheses using PLS-SEM. The first set of hypotheses examined the influence of board demographic characteristics and board cognitive characteristics on the economic performance of SOEs in Ghana. The results showed that none of the two groups of board characteristics have a significant impact on the economic performance of SOEs in Ghana. The second set of hypotheses examined the influence of good corporate governance practices on the economic performance of SOEs in Ghana. The results also showed that corporate governance practices have no significant influence on the economic performance of SOEs. The third set of hypotheses examined the influence of board characteristics on corporate governance practices. The results showed that only some board demographic characteristics have a significant influence on some corporate governance practices. The results are as follows: *board size, middle-aged board members and elderly board members have a significant impact on board independence, board size and middle-aged board members have a significant impact on board fairness, and the proportion of female board members has a significant impact on board transparency.* Thus, one cannot reject H2x. The last set of hypotheses examined whether board characteristics influence the economic performance of SOEs in Ghana through corporate governance practices. The results showed that board characteristics (both demographic and cognitive) do not influence SOE economic performance through corporate governance practices. Prior to testing the hypotheses, the study presented the descriptive statistics of the variables under study and the normality and reliability tests.

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CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

This chapter concludes the study. It includes a conclusion and recommendations based on the study's findings as well as the study's limitations. The study's contributions to the body of knowledge on SOE performance are emphasised. Furthermore, the implications for policy decisions, management practices and further research are advanced in this chapter.

7.2 REVISITING THE AIM AND OBJECTIVES OF THE STUDY

The main objective of this study was to identify key board characteristics and good corporate governance practices and to investigate the impact of these board characteristics and corporate governance practices on the economic performance of SOEs in Ghana. In addition, the study also evaluated the current legal framework governing SOEs in Ghana.

Earlier chapters have outlined the relevance of board characteristics and governance practices in the performance of SOEs in general. Grounded on the Marxist theory, politicised bureaucracy model, agency theory and stakeholder theory, it has been argued that board characteristics and corporate governance practices influence SOEs' economic performance. Based on these views, a model for the constructs under study in the context of SOEs in Ghana was proposed with the thesis statement that argued that demographic and cognitive characteristics and good corporate governance practices lead to favourable economic performance of SOEs in Ghana. And that the corporate governance practices mediate the impact of the board characteristics on Ghanaian SOEs' economic performance.

To recap, the study has the following specific objectives.

1. Identify the key elements of corporate board characteristics.
2. Identify the key elements of good corporate governance practices.

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3. Critically evaluate the current corporate governance legal framework.
4. Determine the direct influence of corporate board characteristics on SOE economic performance.
5. Determine the influence of corporate board characteristics on corporate governance practices of SOEs.
6. Determine the influence of corporate governance practices on SOE economic performance.
7. Determine the indirect influence of corporate board characteristics on SOE economic performance via corporate governance practices. That is, to determine the mediating effect of corporate governance practices in the board characteristics and SOE economic performance relationship.
8. Provide recommendations for enhancing corporate governance in Ghanaian SOEs with the aim of contributing to their optimal economic performance.

While objectives one (1) to three (3) were achieved through literature review, objectives four (4) to eight (8) were accomplished through hypotheses. The conclusions based on the literature review and hypotheses testing are provided in separate sections below respectively.

7.3 CONCLUSIONS BASED ON THE LITERATURE REVIEW

The following represent the conclusions drawn on objectives one, two and three.

Objective 1:

The literature on corporate board characteristics has underscored the importance of diversity, independence, and expertise as pivotal elements that shape the effectiveness of boards in state-owned enterprises (SOEs) in Ghana. Diversity within the board, encompassing gender, ethnicity, age, and professional backgrounds, is highlighted as a critical driver of diligent governance. It mitigates the risks of groupthink and is associated with enhanced problem-solving

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capabilities, innovation, financial performance, and shareholder value creation (Miller & Triana, 2009; Blagburn, 2020).

Board independence is another key characteristic, defined by the degree to which board members are free from the influence of management and significant relationships that may compromise their impartial judgment (Rebeiz, 2015). A majority of independent board members is seen as a hallmark of effective governance, providing objective and unbiased viewpoints to counterbalance the perspectives of internal executives.

Expertise and educational diversity are also emphasised as essential attributes, contributing to a range of intellectual capacities and skills within the board. Boards characterised by a broader range of talents, experiences, and knowledge are posited to positively impact strategic decision-making and foster innovation (Brooks & Oikonomou, 2018).

In the context of Ghanaian SOEs, the board's role in balancing commercial objectives with public policy goals is crucial, necessitating a tailored composition that includes government stakeholders, independents, and firm insiders (Grossi & Thomsen, 2015). This balance is essential for SOE boards to make decisions in the public interest and manage public resources effectively.

In conclusion, the literature synthesis identifies diversity, independence, and expertise as the key elements of corporate board characteristics that contribute to the governance and performance of SOEs in Ghana. These elements are integral to ensuring that boards can navigate the complex interplay between commercial imperatives and the broader public policy objectives inherent in the governance of state-owned entities.

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Objective 2:

Accountability is emphasised as a foundational principle, necessitating clear delineation of responsibilities and decision rights to enable effective monitoring and oversight within the organisation. This principle extends beyond the board's accountability to shareholders, encompassing a broader responsibility to stakeholders such as employees, customers, and society at large, which is increasingly important for corporate sustainability and social legitimacy.

Transparency is highlighted as a critical governance principle, ensuring that stakeholders are provided with clear and accurate information regarding the organisation's activities, governance structures, and financial performance. This openness is crucial for building trust and facilitating informed decision-making by all stakeholders.

Integrity is underscored as a non-negotiable attribute of good governance, requiring board members to adhere to ethical standards and practices in their decision-making processes. This principle supports the establishment of a governance culture that prioritises ethical behaviour and decision-making.

Stewardship refers to the responsibility of the board to manage the organisation's resources effectively and to make decisions that are in the best interests of the company and its stakeholders. This involves a commitment to long-term value creation and the sustainable management of resources.

Independence is identified as a key element of good governance, with the literature advocating for a majority of independent board members who can provide objective and unbiased oversight. This independence is crucial for protecting the organisation from undue influence and conflicts of interest, thereby enhancing the overall effectiveness of corporate governance.

In summary, the literature review concludes that the key elements of good corporate governance practices are deeply rooted in the principles of

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accountability, transparency, integrity, stewardship, and independence. These principles are fundamental to the governance efficacy of state-owned enterprises in Ghana, ensuring that they can fulfil their governance responsibilities effectively and maintain public trust in their management of public resources.

Objective 3:

The existing corporate governance legal framework in Ghana acknowledges that recent legislative reforms, such as Act 990 of 2019, have significantly strengthened the corporate governance provisions. These provisions encompass delineating board oversight responsibilities across various domains, including strategy, operations, financial reporting, risk management, audits, and legal compliance. However, the literature points out that while these reforms have advanced the governance framework, there is a lack of a formalised process for evaluating the fulfilment of these duties.

Furthermore, the Public Financial Management Regulations of 2019 (L.I. 2378) and the Public Service Commission Manual (2020) are recognised for providing a comprehensive framework for evaluating the performance of boards in state-owned enterprises. These regulations mandate the establishment of a Board Charter that clearly defines the roles, responsibilities, and performance criteria expected of the board and its directors, including the requirement for an annual evaluation of the board's performance against these charter provisions.

The synthesis suggests that while the legal framework has evolved to align with global best practices, there are areas that require further refinement to ensure that the governance mechanisms are not only well-defined but also effectively implemented and assessed. The literature underscores the importance of such evaluations in assessing the composition and mix of competencies, the effectiveness of board processes, and the oversight of strategy and engagement with management.

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In summary, the literature review concludes that the current corporate governance legal framework in Ghana has made significant strides in formalising and strengthening governance practices. However, it also highlights the need for continuous improvement, particularly in formalising the evaluation processes to ensure that the boards of state-owned enterprises are not only compliant with the legal provisions but also effective in their governance roles. This critical evaluation suggests a pathway for future legislative and regulatory enhancements to further solidify the foundation of corporate governance in Ghana's public sector.

7.4 CONCLUSIONS BASED ON THE HYPOTHESES TESTING

Principally, the study aimed to examine the impact of demographic characteristics, cognitive characteristics and corporate governance practices on the economic performance of SOEs in Ghana. The primary hypothesis of this research is thus: corporate board characteristics and corporate governance practices have significant direct impacts on economic performance of SOEs in Ghana, and board characteristics have an indirect impact on economic performance of SOEs in Ghana via corporate governance practices. The key outcomes discovered from this study have been discussed in connection with prior literature on the thematic areas of this study. The conclusions of the study, focusing on the research hypothesis, have been summarised in Table 7.1.

7.4.1 Conclusions based on the hypotheses tested

Table 7.1 Conclusion of the Hypotheses

Hypothesis	Sig (0.05)	Result (Accept/ reject)	Conclusion
H1x: Board demographic characteristics significantly influence SOE economic performance	Sig (5%)	Reject	Board demographic characteristics do not significantly influence SOE economic performance
H1y: Board cognitive characteristics significantly influence SOE economic performance	Sig (5%)	Reject	Board cognitive characteristics do not significantly influence SOE economic performance

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H2x: Board demographic characteristics significantly influence corporate governance practices of SOEs	Sig (5%)	Accept	Board size, middle-aged board members and elderly board members have a significant impact on: 1. board independence, 2. board fairness. The proportion of female board members has a significant impact on; 1. board transparency. Thus, H2x cannot be rejected.
H2y: Board cognitive characteristics significantly influence corporate governance practices of SOEs	Sig (5%)	Reject	Board cognitive characteristics do not significantly influence the corporate governance practices of SOEs
H3: Risk management significantly influences SOE economic performance	Sig (5%)	Reject	Risk management does not significantly influence SOE economic performance
H4: Board independence significantly influences SOE economic performance	Sig (5%)	Reject	Board independence does not significantly influence SOE economic performance.
H5: Board fairness significantly influences SOE economic performance	Sig (5%)	Reject	Board fairness does not significantly influence SOE economic performance
H6: Board transparency significantly influences SOE economic performance	Sig (5%)	Reject	Board transparency does not significantly influence SOE economic performance
H7: Board accountability significantly influences SOE economic performance	Sig (5%)	Reject	Board accountability does not significantly influence SOE's economic performance
H8: Board characteristics indirectly influence SOE economic performance via governance practices	Sig (5%)	Reject	Board characteristics do not indirectly influence SOE economic performance via governance practices.

Table 7.1 above presents a summary of the rejection or failure to reject criteria for the hypotheses tested in the study. All eight (8) but one (1) of the hypotheses are fully rejected at the 5% significance level, as none of the variables under the main constructs showed a significant relationship. For hypothesis H2x, the study fails to fully reject the null hypothesis. Thus, hypothesis H2x is partially rejected for the variables of board demographic characteristics and corporate governance practices that did not show significant relationships.

The relationships for which the study fails to reject the null hypothesis H2x in the initial estimated results are the relationships between board size and board independence, middle-aged board members and board independence, elderly board members and board independence, board size and board fairness, middle

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age board members and board fairness and proportion of female board members and board transparency.

7.4.2 Conclusions on the proposed conceptual model

Based on the SEM results in Section 6.10c, the proposed model was modified, and the modified framework is shown in Figure 7.1.

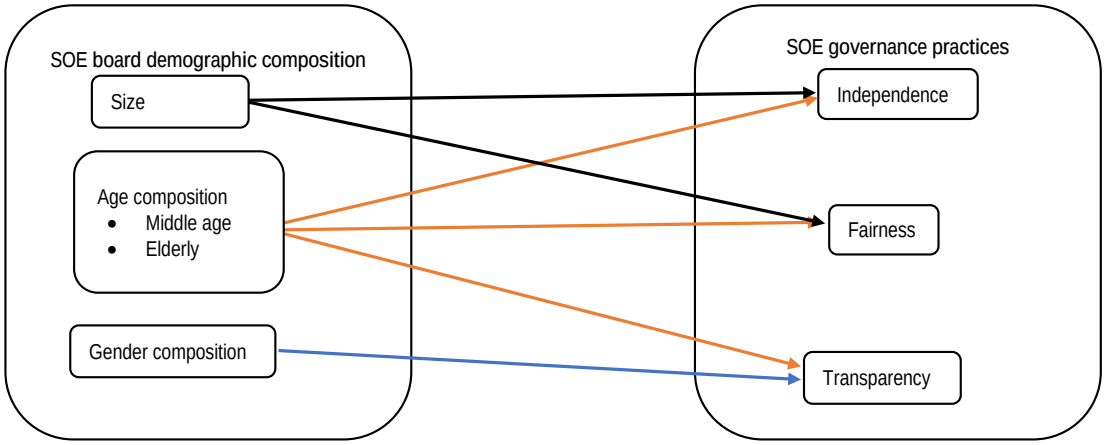

Figure 7.1: The confirmed conceptual model

7.4 PRACTICE AND POLICY RECOMMENDATIONS/IMPLICATIONS

7.4.1 Introduction

The findings of this study have various implications for practice and policy for the impact of board characteristics and corporate governance practices on the economic performance of SOEs in Ghana. These implications are stated in the following section.

7.4.2 Implications/ recommendations

It is important to take note that this part should be organically divided into two subsections: recommendations for policies and practices. The recommendations, however, have very weak borders, dividing them into policy and practice categories

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because of the nature of the topic at hand. Put differently, each recommendation actually touches both policy and practice.

Based on the findings, it is recommended that deliberate attention be given to the composition of boards in terms of demographic characteristics. This can be a strategic lever to improve governance practices, which is essential for the effective functioning of SOEs and could translate into favourable economic performance for SOEs in Ghana.

The findings also point to the possibility that other variables, possibly contextual and environmental factors, may play a more critical role in determining the economic success of these enterprises. The lack of a significant direct relationship between corporate governance practices and the economic performance of SOEs in Ghana suggests that the governance practices, while theoretically sound and well-intentioned, their direct influence on economic performance is not evident. This calls for a re-examination of the governance structures and practices in place, with a focus on how they can be optimised or complemented to truly enhance the economic performance of SOEs in Ghana. Thus, duty bearers must endeavour to intentionally create the enabling environment while closing loopholes to translate good governance practices into favourable economic performance for SOEs in Ghana.

While the legal framework for corporate governance in Ghana's SOEs show promise in fostering transparency, accountability, and efficiency, concerns regarding governmental influence, especially from the executive branch, remain salient. To ensure the independence and effectiveness of SOE boards, it is recommended to revise the framework to limit the undue influence of any single governmental body or individual. This would engender greater confidence in the system and ensure that decisions made are in the best interest of the SOE and its stakeholders.

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7.4.3 Implications for future researchers

The study's findings contribute to the body of knowledge by highlighting the limitations of the current corporate governance practices in Ghanaian SOEs and the need for further examination of the board characteristics-governance practices-performance nexus. The study opens up avenues for future research to explore potential indirect relationships and to examine the effectiveness of governance practices in different organisational contexts. Future studies could also explore some organisation-specific or sector-specific factors and how they either directly or indirectly affect (mediate or moderate) their economic performance. A very good step would be using listed organisations as it would be easier to access their financial statements to include more performance metrics, which was a challenge for this study.

7.5 SIGNIFICANCE OF THE STUDY

The study has made some significant contributions to knowledge, policy and practice. It has also generated implications for future research. These contributions and research implications are presented in the sub-sections below.

7.5.1 Theoretical contributions

The study expands on existing theories regarding the economic performance of SOEs, especially in the context of a developing country like Ghana.
These contributions are explicated as follows.

Enhanced conceptual understanding: The research provides a better understanding of the relationship between board characteristics, corporate governance practices and economic performance of SOEs in Ghana. It provides empirical evidence that researchers could use in challenging or confirming existing theories on how board demographic characteristics, board cognitive characteristics and corporate governance practices impact SOE economic performance, contributing to ongoing academic discourse. It also provides new

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insights into the indirect influence of board characteristics on the economic performance of SOEs in Ghana through corporate governance practices.

Model Development: The research helps in developing a model that explains the nuanced relationships among board characteristics (demographic and cognitive), corporate governance practices and economic performance of SOEs. Academics could use the results of this research to validate or challenge existing theories and empirical results about the influences of board characteristics (demographic and cognitive) and corporate governance practices on the economic performance of SOEs in Ghana.

Comparison across contexts: Given that the study focuses on Ghana, it contributes to theories about how board characteristics shape the functioning of SOEs in Ghana in terms of governance practices and how these two impact the economic performance of SOEs in Ghana. This could be replicated in other countries' contexts, either with their SOEs or any other sector.

7.5.2 Policy contributions

The result of the study also contributes to enhanced policy-making in the following specific ways.

Policy guidelines: The results of the study could be used to inform the design of new policies aimed at improving the efficiency and effectiveness of SOEs in Ghana with possible application in other nations across the world. Such policies or regulations could be shaped around the appointment of the board of directors with respect to the appointing authority, the composition of board members with respect to a number of politically exposed members on the boards as against true competence, and the reporting or accountability framework. All of these have implications for the independence, risk management, transparency, fairness and accountability of the board.

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Regulatory framework: The study also highlighted some gaps in the current legal framework governing SOEs in Ghana. The study could, thus, inform reforms in the regulatory framework to make it purpose fit in order to enhance the objectives of the SOEs rather than the SOEs being under the excessive control and influence of political actors whose tenure of office is conditioned to a large extent on the party in government.

7.5.3 Practical contributions

The study is useful in identifying practical strategies for improving the performance of SOEs in Ghana, which could be directly implemented by policymakers and practitioners alike. These could also be applicable in some other contexts with the following specifics.

Revisiting board appointments: Given that neither demographic nor cognitive characteristics of the board significantly influence the economic performance of SOEs, the criteria for board appointments might need revisiting. Instead of over-emphasising educational qualifications or career stages, consideration might be given to industry experience, expertise, and leadership capabilities.

Promoting diversity of boards: Even though demographic characteristics do not significantly influence SOE's economic performance, they play a pivotal role in some corporate governance practices like fairness, independence, and transparency. Hence, promoting diversity, not just in terms of gender and age but also in expertise and experience, might lead to better governance practices.

7.5.4 Limitations of the study

One of the three outcome variables for the study was Tobin's q. Tobin's q is often used in finance and economics as an indicator of a company's investment opportunities and growth prospects (Mysaka & Derun, 2021). It is a measure of efficiency. A key metric for computing Tobin`s Q for an entity is the Market Value of Equity (MVE). Tobin`s q is computed as the ratio of the sum of MVE and the

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Book Value of Debt (BVD) to the Book Value of Assets (BVA). However, there was a general unavailability of data to calculate this key metric. The inability to compute this key metric for the SOEs is largely because almost all of these SOEs are non-listed entities, hence, they do not have market data on the outstanding ordinary shares and share prices. These two are the main variables used to compute the MVE of an entity. Without accurate and reliable market values of equity data, the computation of Tobin`s q can be compromised, potentially leading to erroneous inferences and conclusions (Edeling et al., 2021). Thus, a value judgement was made to drop Tobin`s q as one of the outcome variables initially intended to be studied.

The study's scope was confined to SOEs in Ghana, which limits the generalisability of the findings to other contexts. The study's focus on only selected corporate governance practices might leave out other relevant practices influencing SOE performance. Additionally, the external economic, political, and social factors impacting SOE performance were not considered, potentially missing out on providing comprehensive insights.

7.6 CHAPTER SUMMARY

The data analysis summary and the hypothesis that the result supports are presented in this final chapter. It also includes conclusions drawn in light of the study's findings. The chapter emphasises the study's contributions to theory, practice, and policy. The chapter also includes a few issues that require further examination. The limitations of the study end this chapter.

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APPENDX 1: QUESTIONNAIRE

Dear respondent,

I am a PhD student researching on "The Nexus among Corporate Governance Policy Changes, Corporate Governance Practices and the Performance of state-owned enterprises in Ghana"**.** I would be very grateful for your assistance in completing the questions below. Please read the statements carefully and ticking the response that corresponds to your choice. The study is entirely for academic purposes; hence, any information provided will be considered valuable and confidential. It is hoped that you would be as candid as possible. Thank you.

Instructions

- Your responses should be as accurate as possible to the situation in your municipality.
- Please use an **X** mark where applicable and please use a black ink pen.

SECTION A: DEMOGRAPHICS OF RESPONDENTS								
1.	Gender	[1] Male	[2] Female					
2.	Highest education	[1] Doctorate	[2] Masters	[3] Bachelor's	[4] HND	[5] Diploma	[6] SSCE	[7] other
3.	Age (years)							
4.	Organisation where you work							
5.	Length of service at where you work							
6.	Department where you work							
7.	Position you occupy							
SECTION B: CORPORATE GOVERNANCE PRACTICES (PERFORMANCE) *Please indicate your level of agreement with the following statements with an (X)*								
B1: BOARD'S RISK MANAGEMENT								
8.	My company Board always identifies possible risk facing the company.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree		
9.	My company's Board always have a comprehensive risk management framework in place.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree		

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10.	My company's Board always monitors and reviews the company's risk management practices.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
11.	In my view my company's Board always take appropriate actions to mitigate risks.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
12.	My company's Board always ensure that risk management practices are aligned with the company's strategic goals.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
B2: BOARD INDEPENDENCE						
13.	The Board is independent from the company's management.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
14.	In my view, the board have a diverse composition in terms of skills and backgrounds.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
15.	The board have sufficient number of independent directors.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
16.	Decisions taken by the board are in the best interest of the company and its stakeholders.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
17.	The board effectively oversee the company's management.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
B3: BOARD FAIRNESS						
18.	The board, in my view ensure that the company's policies and	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree

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	practices are fair to all stakeholders.					
19.	The interests of all stakeholders are considered by the board when making decisions.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
20.	The board ensure that the company's compensation policies are fair and equitable.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
21.	The board ensure that the company's hiring and promotion policies are fair and unbiased.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
22.	The board ensure that the company's products and services are marketed and sold fairly and ethically.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
B4: BOARD TRANSPARENCY						
23.	The board disclose relevant information to stakeholders in a timely manner.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
24.	The board provide clear and understandable financial statements and reports.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
25.	The board disclose information about executive compensation and other related-party transactions.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
26.	The board, in my view provides opportunities for stakeholders to communicate with the board.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
27.	The board explains its decision-making processes and rationale to stakeholders.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
B5: BOARD ACCOUNTABILITY						

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28.	The board hold senior management accountable for the company's performance.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
29.	The board takes responsibility for the company's successes and failures.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
30.	The board provides oversight of the company's risk management activities.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
31.	The board engages with stakeholders to understand their concerns and perspectives.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
32.	The board holds itself accountable for meeting its own standards and expectations.	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
SECTION C: RESPONDENT PERCEPTION OF SOE ECONOMIC PERFORMANCE *Please indicate the degree to which you agree or disagree with the following statements regarding the economic performance of your organisation*						
33.	The organization meets its revenue targets	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
34.	In my view, the organization makes profit	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree
35.	The organization can meet its financial obligations; there is liquidity growth	(1) Strongly agree	(2) Agree	(3) Neutral	(4) Disagree	(5) Strongly disagree

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SECTION C: BOARD CHARACTERISTICS Please skip (To be obtained from SOE records)									
36.	Board size (Number of board members)								
37.	Board composition (Proportion of NED vs ED)	(1) Proportion of Non-Executive Directors (NED)			(2) Executive Directors (ED)				
38.	Board level of education	[1] %PhD	[2] %Masters	[3] %Bachelor's	[4] %HND	[5] %Diploma	[6] %SSCE	[7] % Other	
39.	Gender diversity	(1) % of female board members			(2) % of male board members				
40.	Age diversity (Proportion of Youth; Middle age; Elderly)	(1) Youth		(2) Middle age		(3) Elder	(4) Very old		
41.	Diversity in expertise	(1) Accounting & Finance	(2) Marketing	(3) HRM	(4) ITC	(5) Risk Management	(6) Audit	(7) Other…… ……... Specify ……..	
42.	Diversity in business/ management experience	(1) None		(2) Early career		(3) Mid-career		(3) Advance-career	
43.	Ethnic diversity (Proportion according to Ghana's ethnic groups)	(1) Akan	(2) Ewe	(3) Ga-Adangbe	(4) Mole-Dagbani	(5) Hausa	(6) Gonja	(7) Other Specify…… …… …….	

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APPENDIX 2: CUT AUTHORISATION

Central University of Technology, Free State

CUT-ENTREPRENEURSHIP DEVELOPMENT UNIT (CUT-EDU)
FACULTY OF MANAGEMENT SCIENCES

Director General
State Interest and Governance Authority
5/7 South Liberia Road , Accra

29th August, 2022

Dear Sir,

Permission for Mr Kweku Asiedu to conduct research at State Interest and Governance Authority

I am the Head/ Director of the Entrepreneurship Development Unit in the Faculty of Management Sciences at the Central University of Technology Free State, South Africa.

Mr. Kwaku Asiedu, is a Doctoral (PhD) student under my supervision. He is conducting a research on the nexus between policy change, corporate governance practices and performance of State-owned Enterprises in Ghana. Specifically, the study investigates the effects of policy changes such as the passage of Public financial management Act 921 (2016), as well as the State Interest and Governance Authority Act 990 (2019) on corporate governance practice in Ghanaian SOEs and the impact of these practices on SOE performance. The study aims to understand the implications of policy changes on corporate governance and performance of state-owned enterprise in Ghana.

I write to seek permission for him (Mr. Kwaku Asiedu) to get access to the database of State-owned Enterprises, Other State Entities and Joint Venture

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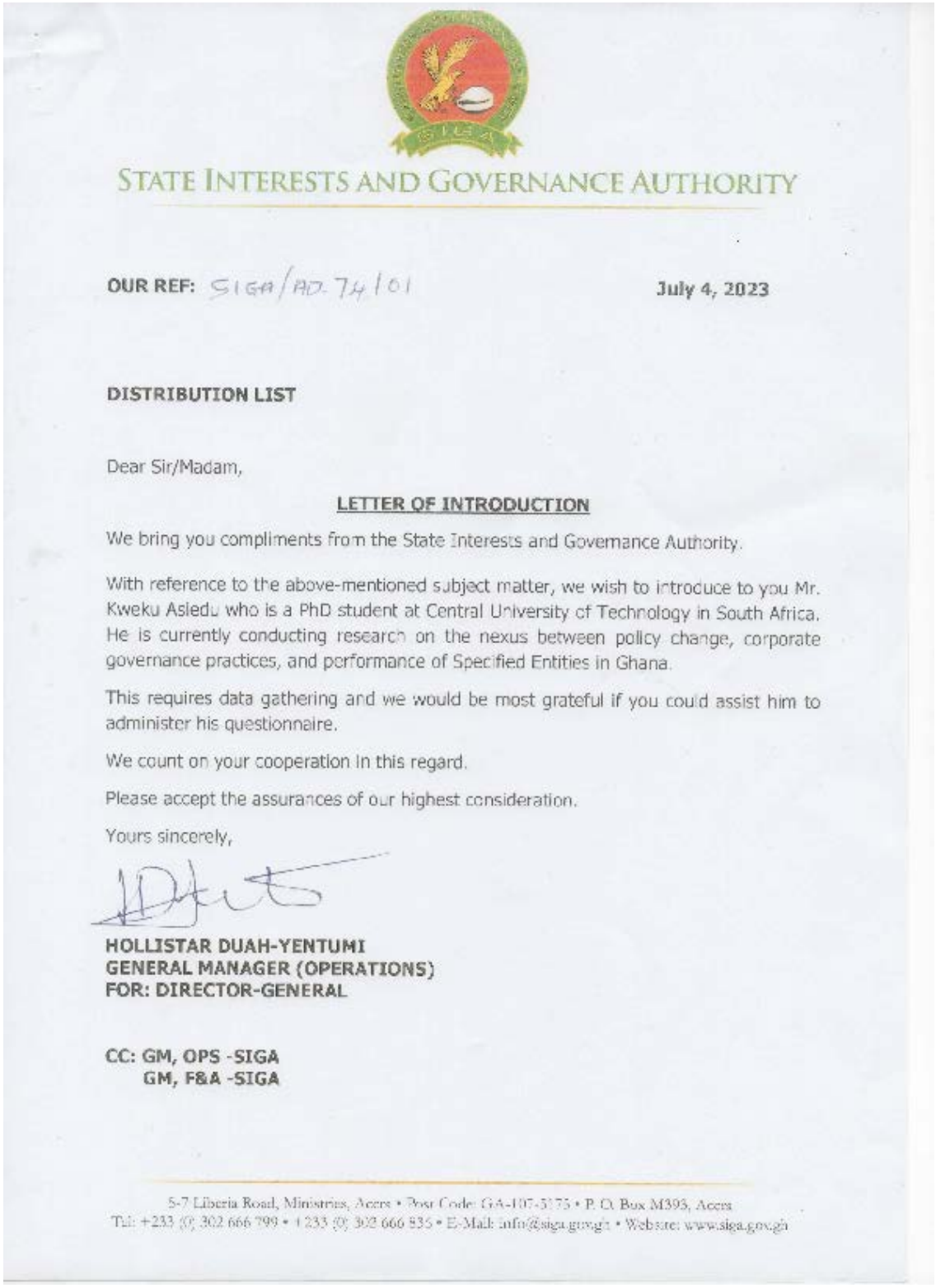
APPENDIX 3: SIGA AUTHORISATION



STATE INTERESTS AND GOVERNANCE AUTHORITY

OUR REF: SIGA/AD.74/01 July 4, 2023

DISTRIBUTION LIST

Dear Sir/Madam,

LETTER OF INTRODUCTION

We bring you compliments from the State Interests and Governance Authority.

With reference to the above-mentioned subject matter, we wish to introduce to you Mr. Kweku Asledu who is a PhD student at Central University of Technology in South Africa. He is currently conducting research on the nexus between policy change, corporate governance practices, and performance of Specified Entities in Ghana.

This requires data gathering and we would be most grateful if you could assist him to administer his questionnaire.

We count on your cooperation in this regard.

Please accept the assurances of our highest consideration.

Yours sincerely,

HOLLISTAR DUAH-YENTUMI
GENERAL MANAGER (OPERATIONS)
FOR: DIRECTOR-GENERAL

CC: GM, OPS -SIGA
GM, F&A -SIGA

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