

DO CORPORATE GOVERNANCE PRACTICES AFFECT THE PERFORMANCE OF FIRMS LISTED ON THE GHANA STOCK EXCHANGE?

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Abstract

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This paper investigates whether the performance of a firm matters if it has strong corporate governance practices and listed on the Ghana Stock Exchange. It uses annual financial statements between 2007 and 2016 from firms that have been certified by the Security and Exchange Commission and listed firms on the Ghana Stock Exchange. By means of the random effects model, the study does not provide statistically compelling evidence that listed corporate governance variables affect the performance of firms listed on the Ghana Stock Exchange. However, the study found weak evidence in favour of board size, leverage, firm size, growth, and asset tangibility. We find that many of the corporate governance variables used in the model have no significant impact on the performance of the firms. The relevance of the study is that it shows the relationship between policies on corporate governance and performance of firms, and governing bodies of firms informed about the type of corporate governance practices that will support business performance. Hence we recommend that policymakers take this up to embark on rigorous modification of practices on corporate governance involving listed companies in Ghana to ascertain first-hand how these firms are practising what has been documented in their annual reports.

Keywords: Corporate Governance, Firm, Performance, Owner, Manager, Board Size

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1. INTRODUCTION

Corporate misconduct could be costly, both financially and non-financially. Karpoff, Lee, and Martin (2008b) estimate that on average, firms lose about 38 per cent of their market value whenever

corporate misconduct becomes publicly known. On the side of investors, Dyck, Morse, and Zingales (2013) estimate an average loss of 22 per cent in firms value whenever a corporate fraud is identified. Giannetti and Wang (2016) argue that the financial loss that investors suffer because of corporate

misbehaviours, though large, may just be symptomatic of a greater consequence. Further, the authors contend corporate misconduct could have a rippling effect on the national economy.

No doubt, corporate misconduct such as financial misrepresentation that ensued at the dawn of the millennium revealed the devastating effect of corporate misconduct (Dyck, Morse, & Zingales, 2010; Dyck et al., 2013; Giannetti & Wang, 2016; Karpoff, Lee, & Martin, 2008a; Karpoff et al., 2008b). The opportunity for corporate misbehaviour in corporate entities emanates from the separation of powers amid owners as well as managers, popularly referred to as the agency relationship. It is a situation whereby owners (principal) involve other people to execute some responsibilities on their behalf by assigning some aspect of policymaking power to the representative (Jensen & Meckling, 1976). Like every rational economic agent, owners and managers try to ensure that they maximize their utility. The pursuit of utility maximisation could lead to misalignment of goals among the owners and agent; where directors ensure that their own interests do not conform with those of the owners (Jensen & Meckling, 1976; Smith, 1776; Trabelsi, 2009), and also Rejeb and Missaoui (2019) found that CEO-duality and price earnings-ratio have significant effect on return on assets. Consequently, corporate governance guidelines are designed to help align the goals of owners and managers. As an example, the United States of America has the Sarbanes-Oxley Act and OECD Principles of Corporate Governance, the United Kingdom enforces the UK Corporate Governance Code, while Ghana has the Corporate Governance Guidelines on Best Practices (Agyemang & Castellini, 2013). It is expected that the enforcement of these guidelines would help bring into line the interest of owners match to that of managers, reduce incidences of corporate misconduct, and eventually improve the performance of corporations. It is worth noting that the success or failure emanating from corporate governance guidelines rely on the application of the principles therein as well as enforcement of these guidelines by regulatory authorities. What is more, it may emerge that other corporate governance practices may lead to different outcome for firm performance.

The impact of empirical evidence on corporate governance suggests positive effect on firm performance because when decent corporate governance is put in place. For example, Bauer, Guenster, and Otten (2004) found for European countries; and Trabelsi (2009), Rejeb and Missaoui (2019) have shown for Tunisian firms.

In Ghana, impact on firm performance appears to be the focus of studies involving corporate governance practices (Aboagye & Otieku, 2010; Isshaq, Bokpin, & Onumah, 2009; Kyereboah-Coleman, Adjasi, & Abor, 2007; Kyereboah-Coleman & Biekpe, 2006a, 2006b), financing decisions of firms (Abor, 2007; Bokpin & Arko, 2009), implications and financing opportunities for SMEs (Abor & Adjasi, 2007; Abor & Biekpe, 2007), and bank efficiency (Bokpin, 2013). A departure from these studies was Agyemang and Castellini (2013), who discussed the adequacy and deficiencies of the guidelines.

This paper augments the existing studies on the connection that links corporate governance and the performance of firms in emerging economies using Ghanaian listed firms. Thus, the known

studies are tilted in favour of advanced countries. One may like to know if the findings for both advanced and other countries are the same or otherwise especially when the governance conditions and the setting where the firms operate differ. Thus, the study explores how best corporate governance practices affect firms performance as well as return on assets. The insights from the study will have policy implications and contribute to enhancing the operations of firms. This study intends to contribute greatly to the emerging market literature. This will be a unique contribution of the paper to on-going debate.

The rest of the study is structured as follows: a review of literature related to best corporate governance practices and its effects on firms is discussed in the next section. This is followed by the methodology and data used. Analysis of data and discussions of results follow, and then a presentation of final remarks is given in the concluding section.

2. LITERATURE REVIEW

Bebchuk, Cohen, and Ferrell (2009) conducted a study into how corporate governance affects the performance of firms, specifically value and abnormal returns in the US, using the Entrenchment Index (E-index) for the period 1990-2003. The index was constructed by the researchers based on six (6) provisions that limit shareholders' voting powers and measures adopted during hostile takeovers — 'staggered boards, limits to shareholders' amendment of company regulations, super mainstream requirement of merger, prerequisite for approval of amendment, toxic medicines, and unique parachute procedures' (Bebchuk et al., 2009, p. 784). The study showed an inverse correlation between the E-index and firm value on one hand, and E-index and abnormal returns on another hand. Furthermore, the individual indices of the E-index were also negatively related to the value and returns of firms.

Bebchuk and Cohen (2005) examine the impact of a corporate governance system where boards are protected from removal due to the performance of a firm in the U.S. between 1995-2002. They argued that corporate governance systems that shielded board membership from removal adverse affected the performance of firms, as these firms reported lower firm values. This is not surprising because with secured tenure and compensation for board members (including the overall director (CEO)) there is no incentive to deliver superior performance. This assertion is confirmed by the findings of Core, Holthausen, and Larcker (1999) for 205 U.S. publicly operated organisations during 1982-1984. They found that companies without strong governance structures have inferior operating and stock performances. What was more interesting was that firms with weak governance structures usually pay higher compensations to their CEOs despite the fact that these CEOs underperform.

On corporate governance and how firms perform, Klapper and Love (2004) investigated how corporate governance influence evolving economies using a sample of 374 firms from 14 Asia developing economies. They employed the Credit Lyonnais Securities Asia (CLSA) corporate governance classification as a substitute for effective corporate governance and found that firms in

emerging economies (noted for weak institutional structures) mostly gain significantly from improved corporate governance system. In an examination of how corporate governance influence performance of firms, Kajola (2008) surveyed 20 non-financial listed firms in Nigeria during 2000-2006, he found that large board composition enhances return on equity but not profit margin. Again, it emerged that firms with one-tier CEO regime (i.e., CEO is different from board chairman) reported high yield on equity and turnover compared to those practising the two-tier regime (where CEO is at the same time chairman of the board).

Duc and Thuy (2013) investigated the link between selected corporate governance variables and how some 77 companies that are listed in Vietnam over the 2006-2011 period performed. They find that firms with female board members, board experience, two-tier CEO system, compensation of board members have significant positive impact on the firm's operation. Further, large number of board size tends to be detrimental to firm performance. Interestingly, the assertion that CEO dualism was positively related to firm's operation was rejected by other studies. For instance, Le and Thi (2016) in Vietnam concluded that large board size, block shareholding, external investors, and chairman ownership were found to relate to the performance of the firm positively.

How corporate governance is related to the firms operation has been examined among manufacturing firms in Kenya by Wagana and

Karanja (2015). They provide some understanding of how board diversity, CEO dualism, and proprietorship (i.e., government and management) affect the operations of manufacturing industries. The outcomes suggested that low performance among manufacturing companies in Kenya was partly attributable to poor corporate governance practices.

3. DATA AND DATA SOURCE

The study employs annual data on 20 listed Ghanaian companies obtained from the yearly reports. The selected companies were those whose audited financial statements were readily available and certified by qualified accountants and also by the Securities and Exchange Commission (SEC). In all, 20 firms met the criteria; the firms used in the study operate in different areas in the economy. However, we did not determine the share of revenues to GDP of Ghana of these firms. Analysis of the GDP compilations depicts sectoral contributions. The firms are found in different sectors of the economy. The ownership of these companies can be categorised into three groups. Firstly, all Ghanaian ownership; secondly, all foreign shareholders; lastly, is a combination of both local and foreign shareholders. The data used was from 2007 to 2016 (African 'Xchange, 2018; Ghana Stock Exchange 2018a, 2018b). The variables of interest are described below.

Table 1. A priori expected outcomes

<i>Variable</i>	<i>Definition</i>	<i>Outcome</i>
Explained variable:		
Return on assets (ROA)	Profit after tax divided by total assets.	n.a.
Return on equity (ROE)	Profit after tax divided by total equity	n.a.
Explanatory variables:		
<i>Variable</i>	<i>Definition</i>	<i>Outcome</i>
Leverage	Total debt to total assets ratio.	-
Firm size	Natural logarithm of total assets.	-/+
Tangibility	The ratio of total tangible non-current assets to total assets.	-
Growth	Total revenue growth in percentage terms.	+
Board size	The total number of board members.	-/+
Board independence	The ratio of the number of outside directors to the total number of Directors.	+
CEO duality	Dichotomous variable where 1 means CEO acts as board chairman and 0 otherwise.	-/+

The descriptive statistics of the variables employed are portrayed in Table 2. The variables used are return on assets (ROA), leverage, total

assets, board size, CEO duality, asset tangibility, and board independence.

Table 2. Summary statistics

<i>Variable</i>	<i>N</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>Min</i>	<i>Max</i>
Return on assets (ROA)	117	0.05	0.09	-0.16	0.23
Return on equity (ROE)	115	0.15	0.20	-0.40	0.67
Leverage	129	0.53	0.30	0.05	1.43
Tangibility	130	0.37	0.23	0.03	0.89
Board size	130	8.17	2.85	3.00	15.00
CEO duality	130	0.12	0.32	0.00	1.00
Sales growth	109	0.15	0.24	-0.36	0.59
Board independence	130	0.65	0.15	0.38	0.89
Total assets (in '000)	130	207,564.32	764,427.39	893.00	6,074,533.00

Source: Computed from Annual Reports of firms that met our criteria

The variable leverage tells how much of the firms' assets were financed through debt or external sources. We compute it as total debt to total assets ratio. Table 2 displays leverage of Ghanaian listed firms have an average of 53% during the period 2007-2016. This indicates that over half of Ghanaian listed firms assets are financed through external

means. The standard deviation of 30% suggests a moderately high disparity in the leverage levels among the listed firms reviewed in this study.

The ROA refers to the measure of firm performance and calculated as the net profit post-tax divided by overall assets. The descriptive statistics reveal that the mean return on assets (ROA) is 5%. This suggests that for every GHS1.00

invested in assets by listed firms, they earn a return of 5 pesewas. The standard deviation is 0.09; this suggests there is a huge variation ROA across companies with the least value of -0.16 and the highest being 0.23. It is instructive to mention that Fan Milk Ghana Limited recorded the highest ROA for the sample and period of study while Pioneer Kitchenware posted the lowest. The fact that Pioneer Kitchenware recorded the lowest ROA is not surprising given that the country experienced series of power outages throughout the study period. It must be noted that companies like Pioneer Kitchenware are highly capital intensive and rely heavily on electricity. So, frequent power outages no doubt would take a negative tow on their operations and profitability.

On the number of board of directors, the descriptive statistics show that on average the number of board members was 8 just as the earlier assertion by Kyereboah-Coleman et al. (2007). They showed that the average ROA associated with board size ranging between 8 and 11 was the highest among the listed firms they studied. Again it is worth noting that some firms have as high as 15 board members (e.g., GCB Bank) while others have as low as 3 (e.g., Clydestone).

Table 1 indicates an average of 12% of the firms' sampled practice the one-tier CEO system where the CEO doubles chairperson of the board members. It is not surprising because Kyereboah-Coleman et al. (2007) found that the one-tier CEO system is less profitable compared with the dualistic system where the board chairman and the CEO are separated.

Board independence measures the percentage of nonexecutive managers (board members who are not salary workers of the firm) serving on the board membership. If the proportion of nonexecutive directors on the board is high, then a firm is perceived to be more autonomous and vice versa. The data shows an average of 65% of board size are not directors suggesting some level of board independence among listed firms in Ghana. Even so, some firms have very low external representation on their board as shown in the minimum value of 38%. A firm like SIC has 89% of its board members being nonexecutive directors and thus may be perceived as more autonomous. It is instructive to mention, though, that having the majority of members of the boards as nonexecutive directors in itself does not ensure "freedom"; what actually makes these nonexecutive directors not under any influence is their ability to assert themselves in a way that promotes shareholders' interest without fear or favour.

One of the assumptions included in the Gauss-Markov theorem is that the variables used for the regression should be normally distributed or should have some semblance of a normal distribution. Though a desirable assumption, Wooldridge (2013) relates that this assumption does not show whether the ordinary least squares estimator remains the finest unbiased linear estimator. To test this assumption, we employed both the Shapiro-Wilk and the Lilliefors (which is based on the Kolmogorov-Smirnov test statistic) test of normality, it is displayed in Table 3.

Table 3. Results of normality tests

Variable	Shapiro-Wilk (W)	p-value	Lilliefors (Kolmogorov-Smirnov)	p-value
Board independence	0.939***	0.00	0.122***	0.00
Board size	0.948***	0.00	0.131***	0.00
CEO duality	0.371***	0.00	0.525***	0.00
Firm size	0.973**	0.01	0.092**	0.01
Leverage	0.974**	0.01	0.055	0.44
ROE	0.985	0.23	0.065	0.28
ROA	0.984	0.15	0.083*	0.03
Growth	0.856***	0.00	0.140***	0.00
Tangibility	0.951***	0.00	0.117***	0.00

Note: ***, **, and * denote statistical significance at 1%, 5%, and 10% respectively

Under the Shapiro-Wilk test of normality, the dependent variables were found to be normally distributed. The independent variables, on the other hand, were all found not to be normally distributed. The Lilliefors (Kolmogorov-Smirnov) test, on the other hand, suggests that ROE and leverage are normally distributed while ROA exhibits non-normality.

One of the keys to obtaining reliable econometric estimations is for the variables to be

stationary. In order to confirm stable and reliable regression results, we first test the variables for stationarity by means of the Augmented Dickey-Fuller (ADF) test for panel data. The null hypothesis of the ADF test is that all panels have a unit root (i.e., not stationary) against an alternative hypothesis which states that at least one panel is stationary. The panel unit root tests results are displayed in Table 4.

Table 4. Results of augmented Dickey-Fuller test

Variable	Critical value	p-value
Board size	12.34	1.00
Board independence	26.58	0.92
Leverage	115.31***	0.00
Firm size	18.81	1.00
Tangibility	34.97	0.61
ROA	106.75***	0.00
ROE	53.96**	0.03
Growth	166.65***	0.00
CEO duality	7.43	1.00

Notes: 1) The critical values presented are the inverse χ^2 ; 2) ***, **, and * denote statistical significance at 1%, 5%, and 10% respectively

The effects of the ADF test display that all the dependent variables are stationary at level. Similarly, leverage and sales growth are also stationary. Given that the significant number of the variables used in the study is stationary, it is logical to conclude that the subsequent model estimated would be stable and reliable.

We employ the correlation matrix to ascertain the pairwise interrelationships between the variables used for the study. In addition, the correlation coefficients give some insight into the presence or otherwise of possible multicollinearity among the independent variables. According to Kennedy (2008) if two or more independent variables have correlation coefficients higher than 0.70, then the relationships must further be investigated to see if indeed multicollinearity exists. Since none of the correlation is greater than the 0.70 threshold, it is

safe to say that there is no multicollinearity among the variables.

For this study, Pearson's Moment Correlation is used, and the interrelationships presented in Table 5. We can see from Table 5 that leverage is negatively correlated with the measure of organization performance as shown by the correlation coefficients of -0.441. This shows that firms that rely heavily on an external source of financing for their operations perform poorly compared to those that use less external funding. As a result of this, investors will be willing to pay less for the stocks firms with high leverage because of the inherently high risk associated with such firms. It is important to mention that high leverage exposes firms to financial distress and possible bankruptcy.

Table 5. Correlation matrix

Variable		1	2	3	4	5	6	7	8
ROA	1	1.000							
Leverage	2	-0.441	1.000						
CEO duality	3	-0.065	0.072	1.000					
Board independence	4	-0.127	0.086	-0.119	1.000				
Board size	5	0.094	0.101	-0.171	-0.027	1.000			
Tangibility	6	-0.317	0.025	0.032	0.286	0.005	1.000		
Firm size	7	0.133	-0.162	-0.403	0.244	0.394	-0.093	1.000	
Growth	8	0.231	-0.003	-0.182	-0.036	0.052	-0.204	0.156	1.000

Further, Table 5 reveals that firms, in which the chief executive officer (CEO) is the same as the board chairperson, usually have lower ROA as shown by the correlation coefficient of -0.065. This may be because investors do not find this arrangement an efficient way of managing the agency problem and therefore tend to place less value on firms with such arrangements. On the contrary, investors seem to be more satisfied with an arrangement whereby a different person is the chair of the board of directors. Again, the negative correlation may suggest that firms with low ROA tend to employ the one-tier system and vice versa. It also shows that firms that practice the one-tier CEO system reported lower sales growth as shown by the negative correlation between sales growth and CEO duality. Furthermore, large firm size is associated with high ROA.

4. ESTIMATION STRATEGY AND DISCUSSIONS

The study employs random effects panel data estimation techniques. The choice of random effect model adopts the Hausman specification test. We examine the drivers of performance (measured as ROA) and present the results in Table 6. The results in Table 6 adopted the random effects model because the Hausman specification test favours its usage as shown by the p -value of 0.07. The F -statistics of 12.79 (p -value = 0.00) rejects the null hypothesis that the combined influence the independent variables have on the dependent variable is zero. The R-squared and adjusted R-squared of 0.49 and 0.39 respectively are moderately higher indicating improved goodness of fit.

Table 6. Corporate governance practices and ROA

Dependent variable: ROA	Estimate	Std. Error	t-value	Pr(> t)
(Intercept)-	0.024	0.069	0.355	0.723
Firm size	0.011*	0.006	1.751	0.082
Leverage	-0.344***	0.049	-7.094	0.000
Tangibility	-0.133**	0.060	-2.227	0.028
Growth	0.121***	0.039	3.141	0.002
CEO duality	-0.013	0.031	-0.425	0.672
Board independence	0.033	0.067	0.499	0.619
Board size	0.005	0.004	1.442	0.152
Number of observation	129			
Number of firms	20			
R-squared	0.43			
Adj. R-squared	0.39			
F-statistic (7, 121)	12.79***			
p-value	0.00			
Hausman test				
χ^2 (7)	13.01			
p-value	0.07			

Note: ***, **, and * denote statistical significance at 1%, 5%, and 10% respectively

From Table 6, we see that CEO duality has a negative impact on firm performance (ROA). Thus, firms with one person as CEO and board chairperson perform poorly compared with those in which there is one person as CEO, and a different person chairing the board. But statistically, the relationship is not significant. In addition, we found the size of the board as well as the independence of the board to be positively correlated with firm's operation albeit statistically insignificant. This suggests that firms with large board sizes outperform their peers with relatively small board sizes probably because of several members with different professional backgrounds serving on the board. Similarly, board independence improves ROA indicating that companies that allow their boards to function independently perform better and vice versa. This is supported by Core et.al (1999) findings in the U.S. as well as Wagana and Karanja (2015) in Kenya.

Table 6 shows that large firms perform better in agreement with Abor (2005), Asimakopoulos, Samitas, and Papadogonas (2009), and Yazdanfar (2013) but contrary to Goddard, Tavakoli, and Wilson. (2005). Again, our findings indicate that high leverage decreases performance possibly because it - could increase financial distress and the probability of bankruptcy. Also, high investments in property, plant, and equipment have a detrimental effect on performance (Lazar, 2016; Nunes et al., 2009; Tornyeva & Wereko, 2012) as shown by the negative coefficient of the asset tangibility variable. Meanwhile, growth in sales revenue is positively linked with performance because the residue of sales revenue is what become profits. For this reason, we expect an increase in sales would lead to high profitability. Here, Abor (2005), Asimakopoulos et al. (2009), Serrasqueiro (2009), and Pantea, Gligor, and Anis (2013) came out with similar findings.

We additionally investigated how corporate governance practices impact on return on equity (ROE), and the effect shown in Table 7. The R-squared and adjusted R-squared for this model are 0.26 and 0.22 respectively. The test of the joint significance of the independent variables produced F -statistic = 6.28 and p -value = 0.00. This implies the independent variables all together have a significant influence on ROE. The Hausman specification test shows a $\chi^2 = 5.72$ and p -value = 0.57 hence we

cannot reject the null hypothesis that the random effects suggest an appropriate model to adopt.

From Table 7, we observe that asset tangibility, sales growth, and a number of board members are the key drivers of ROE. More specifically, asset tangibility has adverse effect on ROE whereas sales growth and board size impact ROE positively. The implication of this finding is that investment in property, plant, and equipment decreases performance (i.e., ROE). Empirical studies such as Nunes et al. (2009) in Portugal, Lazar (2016) in Romania, and Tornyeva and Wereko (2012) in Ghana, have all found negative link among asset tangibility and the performance of the firm. This relationship is an expectation in the short-term because investments in non-current assets take time to translate into profits. For this reason, the expectation is that the long-term relationship between asset tangibility and ROE would be positive.

Again, Table 7 shows that sales growth has a positive correlation with ROE which implies that growth in sales increases ROE and vice versa, this is supported by existing empirical studies including Abor (2005), Asimakopoulos et al. (2009), Lee (2009), Nunes et al. (2009), Pantea et al. (2013), Serrasqueiro (2009) and Yazdanfar (2013). In Ghana, for instance, Abor (2005) found that growth in sales boosts performance thus confirming the current finding. This is not surprising given that the net income/profit of every firm is derived from sales revenue; hence, increasing sales revenue should increase firm profitability, all things being equal.

Finally, the study shows that firms with large board size enjoy high ROE. This is supported by Alshetwi (2017) who surveyed 329 listed organisations in Saudi Arabia from 2013 to 2015 and found that large board size actually improves firm profitability albeit statistically insignificant. This is contrary to claims by Guest (2009), Cheng et al. (2008), and Wintoki (2007) that large number of board members have negative impact on firm profitability. We contend that the affirmative rapport between the number of board members and performance is understood from a perspective that large boards would usually have the full complement of various experts from finance, law, marketing, accounting, economics, human resource, etc.

Table 7. Corporate governance practices and ROE

<i>Dependent variable: ROE</i>	<i>Estimate</i>	<i>Std. Error</i>	<i>t-value</i>	<i>Pr(> t)</i>
(Intercept)	0.688***	0.119	5.776	0.000
Firm size	0.034	0.030	1.124	0.263
Leverage	-0.034	0.025	-1.342	0.182
Tangibility	-0.145***	0.038	-3.796	0.000
Growth	0.193***	0.067	2.885	0.005
CEO duality	0.026	0.025	1.053	0.294
Board independence	0.047	0.084	0.562	0.575
Board size	0.043***	0.015	2.766	0.007
Number of observation	130			
Number of firms	20			
R-squared	0.26			
Adj. R-squared	0.22			
F -statistic (7, 122)	6.28***			
p -value	0.00			
Hausman test				
χ^2 (7)	5.72			
p -value	0.57			

Source: Results from R-Studio based on firms' financial reports (2018)

Note: ***, **, and * denote statistical significance at 1%, 5%, and 10% respectively

This composition puts the board in a position to understand and consider strategic decisions from various perspectives and thus arrive at the best possible option for implementation. In contrast, firms with small board sizes may not enjoy this flexibility. Advocates of small board sizes argue that large board sizes usually increase decision-making time because of the need to build consensus leading to undue delays. However, if the composition of the board members is high and the memberships are experienced and efficient these delays would be minimised so as to mitigate its negative impact on the firm's operation.

5. CONCLUSION

This study examined how corporate governance practices influence the operations of firms listed on the Ghana Stock Exchange employing return on assets (ROA) and return on equity (ROE) to measure performance. The study found board size to be positively correlated with the operation of the firms. Secondly, the outcome of the study suggests that high investment in property, plant, and equipment impacts negatively on the performance of firms. Thirdly, performance of bigger organizations is higher than small businesses. Fourthly, sales growth was found to improve firm operation. Finally, high leverage tends to decrease the operations of listed firms. The study did not provide compelling evidence about strong positive influence of corporate governance practices on the activities of listed firms. This may be a signal pointing towards poor practices of corporate governance culture and is also awkward among listed firms in Ghana. We conclude that a huge number of board members limits the power of CEOs, also it makes them more accountable. Secondly, the study has shown that high leverage and asset tangibility reduce firm

performance. Thirdly, the size of the firm positively correlated with firm performance. Fourthly, sales growth showed a positive linkage with how firms' performance and growth of sales are key determinants of profitability. Finally, too much investment into tangible non-current assets reduces firm performance.

Based on our findings, we propose the following recommendations. On policy, since our findings suggest that the firms' performance tends not to be significantly influenced by corporate governance practices, we have studied. Policymakers may take this up and embark on rigorous review of corporate governance practices among listed firms to ascertain how these firms are practising what has been documented in their annual reports. On practices, capital structure and investments intangible assets have found to be negatively related to how listed companies in Ghana operate. Due to this, managers of listed firms must assess the reason behind this linkage and devise alternatives that would ensure improved and robust performance.

Future studies could investigate the influence of owner-managers on the performance of listed firms, also since we did not explicitly account for the presence of endogeneity; future researchers could adopt econometric models that are robust to the problem of endogeneity like the generalised method of moments (GMM). Some of the limitations of the study are probably our inability to use all the firms listed on the GSE in examining the corporate governance practices of these firms. Also, we did not depict the share of revenues of the firms we used to the GDP of Ghana. It may be argued that these firms may not have significant impact on the Ghanaian economy. Notwithstanding these shortfalls, the study has provided significant contributions to the ongoing corporate governance debate.

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