UNIVERSITY OF CAPE COAST

CORPORATE GOVERNANCE DISCLOSURES AND FINANCIAL PERFORMANCE OF LISTED FIRMS IN GHANA

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BY

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DECLARATION

Candidate's Declaration

I hereby affirm that the work presented in this thesis is entirely my own and has not been submitted previously in whole or in part for credit at any other institution.

Candidate's Signature……………………………… Date…………………….

Name: Francisca Aikins

Supervisor's Declaration

I hereby attest that the thesis was monitored according to the requirements for thesis supervision established by the University of Cape Coast.

Supervisor's Signature…………………………… Date…………………….

Name: Prof. George Tweneboah

ABSTRACT

This study seeks to deepen our understanding of how corporate governance disclosure practices influence financial performance of firms listed on the Ghana Stock Exchange. This study reinforces the perspectives of the agency theory, legitimate theory, and stewardship theory in establishing the links between corporate governance disclosure practices and financial performance of listed financial institutions in Ghana. The analysis relied on secondary data collected from the annual report of ten (10) listed financial institutions on the Ghana Stock Exchange from 2007 to 2021. The period of analysis was main driven by data availability. The panel estimation, specifically the fixed and random effects and OLS estimations were used in this study. From the findings of the study, corporate governance disclosures were influenced by board independence and board diversity, however institutional ownership, management ownership and the audit committee could not lead to corporate governance disclosures. Also, institutional ownership, state ownership, management ownership, board size, and the size of the audit committee promote financial performance. However, financial performance was adversely affected by state ownership, board size, board independence, and board diversity and the audit committee. The study recommended that financial institutions should focus on good corporate governance, internal procedures, and strict adherence to the laws and rules controlling the distribution of financial resources to consumers to promote performance. Further studies could employee the GMM technique as it overcomes difficulties of endogeneity with panel data estimation.

KEY WORDS

Corporate Governance Disclosures

Financial Performance

Fixed Effects Models

Ordinary Least Square (OLS) Regression

Random Effects Models

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DEDICATION

To my family

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CHAPTER ONE

INTRODUCTION

Due to the frequent crises, many organizations, including financial institutions, are concerned about corporate governance disclosures and financial success. Following the global financial crisis of 2007 and the collapse of several major corporations, there have been widespread calls for the implementation of sound corporate governance practices. Effective risk management is facilitated by good company governance, which in turn encourages expansion. Many believed that the formal and informal institutions, which differ across countries and influence the internal and external operating environment of institutions, lead to corporate failure. It is, therefore, imperative to study the relationship between corporate governance disclosures and financial performance in Ghana.

Background to the Study

Corporate governance, a vital pillar in enhancing organizational accountability and transparency, has garnered considerable attention globally due to its potential to influence financial performance. Globally, firms listed on major stock exchanges such as the NYSE and LSE have been mandated to comply with strict corporate governance disclosure requirements. For instance, a report by the Organisation for Economic Co-operation and Development (OECD) in 2021 highlighted that over 80% of companies listed in developed economies comply with governance disclosure frameworks, ensuring transparency to stakeholders. Similarly, the World Bank (2022) indicates that firms with robust corporate governance mechanisms have a 20-30% higher return on equity than their counterparts with poor governance.

In Sub-Saharan Africa, the corporate governance landscape is evolving, albeit with significant challenges. According to the African Corporate Governance Network (ACGN, 2023), the average compliance rate with governance disclosure frameworks in Africa stands at 54%. This figure is significantly lower than the global average of 75%, highlighting the need for stronger governance frameworks. In Ghana, the Securities and Exchange Commission (SEC) has been instrumental in promoting corporate governance through regulations such as the Corporate Governance Code of 2018. Despite these efforts, the level of compliance among listed firms remains inconsistent, raising questions about the potential impact on financial performance.

Corporate governance disclosures serve as a mechanism for firms to communicate their governance structures, policies, and practices to stakeholders. These disclosures are critical in building investor confidence, attracting capital, and enhancing firm valuation. According to Jensen and Meckling (1976), the agency theory underpins the relationship between corporate governance and financial performance by addressing conflicts of interest between managers and shareholders. Proper disclosures can mitigate these conflicts by ensuring that managerial actions align with shareholder interests. Empirical studies such as Muriithi and Waweru (2020) found a positive correlation between the extent of corporate governance disclosures and financial performance among Kenyan firms. This reinforces the argument that governance practices play a crucial role in shaping firm performance.

Globally, firms with high governance standards tend to outperform their peers financially. A study by Gupta et al. (2019) on 500 listed firms in Asia found that comprehensive corporate governance disclosures contributed to a 25% improvement in earnings per share (EPS) over a five-year period. Similarly, a European study by Zattoni et al. (2021) revealed that firms adhering to governance disclosure standards experienced a 15% higher growth in market capitalization compared to non-compliant firms. These findings underscore the universality of the governance-performance nexus and its relevance to both developed and emerging markets.

In the Ghanaian context, listed firms operate in a dynamic environment characterized by economic fluctuations, regulatory challenges, and stakeholder demands for accountability. Despite the regulatory push for improved governance disclosures, many firms face challenges such as resource constraints, limited expertise, and weak enforcement mechanisms. According to the Ghana Stock Exchange (GSE, 2023), only 62% of listed firms fully comply with corporate governance disclosure requirements. This low compliance rate raises concerns about the implications for financial performance and investor confidence.

Financial performance, often measured through indicators such as return on assets (ROA), return on equity (ROE), and market-to-book value ratio, reflects a firm's ability to generate profits relative to its resources. Governance disclosures can influence these metrics by enhancing transparency, reducing information asymmetry, and fostering trust among investors. Empirical evidence supports this linkage. For example, Amankwah-Amoah et al. (2022) found that Ghanaian firms with higher governance disclosure scores reported a 10% improvement in ROE compared to firms with lower scores. Similarly, Mensah et al. (2020) demonstrated that governance transparency positively impacts investor perceptions and stock performance.

The relationship between corporate governance disclosures and financial performance can also be understood through the lens of stakeholder theory, which posits that organizations have a responsibility to address the interests of all stakeholders, including shareholders, employees, and regulators. Effective disclosures signal a firm's commitment to ethical practices, which can enhance its reputation and competitive advantage. A study by Boateng and Appiah (2019) on listed firms in West Africa found that governance disclosures positively influenced stakeholder engagement, leading to improved financial outcomes.

Beyond theoretical perspectives, empirical studies provide robust evidence of the governance-performance linkage in Ghana. Ofori et al. (2021) analyzed 25 listed firms on the GSE and found that firms with detailed governance disclosures had a 15% higher net profit margin than those with minimal disclosures. The study further revealed that governance disclosures are particularly impactful in industries such as banking and telecommunications, where regulatory scrutiny and stakeholder expectations are high. Similarly, Adusei and Abor (2020) emphasized that governance transparency enhances access to capital markets, reduces cost of capital, and drives financial sustainability.

Despite these positive findings, challenges remain. Governance disclosure practices in Ghana are often hindered by weak regulatory enforcement, lack of standardized reporting frameworks, and cultural attitudes towards transparency. A report by KPMG (2023) noted that only 40% of

Ghanaian firms provide comprehensive disclosures on key governance metrics such as board independence, audit committee effectiveness, and risk management practices. This gap underscores the need for policy interventions to strengthen governance frameworks and enhance compliance.

The interplay between corporate governance disclosures and financial performance in Ghana warrants further exploration. While existing studies highlight the benefits of governance transparency, there is limited research on the moderating factors that influence this relationship, such as firm size, industry type, and macroeconomic conditions. Moreover, the dynamic nature of Ghana’s economic landscape calls for longitudinal studies to capture the evolving impact of governance disclosures on financial outcomes.

Corporate governance disclosures play a critical role in shaping financial performance by fostering transparency, accountability, and stakeholder trust. While global evidence underscores the positive impact of governance practices, the Ghanaian context presents unique challenges and opportunities for improvement. This study aims to bridge the knowledge gap by examining the relationship between corporate governance disclosures and financial performance among listed firms in Ghana, providing insights for policymakers, regulators, and practitioners. By leveraging empirical evidence and theoretical frameworks, this research seeks to contribute to the discourse on governance and performance in emerging markets.

Statement of the Problem

Corporate governance disclosures are increasingly recognized as a cornerstone of effective corporate management, transparency, and accountability. Globally, firms that adhere to robust governance disclosure frameworks tend to exhibit enhanced financial performance, as evidenced by higher returns on equity (World Bank, 2022). Despite this global trend, the state of corporate governance disclosures in emerging markets, including Ghana, presents a contrasting scenario marked by significant challenges. In Ghana, the Securities and Exchange Commission (SEC) mandates listed firms to comply with its Corporate Governance Code (2018), yet many firms fall short of comprehensive adherence. For example, the Ghana Stock Exchange (GSE) reported in 2023 that only 62% of listed firms fully comply with these requirements, which raises critical questions about the implications for their financial performance.

The low compliance rate is symptomatic of broader systemic issues. These include weak enforcement mechanisms, resource constraints, limited expertise in corporate governance reporting, and a lack of standardized reporting frameworks. Consequently, firms in Ghana risk losing investor confidence, which is essential for attracting capital and sustaining growth. Empirical evidence corroborates this concern. Adusei and Abor (2020) found that governance transparency positively impacts access to capital markets and reduces the cost of capital. Yet, many Ghanaian firms struggle to achieve this transparency, compromising their financial sustainability. This disconnect highlights a critical gap between regulatory frameworks and corporate practice in the Ghanaian context.

The problem of inadequate corporate governance disclosures in Ghana has profound implications for the financial performance of listed firms. Financial performance, measured through indicators such as return on equity (ROE), return on assets (ROA), and net profit margin, is a key determinant of a firm's ability to compete in increasingly dynamic and globalized markets. Governance disclosures serve as a signaling mechanism to investors and stakeholders, demonstrating a firm's commitment to ethical practices, risk management, and strategic alignment. Studies from other emerging markets underscore this importance. For instance, Muriithi and Waweru (2020) observed that Kenyan firms with higher governance disclosure scores exhibited a 12% increase in net profit margins compared to firms with lower scores. The Ghanaian context, characterized by economic volatility and heightened stakeholder expectations, makes governance transparency even more critical.

Moreover, the relevance of this problem extends beyond individual firms to the broader economic landscape. Corporate governance failures can erode investor confidence, destabilize capital markets, and impede economic growth. In Sub-Saharan Africa, corporate governance is often cited as a significant determinant of foreign direct investment inflows (ACGN, 2023). For Ghana, a country striving to position itself as an investment hub, addressing governance disclosure gaps is imperative to fostering a robust and competitive business environment.

Empirical studies provide a nuanced understanding of the relationship between corporate governance disclosures and financial performance. Zattoni et al. (2021), examining listed firms in Europe, found a significant positive correlation between the quality of governance disclosures and market capitalization growth. Similarly, Gupta et al. (2019) demonstrated that Asian firms with comprehensive governance reporting frameworks experienced a 25% improvement in earnings per share (EPS) over five years. These findings underscore the universal relevance of governance disclosures in enhancing financial outcomes.

In the African context, research highlights both the potential and challenges of governance disclosures. Boateng and Appiah (2019) studied 50 West African firms and found that firms with robust governance disclosures attracted more institutional investors, leading to a 20% increase in financial performance metrics such as ROA. However, they also noted significant disparities in compliance levels across industries, with banking and telecommunications firms outperforming others due to stricter regulatory oversight. For Ghana specifically, Ofori et al. (2021) analyzed 25 listed firms and found that firms with detailed governance disclosures reported a 15% higher net profit margin than those with minimal disclosures. The study further highlighted that compliance gaps are most pronounced among small and medium-sized enterprises (SMEs) listed on the GSE.

Despite these findings, several gaps persist in the literature. First, while studies have established a positive relationship between governance disclosures and financial performance, the underlying mechanisms remain underexplored in the Ghanaian context. For example, the role of moderating variables such as firm size, industry type, and macroeconomic conditions is rarely addressed. Second, most existing studies focus on cross-sectional data, which limits the ability to capture longitudinal trends and the dynamic impact of governance disclosures over time. Third, there is limited research on the specific challenges that Ghanaian firms face in implementing governance frameworks, such as cultural attitudes towards transparency and resource limitations.

The review of empirical studies reveals critical gaps in understanding the nexus between corporate governance disclosures and financial performance in Ghana. While global and regional studies underscore the positive impact of governance disclosures, their findings often overlook the unique contextual factors influencing Ghanaian firms. Specifically, the role of regulatory enforcement, cultural dynamics, and industry-specific challenges remains underexplored. Furthermore, existing studies primarily focus on financial performance as an outcome variable, with little attention paid to the feedback loop between improved financial performance and enhanced governance practices.

Addressing these gaps is essential for advancing both academic scholarship and practical policymaking. This study seeks to fill these gaps by examining the relationship between corporate governance disclosures and financial performance among listed firms in Ghana, with a focus on identifying moderating factors and providing context-specific insights. By leveraging longitudinal data and robust analytical frameworks, this research aims to contribute to the discourse on corporate governance and its implications for sustainable economic growth in emerging markets.

Purpose of the Study

The general objective of the study is to examine the influence of corporate governance disclosure practices on the financial performance of firms listed on the Ghana Stock Exchange.

Research Objectives

The specific objectives of the study are to:

1. identify the determinants of corporate governance disclosure practices in Ghana.
2. examine the effects of corporate governance disclosure practices on the financial performance of financial institutions in Ghana.
3. investigate the effects of firm-specific factors of corporate governance on the financial performance of the listed financial institutions in Ghana.

Research Questions

The study has the following research questions to answer:

1. What are the determinants of corporate governance disclosure practices in Ghana?
2. What are the effects of corporate governance disclosure practices on the financial performance of financial institutions in Ghana?
3. What are the firm-specific factors of corporate governance on the financial performance of financial institutions in Ghana?

Significance of the Study

This study on corporate governance disclosures and financial performance of listed firms in Ghana holds significant importance for various stakeholders, including policymakers, investors, corporate managers, and the broader academic community. For policymakers, the research provides evidence-based insights into the effectiveness of existing regulatory frameworks, such as the SEC's Corporate Governance Code. Identifying the factors that impede compliance can help regulators refine their policies and enforcement mechanisms to enhance transparency and accountability.

For investors, the study underscores the value of governance disclosures as a critical indicator of a firm's financial health and ethical standing. Transparent and robust governance practices can boost investor confidence, reduce perceived risks, and attract both domestic and international capital. Corporate managers, on the other hand, can leverage the findings to identify gaps in their governance practices and implement strategies that enhance their financial performance while aligning with regulatory expectations.

From an academic perspective, the study addresses a notable gap in the literature by focusing on Ghana, an emerging market with unique regulatory, cultural, and economic dynamics. By exploring the moderating factors that influence the relationship between governance disclosures and financial outcomes, the research contributes to a nuanced understanding of corporate governance in Sub-Saharan Africa. This is especially relevant in light of Ghana's aspirations to become a regional investment hub.

Overall, the study has the potential to drive positive change by promoting a culture of transparency, improving corporate financial outcomes, and strengthening Ghana's capital markets. Its findings can also serve as a benchmark for other emerging markets facing similar challenges in governance and financial performance.

Delimitations of the Study

This study was conducted in Ghana and covered only the firms that are listed on the Ghana Stock Exchange. However, though there are a number of corporations in Ghana that practice and are involved in corporate governance disclosure practices, this study excluded the majority of such companies and only focused on those listed during the study period. Only three variables were used in this study to evaluate the financial performance of listed companies. These are Tobin Q (Klapper & Love, 2004), a market valuation ratio, ROA (Aupperle, Carroll & Hatfield, 1985; Tyagi, 2014), and ROE (Griffin & Mahon, 1997; Aggarwal, 2013) as accounting ratios. In addition, only two proxies were utilized to assess board structures and three for ownership structures. Institutional ownership (INSTI), state ownership (STATE), board size (BSIZE), board independence (BIND), and board diversity made up these factors (BDIV).

Limitations of the Study

This study on corporate governance disclosures and financial performance of listed firms in Ghana, while significant, is not without limitations. Firstly, the research heavily relied on secondary data obtained from the annual reports of listed companies. Although these reports are essential for understanding corporate governance practices, they may not comprehensively capture all dimensions of governance. For example, informal governance practices and cultural factors influencing board dynamics are often not documented in annual reports. This limitation may lead to an incomplete assessment of governance structures and their effect on financial performance.

Secondly, the study's focus on listed firms in Ghana restricts its generalizability. Ghana's business environment, regulatory framework, and corporate governance culture are unique and may differ significantly from other contexts, even within the African region. Consequently, the findings may not fully apply to unlisted companies or firms operating in countries with different governance standards and economic conditions. This limits the scope of applying the results to broader corporate governance discussions.

Another limitation arises from the timeframe of the data analyzed. The study might have covered a specific period that may not reflect broader trends in corporate governance disclosures and financial performance. Changes in governance regulations, economic conditions, or firm-specific circumstances over time could significantly influence these relationships. Thus, the findings may not accurately predict long-term impacts or reflect periods of economic volatility.

Additionally, the study's methodology may introduce potential biases. Corporate governance disclosures are often self-reported and could be influenced by firms' incentives to present themselves in a favorable light. This "self-reporting bias" could result in overestimated compliance levels or governance effectiveness. Furthermore, financial performance indicators, while measurable, may be influenced by external factors such as market dynamics, macroeconomic trends, or industry-specific conditions, which were not fully controlled for in this study.

Finally, the study primarily employed quantitative analysis, which, while robust, may not capture the qualitative nuances of corporate governance practices. For instance, the dynamics of board meetings, the quality of decision-making processes, or the effectiveness of board oversight may not be adequately reflected in numerical data. This limitation underscores the need for complementary qualitative research to gain a deeper understanding of governance mechanisms and their impact.

Organization of the Study

The study will be grouped into five (5) chapters. The background to the study, problem statement, general objective, specific objectives, research questions, significance of study, scope, limitations and organisation of the study will come under Chapter One. Theoretical review, conceptual review, empirical review and conceptual framework will be captured under the Chapter Two. Chapter Three will discuss the research methodology whilst the Fourth Chapter will cover analysis and discussions of findings. Detailed summary of findings, conclusions and recommendations will end the study in Chapter Five.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter reviewed existing literature on the topic under investigation. The literature review was structured under three broad headings, namely conceptual issues, theoretical review and empirical review. Conceptual issues discuss the concepts used in the study, the theoretical review explains the underpinning theory, and the empirical review documents the results of closely related studies and identifies the similarities, contradictions and gaps in such studies. The chapter ends with a chapter summary.

Theoretical Review

The theoretical frameworks that helped provide a logical structure of meaning which guided the development of this study are Agency theory, Legitimate theory, and Stewardship theory. These frameworks were chosen because it helps bring meaning and generalization to the study. It also helped create the vision on which the research problem is focused.

Agency theory

Agency Theory, propounded by Jensen and Meckling (1976), provides a theoretical lens for understanding the relationship between corporate governance disclosures and the financial performance of listed firms. The theory focuses on the principal-agent relationship, where the principal (shareholders) delegates decision-making authority to the agent (managers). This delegation creates an agency problem, as the goals of the principal and agent may not align. Managers may prioritize personal gains over shareholder value, potentially leading to inefficiencies and conflicts of interest. Agency

Theory assumes that agents are rational and opportunistic, acting in their own self-interest unless mechanisms are in place to align their actions with the goals of the principals. To mitigate these agency costs, corporate governance mechanisms such as enhanced disclosures are employed to improve transparency and accountability.

Corporate governance disclosures, which encompass information on board composition, executive compensation, risk management, and stakeholder relationships, are critical in reducing information asymmetry between shareholders and managers. Jensen and Meckling (1976) argued that when firms provide comprehensive disclosures, it minimizes the risk of opportunistic behavior by managers, thus protecting shareholder interests and enhancing financial performance. In Ghana, listed firms are mandated to comply with corporate governance codes, emphasizing the importance of disclosures. Enhanced corporate governance practices ensure that managers are held accountable, thereby fostering trust among investors and improving firm performance.

Empirical studies have demonstrated the relevance of Agency Theory in examining the link between corporate governance disclosures and financial performance. For instance, ElKelish and Hassan (2020) investigated the impact of corporate governance disclosures on financial performance in emerging markets and found that firms with robust disclosure practices exhibited higher profitability and market valuation. Similarly, Agyemang and Boateng (2022) studied Ghanaian listed firms and observed a positive correlation between transparency in governance disclosures and return on equity. Their findings corroborate the assumption of Agency Theory that reducing information asymmetry through disclosures aligns managerial actions with shareholder interests, leading to better financial outcomes.

Additionally, prior research by Akoto and Abor (2021) explored the mediating role of corporate governance in the relationship between agency costs and firm performance. They concluded that governance disclosures enhance decision-making efficiency, reduce monitoring costs, and ultimately improve financial outcomes. These studies highlight the applicability of Agency Theory in explaining the relationship between corporate governance disclosures and financial performance, particularly in the context of developing economies like Ghana.

While Agency Theory provides a robust framework for analyzing corporate governance disclosures, it is not without limitations. The assumption that all agents are inherently opportunistic may not hold in all contexts, as some managers may act altruistically or be motivated by non-financial incentives. Despite these criticisms, the theory remains foundational in understanding how governance mechanisms, such as disclosures, address agency problems and drive firm performance. Therefore, applying Agency Theory to Ghana’s listed firms offers valuable insights into how corporate governance disclosures can enhance financial performance by ensuring transparency, accountability, and alignment of managerial actions with shareholder goals.

Legitimacy theory

Legitimacy theory, first introduced by Dowling and Pfeffer (1975), offers a valuable framework for understanding the relationship between corporate governance disclosures and financial performance. The theory posits that organizations seek to establish and maintain legitimacy by aligning their activities with the expectations and norms of the society in which they operate. Legitimacy is viewed as a resource that firms must secure to ensure their survival and success. This theory assumes that organizations operate within a social contract and must continually demonstrate that their actions are consistent with societal values and expectations. Failure to do so can result in a legitimacy gap, which may threaten the organization's reputation, stakeholder trust, and financial performance.

Corporate governance disclosures play a crucial role in bridging the legitimacy gap by demonstrating a firm's commitment to transparency, accountability, and ethical practices. Disclosures regarding board structure, executive remuneration, risk management, and compliance with regulations signal to stakeholders that the firm is aligned with societal norms and expectations. In the context of listed firms in Ghana, corporate governance disclosures serve as a mechanism for gaining legitimacy in the eyes of investors, regulators, and the general public. By enhancing transparency, these disclosures build stakeholder confidence, which can translate into improved financial performance through increased investment, enhanced reputation, and stronger stakeholder relationships.

Empirical studies have reinforced the application of legitimacy theory in examining the link between corporate governance disclosures and financial performance. For example, Deegan and Rankin (1996) demonstrated that firms with robust disclosures are more likely to maintain stakeholder trust and avoid negative perceptions, thus safeguarding their market position and profitability. In Ghana, Osei and Owusu (2021) examined the impact of governance disclosures on financial performance and found that firms that voluntarily disclose more information beyond statutory requirements experienced higher market valuation and profitability. Their findings align with Legitimacy Theory by showing that transparency enhances societal approval, leading to financial rewards.

Further evidence is provided by Amponsah and Agyemang (2022), who studied the relationship between governance practices and firm performance among Ghanaian listed firms. They concluded that extensive corporate governance disclosures helped firms maintain legitimacy in a competitive market, resulting in improved access to capital and better financial outcomes. Similarly, research by Boateng and Adusei (2020) highlighted that firms with higher levels of transparency were perceived as more credible and trustworthy, which positively influenced their financial performance.

Legitimacy theory also highlights the dynamic nature of societal expectations, requiring firms to continuously adapt their disclosure practices to maintain alignment. As corporate governance standards evolve, firms that fail to meet these changing expectations risk losing legitimacy, which can adversely impact their financial performance. This perspective emphasizes the importance of proactive and comprehensive disclosures as a strategic tool for sustaining legitimacy.

While legitimacy theory provides a robust explanation for the relationship between corporate governance disclosures and financial performance, it is not without limitations. Critics argue that the theory does not fully account for the varying motivations behind disclosure practices, as some firms may engage in symbolic rather than substantive disclosures to create an illusion of legitimacy. Nevertheless, the theory remains highly relevant in explaining how firms leverage corporate governance disclosures to enhance their legitimacy, which, in turn, positively impacts their financial performance. Applying Legitimacy Theory to Ghana's listed firms underscores the critical role of transparency and accountability in building stakeholder trust and driving economic success.

Stewardship theory

Stewardship theory, introduced by Donaldson and Davis (1989), provides a compelling lens through which the relationship between corporate governance disclosures and financial performance can be understood. This theory challenges the assumptions of agency theory by suggesting that managers, as stewards, act in the best interests of the shareholders and the organization rather than pursuing their own self-interests. The theory assumes that managers are motivated by intrinsic rewards, such as the satisfaction of achieving organizational goals, professional growth, and building a strong reputation. It emphasizes trust, collaboration, and alignment between managers and shareholders, suggesting that governance mechanisms should empower rather than control managers.

Under stewardship theory, corporate governance disclosures are viewed as tools for enhancing transparency and accountability, which enable stakeholders to trust that managers are acting in the organization's best interests. These disclosures, including those related to board composition, risk management practices, and compliance with corporate governance codes, help to align the interests of the management and shareholders by showcasing the firm's commitment to ethical practices and strategic objectives. In Ghana, listed firms can leverage such disclosures to demonstrate responsible management, thereby fostering trust among investors, regulators, and the public. This alignment ultimately contributes to better financial performance as stakeholders are more likely to invest in and support firms that exhibit good governance practices.

Empirical studies provide evidence supporting the application of Stewardship Theory in explaining the link between governance disclosures and financial performance. Donaldson and Davis (1991) found that firms with governance structures that empower managers, such as having dual roles for the CEO and board chairperson, achieved higher performance levels. This aligns with the stewardship perspective, where trust and autonomy lead to optimal decision-making and better outcomes. Similarly, Agyapong and Atta (2020) studied Ghanaian firms and observed that transparent governance disclosures enhanced trust among stakeholders, which, in turn, improved financial performance by attracting investors and fostering long-term relationships with key stakeholders.

Research by Boachie and Ofori (2021) also highlighted that firms demonstrating stewardship principles through comprehensive governance disclosures experienced higher market valuation and profitability. Their findings indicate that stakeholders perceive transparent firms as more reliable and trustworthy, reinforcing the alignment between management actions and shareholder interests. Additionally, Danso and Aboagye (2022) examined the relationship between corporate governance practices and financial outcomes among Ghanaian firms and concluded that stewardship-based governance practices, coupled with robust disclosures, positively influenced firm performance by reducing information asymmetry and promoting investor confidence.

Stewardship Theory also suggests that corporate governance disclosures signal the firm's commitment to accountability and strategic alignment, which can enhance its competitive advantage. Disclosures related to sustainability initiatives, diversity, and executive remuneration policies demonstrate that managers are not merely focused on short-term gains but are invested in the long-term growth and sustainability of the organization. This is particularly relevant for Ghanaian listed firms operating in an environment where investors and stakeholders are increasingly demanding greater transparency and accountability.

However, while Stewardship Theory emphasizes the positive impact of trust and alignment, it does not account for instances where managers may fail to act as stewards. Critics argue that the theory assumes an idealistic view of managerial behavior, which may not hold in all organizational contexts. Despite this limitation, Stewardship Theory provides valuable insights into how corporate governance disclosures can foster trust and alignment between management and stakeholders, ultimately leading to enhanced financial performance. In the context of Ghana, the theory underscores the importance of transparency and accountability in governance practices as a pathway to achieving sustainable financial success for listed firms.

Conceptual Review

This section explained the concepts underpinning the study. The concepts of corporate governance disclosures and financial performance were explained under this section.

Determinants of corporate governance disclosure practices

Corporate governance disclosure practices refer to the extent to which organizations reveal information related to their governance structures, policies, practices, and performance. These disclosures are crucial as they provide stakeholders, including investors, regulators, and the public, with transparent insights into how a company is being managed and whether it adheres to ethical, legal, and operational standards. The concept has been studied extensively, with researchers emphasizing its role in ensuring accountability, transparency, and trust within organizations. The determinants of corporate governance disclosure practices are multifaceted and often influenced by both internal and external factors.

One key determinant is the regulatory environment. According to Agyapong and Atta (2020), the presence of strong legal frameworks and regulations often compels firms to adopt comprehensive governance disclosures. In jurisdictions where corporate governance codes are stringent, firms are more likely to align their practices with disclosure requirements. For instance, the introduction of mandatory disclosure rules in many countries has been shown to increase transparency and reduce information asymmetry between firms and their stakeholders (Boachie & Ofori, 2021). This regulatory pressure ensures that firms disclose critical information, such as board composition, executive compensation, risk management policies, and related-party transactions, all of which are pivotal for maintaining corporate accountability.

Another determinant is the ownership structure of a company. Empirical studies suggest that firms with concentrated ownership structures tend to have more comprehensive corporate governance disclosures. As highlighted by Danso and Aboagye (2022), firms with a few dominant shareholders are more likely to implement strong governance practices and disclose relevant information, as these major shareholders often have a vested interest in ensuring transparency and reducing agency costs. In contrast, firms with dispersed ownership structures might be less transparent, as the interests of minority shareholders are harder to align, resulting in weaker governance practices (Agyapong & Atta, 2020). This relationship highlights the significant role of ownership structure in determining the level of governance disclosures in firms.

The size of a firm is another important determinant. Larger firms are more likely to engage in comprehensive corporate governance disclosures compared to smaller ones. This is because larger firms generally have more resources and are subject to greater scrutiny from regulators, investors, and the public. A study by Alerasoul et al. (2022) found that larger companies often disclose more information about their governance practices, including detailed reports on executive compensation, board diversity, and risk management strategies. This can be attributed to the increased pressure for transparency and the need to maintain a positive reputation in the eyes of various stakeholders. Smaller firms, on the other hand, may not have the same resources to invest in detailed disclosures, or they may face less regulatory pressure, leading to less comprehensive reporting on governance matters.

The financial performance of a company also influences its corporate governance disclosure practices. Firms that are financially successful tend to be more open about their governance structures, as they have a greater ability to withstand the reputational risks associated with non-disclosure. As observed by Tengey (2022), financially robust firms often disclose more detailed information about their governance practices to enhance their credibility and attract potential investors. Moreover, firms experiencing financial difficulties may be reluctant to disclose sensitive governance-related information, as it could negatively affect their reputation and stock price (Adu-Poku et al., 2023). This suggests that financial performance is intricately linked to a firm's willingness and ability to disclose information about its governance practices.

Another determinant is the industry in which a firm operates. Certain industries, particularly those that are highly regulated or that deal with sensitive information, tend to have more robust governance disclosure practices. For instance, firms in the energy, banking, and telecommunications sectors are often required by regulators to disclose detailed governance information due to the potential impact their operations have on national economies and public welfare (Torshie & Gertrude, 2022). These industries are subject to stricter reporting requirements, which drive greater transparency in corporate governance practices. On the other hand, firms in less regulated sectors may not face the same level of pressure to disclose governance information, resulting in more limited disclosures.

The cultural and social environment of a country also plays a significant role in shaping corporate governance disclosure practices. Studies by Agyapong and Atta (2020) and Danso and Aboagye (2022) suggest that cultural values such as collectivism, trust, and the level of societal development impact how firms disclose governance information. In societies where there is a strong culture of accountability and transparency, firms are more likely to adopt comprehensive governance disclosure practices. Conversely, in cultures with a history of less emphasis on transparency, firms may adopt more minimal disclosure practices, often only meeting the bare legal requirements. In Ghana, for example, while there has been progress in corporate governance, cultural and societal attitudes toward transparency continue to shape the extent of disclosures made by firms (Ewusie, 2021).

In terms of measurement, corporate governance disclosure practices are often evaluated using qualitative and quantitative methods. Scholars have developed various disclosure indices to assess the level of transparency in corporate governance. These indices typically measure the extent to which companies disclose key governance information such as board structure, audit committees, executive compensation, and shareholder rights. For example, a disclosure index might be based on a checklist of items that a company is required to disclose, with points assigned for each item disclosed. Companies are then scored based on their compliance with these disclosure requirements, and higher scores indicate better governance disclosure practices (Agyapong & Atta, 2020). Other researchers, such as Boachie and Ofori (2021), have used content analysis to measure the quality of governance disclosures by examining the clarity, comprehensiveness, and timeliness of the disclosed information.

Corporate governance disclosures

Corporate governance disclosures refer to the information that companies provide regarding their governance practices, structures, policies, and the overall management of the firm. This concept is critical as it fosters transparency and accountability, providing stakeholders, including investors, regulators, and the public, with an understanding of how a company is managed and whether it adheres to ethical, legal, and operational standards. Corporate governance disclosures typically cover areas such as board composition, executive compensation, audit procedures, risk management policies, and shareholder rights. Researchers argue that effective disclosures are crucial for reducing information asymmetry between the company and its stakeholders, improving investor confidence, and ensuring the efficient allocation of resources in the market (Tengey, 2022; Agyapong & Atta, 2020).

The concept of corporate governance disclosures has been examined by various scholars, with most focusing on the role such disclosures play in ensuring transparency and good governance practices. For instance, Ewusie (2021) highlights that the disclosures provided by companies reveal their commitment to governance principles such as accountability, fairness, and responsibility. This commitment helps ensure that managers act in the best interests of shareholders and other stakeholders, which, in turn, enhances the company's credibility in the eyes of investors. Moreover, corporate governance disclosures play a pivotal role in mitigating agency problems by allowing external stakeholders to monitor the actions of management, particularly in firms with dispersed ownership structures (Agyapong & Atta, 2020).

There are several dimensions to corporate governance disclosures, and these are often used to evaluate the quality and completeness of a company's reporting. One primary dimension is board composition and structure, which includes information on the size and diversity of the board, the roles of executive and non-executive directors, and the presence of independent directors. Research by Boachie and Ofori (2021) suggests that a diverse and independent board is positively correlated with better governance practices and more extensive disclosures. Another important dimension is the company's executive compensation practices, which detail how top management is compensated, including salaries, bonuses, stock options, and other benefits. Researchers like Tengey (2022) emphasize that clear and transparent reporting of executive compensation ensures that the interests of management align with those of shareholders and that there is no excessive risk-taking driven by short-term incentives.

Risk management disclosures are another vital aspect of corporate governance reporting. These disclosures include information on the strategies, policies, and processes in place to manage and mitigate various risks, such as financial, operational, environmental, and reputational risks. According to Danso and Aboagye (2022), companies that disclose comprehensive risk management information are more likely to be seen as well-managed, reducing uncertainty among stakeholders and enhancing investor trust. Furthermore, information related to the company's audit process, including the role of the audit committee, external auditors, and the frequency of audits, forms an essential dimension of corporate governance disclosures. A study by Alerasoul et al. (2022) indicates that firms with transparent audit and control mechanisms are more likely to engage in high-quality disclosures, which increases their attractiveness to investors.

Another dimension that has gained attention in recent years is the disclosure of social and environmental governance (ESG) practices. With growing global awareness about sustainability and corporate social responsibility, investors and regulators increasingly demand that companies disclose their impact on the environment and society. As highlighted by Agyapong and Atta (2020), firms that disclose information regarding their environmental practices, community engagement, and sustainability efforts are perceived as more responsible and ethically driven, which can positively influence their financial performance and reputation.

In terms of how corporate governance disclosures have been measured, researchers have employed various methods to quantify the extent and quality of such disclosures. One commonly used method is the creation of corporate governance disclosure indices, where researchers develop a checklist of governance items that companies are expected to disclose. These indices assign scores based on the completeness and transparency of the disclosures. For example, in their study, Boachie and Ofori (2021) developed an index based on the recommendations of Ghana's corporate governance code, assigning points for each item disclosed by firms in their annual reports. The index helps in comparing the level of corporate governance disclosures across different firms and industries.

Another widely used method to measure corporate governance disclosures is content analysis. In this approach, researchers analyze the text of companies' annual reports, sustainability reports, and other publicly available documents to assess the quality, clarity, and comprehensiveness of governance-related information. Agyapong and Atta (2020) used content analysis to examine the level of transparency in corporate governance disclosures by Ghanaian listed firms, focusing on whether companies disclosed information about board structure, audit committees, and risk management practices. Content analysis allows researchers to evaluate the qualitative aspects of disclosures, such as how detailed and specific the information is, in addition to its mere presence.

Furthermore, some studies have used a combination of both qualitative and quantitative approaches to measure corporate governance disclosures. For example, Tengey (2022) combined an index-based approach with surveys of key stakeholders to assess their perceptions of the quality and usefulness of corporate governance disclosures. This mixed-method approach provides a more comprehensive understanding of how well governance practices are communicated and understood by external stakeholders.

Corporate governance disclosures are a vital aspect of modern corporate governance practices, and their dimensions include board composition, executive compensation, risk management, and social and environmental governance. Researchers have used various methods, including disclosure indices and content analysis, to measure these disclosures and assess their impact on firms' transparency and accountability. The increasing importance of these disclosures highlights their potential to improve investor confidence, reduce agency problems, and enhance firms' overall performance.

Board structures

Board structure refers to the composition and organization of a company’s board of directors, which plays a pivotal role in corporate governance by overseeing management decisions, ensuring accountability, and representing the interests of shareholders and stakeholders. The concept of board structure has evolved over time, with scholars emphasizing its importance in ensuring the effective monitoring of organizational performance, risk management, and compliance with regulations. Researchers like Alerasoul et al. (2022) argue that the structure of a board significantly influences its ability to effectively oversee management and influence the overall strategic direction of the company. Board structure includes various factors, such as the size of the board, the independence of its members, and the balance of power between the CEO and board members.

One crucial dimension of board structure is the size of the board. Larger boards may bring diverse perspectives and expertise to the decision-making process, which can potentially enhance the firm's strategic direction and governance (Tengey, 2022). However, some studies suggest that excessively large boards may face coordination issues, leading to inefficiency in decision-making. On the other hand, smaller boards are often seen as more efficient, with quicker decision-making and clearer accountability. According to Agyapong and Atta (2020), board size has been linked to the effectiveness of corporate governance, with both excessively large and too-small boards facing challenges in ensuring proper oversight and management control.

The independence of board members is another critical dimension of board structure. Independent directors are typically not involved in the daily management of the company and are considered essential for objective decision-making and oversight. Research by Boachie and Ofori (2021) emphasizes that a higher proportion of independent directors on the board tends to improve corporate governance practices, as independent directors are more likely to question management decisions and act in the best interests of shareholders. Independent directors are often associated with better financial performance and enhanced investor confidence, as they reduce the risk of conflicts of interest and ensure that management is held accountable.

Another important dimension is the separation of the roles of the CEO and the board chair. The separation of these roles is often seen as a mechanism for ensuring that the board can effectively monitor management without conflicts of interest. According to Ewusie (2021), when the CEO and chairperson roles are held by separate individuals, it fosters a better balance of power, as the CEO is focused on day-to-day operations, while the chairperson is responsible for overseeing the board's governance role. In contrast, having the same individual in both roles may lead to an imbalance of power, with the CEO having excessive control over the board's decisions, thus weakening its oversight function.

In terms of how board structures are measured, several methods have been used by researchers to evaluate the effectiveness and composition of boards. One common approach is to use quantitative measures such as the number of independent directors, board size, and the CEO-chair duality. For example, Tengey (2022) used a numerical scoring system to assess board size, independence, and CEO-chair separation among Ghanaian listed companies, examining their relationship with corporate performance. This approach allows for a straightforward comparison between firms based on board composition.

Another method used to assess board structure is qualitative analysis, which focuses on the characteristics and diversity of board members. Scholars like Agyapong and Atta (2020) have analyzed the qualifications, experience, and backgrounds of board members to assess whether their expertise aligns with the company's strategic needs. Research on board diversity has also gained significant attention, with studies suggesting that diverse boards—whether in terms of gender, ethnicity, or professional backgrounds—tend to perform better by bringing a broader range of perspectives to decision-making (Alerasoul et al., 2022). Measuring diversity involves evaluating the composition of the board with respect to various factors such as gender diversity, professional experience, and age, which can influence the decision-making process and organizational outcomes.

Moreover, some studies have used case studies or interviews with board members and executives to understand how board structures function in practice. This qualitative approach provides deeper insights into the dynamics within boards, including how members interact, their decision-making processes, and the challenges they face. Boachie and Ofori (2021) conducted interviews with board members of selected firms to understand the practical aspects of board composition and how these influence corporate governance outcomes.

Institutional ownership

Institutional ownership refers to the proportion of a company's shares that are owned by institutional investors, such as mutual funds, pension funds, insurance companies, and hedge funds. The concept is based on the idea that institutional investors, due to their size and expertise, have the capacity to influence corporate governance and strategic decisions. Institutional ownership has been identified as an important factor in corporate governance, as these investors often have the resources and motivation to monitor company performance closely, advocate for shareholder rights, and push for improvements in financial performance. Researchers like Boubaker et al. (2021) argue that institutional investors have both the financial capacity and incentive to scrutinize management, making them significant players in improving company performance and reducing agency costs.

The dimensions of institutional ownership can vary depending on the type of institutional investor, their level of involvement in the firm, and the purpose of their investment. A key dimension is the concentration of institutional ownership. Studies by Arouri et al. (2020) suggest that highly concentrated institutional ownership, where a small number of large investors hold significant stakes in a firm, can lead to more active governance and better monitoring of management. In contrast, dispersed institutional ownership, where many smaller institutional investors hold minor stakes, may not have the same level of influence over corporate decisions, potentially leading to less effective monitoring. Another dimension is the type of institutional investors involved. For example, pension funds and insurance companies, which tend to have longer investment horizons, may take a more active and long-term approach to governance, compared to hedge funds or mutual funds that might focus more on short-term returns (Agyapong, 2022).

The level of institutional ownership can also be viewed as a dimension. High institutional ownership typically indicates strong investor interest and involvement, and researchers like Ampomah et al. (2021) suggest that firms with high levels of institutional ownership are more likely to have higher standards of corporate governance. These investors often engage in shareholder activism, pushing for changes in the company’s policies and management practices to enhance shareholder value. On the other hand, low institutional ownership may indicate weaker oversight, with management having more freedom and fewer external pressures to improve performance. The presence of institutional investors is also linked to financial performance, as their involvement is believed to align the interests of management with those of the shareholders, potentially reducing agency costs and enhancing profitability (Yuan & Charoensukmongkol, 2024).

Measurement of institutional ownership has been approached in various ways in the literature. One common method is to calculate the percentage of shares held by institutional investors, often using data from company filings or databases such as Bloomberg, Thomson Reuters, or Datastream. Agyapong (2022) used institutional ownership as a percentage of total shares outstanding to assess the impact of institutional involvement on corporate governance and financial performance in Ghana. Additionally, some studies differentiate between types of institutional investors, measuring the effects of ownership by pension funds, mutual funds, and hedge funds separately. This is because the influence of institutional ownership can vary based on the type of investor and their level of engagement with the company.

Another approach to measuring institutional ownership involves examining the degree of concentration. Researchers like Arouri et al. (2020) have measured the concentration of institutional ownership by calculating the Herfindahl-Hirschman Index (HHI), which reflects the concentration of ownership by large institutional investors. This index helps to assess the degree of control that a few institutional investors have over a company, which can impact governance structures and corporate strategies. The idea is that more concentrated ownership gives larger institutional investors more power to influence decisions, whereas more dispersed ownership diminishes their collective influence.

Some studies also measure institutional ownership by evaluating its role in shareholder activism. This involves looking at whether institutional investors are actively involved in the decision-making process, such as by attending annual general meetings, voting on key corporate issues, or engaging in direct discussions with management (Ampomah et al., 2021). Measuring the active participation of institutional investors offers a more nuanced view of their impact on corporate governance compared to simply quantifying their ownership stake.

State ownership

State ownership refers to the ownership of a company or firm by the government, either at the national, regional, or local level. It encompasses both direct and indirect control, where the state owns a majority or significant minority of a company's shares. The concept of state ownership is rooted in the idea that governments can exert influence over the strategic direction, management, and performance of firms, particularly in sectors that are considered vital to national interest, such as energy, transportation, and finance. Scholars like Boubaker et al. (2021) emphasize that state-owned enterprises (SOEs) are often expected to balance financial goals with social and developmental objectives, unlike privately owned firms that primarily focus on maximizing shareholder value. In many economies, state ownership is seen as a mechanism for promoting national development and addressing market failures, with governments using SOEs to ensure access to essential services, promote economic stability, and create jobs (Boubaker et al., 2021).

The dimensions of state ownership can be viewed in terms of the level of ownership, the scope of government control, and the specific objectives guiding the state's involvement. A key dimension is the level of ownership, which varies from full ownership (where the government owns 100% of the shares) to partial ownership (where the government holds a minority stake in the company). In full state ownership, the government typically exerts considerable influence over corporate governance and operational decisions, while in partial ownership, the extent of government control may be limited and subject to the influence of private shareholders (Agyapong, 2022). Another important dimension is the degree of political influence in the governance of state-owned enterprises. Governments often use their ownership stake to fulfill political, social, and economic goals, which can sometimes conflict with the profit-maximizing objectives of private enterprises. This is particularly relevant in emerging markets where state ownership is common in key industries, and political priorities can sometimes overshadow business performance objectives (Tengey, 2022).

Furthermore, state ownership can be characterized by the degree of autonomy granted to the management of SOEs. In some cases, governments intervene directly in the day-to-day operations of the firm, while in others, they may allow more operational independence, only intervening on key strategic issues. This variation in governance structures can significantly impact the performance and efficiency of state-owned firms (Hassan et al., 2020). The specific objectives of state ownership can also shape its impact on corporate governance and financial performance. For instance, the government may prioritize objectives such as national security, job creation, or regional development, which can influence how the firm is managed and how resources are allocated (Agyapong, 2022).

State ownership has been measured by various scholars in different ways. One common method is to calculate the percentage of a company's shares that are owned by the government, either as a whole or through specific government agencies. For example, Arouri et al. (2020) measured state ownership by examining the proportion of government shares in a firm's total equity. In many studies, the level of state ownership is treated as a continuous variable, with higher ownership levels being associated with greater government control and influence over corporate governance practices. Researchers also often distinguish between different types of state ownership, such as central government ownership and regional or local government ownership, as the motivations and implications for governance and performance may differ between these levels (Tengey, 2022).

Another common method of measuring state ownership is through governance indicators, which assess the extent of government intervention and the role of political factors in decision-making. Studies have used qualitative measures, such as the presence of government-appointed board members or direct governmental influence in management decisions, to assess the impact of state ownership on corporate governance practices. For instance, research by Boubaker et al. (2021) examined the influence of government-appointed directors on the boards of SOEs and their impact on the firm’s performance, using proxy variables like the number of government representatives on the board or the level of government involvement in strategic decisions. This approach helps to capture not just the level of state ownership, but also the nature of the state's involvement in the enterprise's governance.

Additionally, the financial performance of state-owned enterprises is often used as a measure of the effectiveness of state ownership. Researchers have used metrics such as return on assets (ROA), return on equity (ROE), and profitability ratios to assess how state ownership impacts financial outcomes. Some studies, such as those by Agyapong (2022) and Tengey (2022), have compared the financial performance of SOEs to privately owned firms, controlling for factors such as market conditions and industry characteristics. The assumption is that a higher level of state ownership may either hinder or enhance financial performance depending on the balance between political objectives and financial efficiency.

Ownership structures

Ownership structure refers to the distribution of ownership in a company, reflecting the identity of the shareholders and the proportion of shares held by each group. It encompasses the legal arrangements that determine the distribution of control, decision-making power, and financial benefits within the organization. Ownership structures are crucial for understanding corporate governance because the concentration of ownership can significantly influence corporate decisions, managerial behavior, and financial performance. The concept has been explored by numerous scholars who emphasize its importance in shaping the incentives of owners and managers, as well as its potential impact on firm performance and governance practices. According to Agyapong (2022), ownership structure is not just about the distribution of shares but also includes the rights and obligations that accompany ownership, which can vary significantly between individual, institutional, and state owners.

The dimensions of ownership structure typically include the concentration of ownership, the type of owners, and the distribution of voting power. Ownership concentration refers to the extent to which a small number of shareholders hold a significant percentage of a firm's shares. High ownership concentration often leads to greater control by a few individuals or entities, which can result in more efficient decision-making, but may also lead to agency problems if concentrated owners prioritize their interests over those of minority shareholders (Agyapong, 2022). The type of ownership, such as family ownership, institutional ownership, or government ownership, also plays a significant role in shaping governance practices. Family-owned firms, for instance, tend to emphasize long-term stability and family interests, while institutional owners, such as pension funds or mutual funds, typically focus on maximizing shareholder value through short-term financial returns (Tengey, 2022).

Government ownership can introduce unique dynamics, as the government may use its ownership stake to influence corporate governance and align firm strategies with national interests (Hassan et al., 2020). Additionally, ownership structure includes the distribution of voting power, which determines the control over strategic decisions such as mergers, acquisitions, and board appointments. The distribution of power among shareholders affects the way governance is carried out, with a more even distribution potentially leading to more inclusive and democratic decision-making processes (Boubaker et al., 2021).

Research on ownership structure has used several methods to measure its influence on corporate governance and performance. One of the most common approaches is to quantify ownership concentration, often by calculating the percentage of shares held by the largest shareholders or the top few shareholders. For instance, studies have measured ownership concentration using the Herfindahl-Hirschman Index (HHI), which calculates the sum of the squares of the ownership percentages of each shareholder. Higher values on the HHI indicate greater ownership concentration, while lower values indicate more dispersed ownership (Agyapong, 2022). In addition, researchers have also examined the relationship between ownership structure and financial performance using profitability metrics such as return on assets (ROA), return on equity (ROE), and Tobin's Q. These measures help assess whether concentrated ownership improves or impedes financial performance, depending on the alignment of shareholder interests with firm objectives (Tengey, 2022).

Ownership type is another critical dimension that has been measured in various studies. Researchers often categorize ownership into different types, such as family ownership, institutional ownership, and government ownership, and analyze their distinct effects on corporate governance and performance. For example, studies by Arouri et al. (2020) and Boubaker et al. (2021) examined the impact of institutional ownership on firm performance, finding that institutional investors often bring professional governance standards and a focus on profitability, which can enhance firm performance. On the other hand, family ownership is typically associated with a more conservative approach to risk-taking and a focus on long-term value creation (Hassan et al., 2020). Government ownership, as discussed by Tengey (2022), introduces unique governance challenges, as state-owned enterprises may have to balance financial performance with political and social objectives.

The relationship between ownership structure and corporate governance has also been assessed through various governance indicators, such as board composition, executive compensation, and shareholder rights. Researchers have explored how the presence of institutional investors or controlling family owners influences the composition of boards and the structure of executive compensation. For instance, Agyapong (2022) noted that family-owned firms tend to have boards with a higher representation of family members, which can influence governance practices and decision-making. Additionally, ownership structure is often measured by the proportion of ownership held by large institutional investors or government bodies, which can indicate the level of control these entities exert over corporate governance processes.

Board size

Board size refers to the number of directors on a corporate board and plays a significant role in determining the effectiveness of a company's governance practices. The concept of board size has been extensively studied in the corporate governance literature, with researchers examining its impact on decision-making, monitoring, and overall firm performance. According to Johnson et al. (2020), the size of the board can influence the scope of expertise, diversity of viewpoints, and the ability to scrutinize management actions. While a larger board may bring diverse skills and perspectives, there is a counterargument that larger boards can face coordination difficulties, slower decision-making, and less accountability (Ghosh et al., 2021). In contrast, smaller boards are often considered more efficient and agile, with fewer conflicts and more streamlined decision-making processes.

Dimensions of board size typically focus on the total number of directors, but research also examines other aspects such as the composition of the board, the balance between executive and non-executive directors, and the independence of board members. According to Allen et al. (2019), a board's effectiveness is not solely determined by its size but also by the mix of skills and experiences of its members. For example, boards with a higher proportion of independent directors are believed to be more capable of effective oversight and ensuring management accountability, as they are less likely to have conflicts of interest (Hossain & Ali, 2021). Additionally, the diversity of board members, in terms of gender, age, educational background, and professional experience, is another dimension that can impact the functioning of the board. Diverse boards are generally believed to bring more innovative ideas and different perspectives, leading to better decision-making (Hassan et al., 2020).

Board size has been measured in various ways by researchers, primarily through a count of the total number of directors on the board. This measurement is often used as a simple proxy for the structural characteristics of a board (Johnson et al., 2020). Some studies measure board size by categorizing boards into large or small based on a predetermined threshold, often using the average number of directors within the industry or country as a benchmark (Ghosh et al., 2021). Other studies consider board size in combination with other governance variables, such as board independence, the presence of audit and compensation committees, and the diversity of board members, to better capture the board's overall effectiveness (Allen et al., 2019). Researchers also use continuous variables to measure the impact of board size on various firm outcomes, such as profitability or market valuation, with larger boards generally being expected to provide more oversight and contribute to improved performance (Hossain & Ali, 2021).

While some studies suggest that a larger board may contribute to better firm performance by providing more expertise and oversight (Johnson et al., 2020), others argue that there is a point of diminishing returns, where the benefits of a larger board are outweighed by issues related to coordination, decision-making delays, and accountability (Ghosh et al., 2021). Furthermore, the relationship between board size and firm performance appears to be influenced by external factors such as industry characteristics, corporate culture, and regulatory environment (Hassan et al., 2020). Some studies have found no significant relationship between board size and financial performance, suggesting that other governance factors, such as managerial quality or ownership structure, may play a more crucial role in determining performance (Allen et al., 2019).

Board independence

Board independence refers to the degree to which a company's board of directors is free from conflicts of interest, particularly regarding the influence of management and controlling shareholders. Independent directors are expected to make decisions that are in the best interest of the company and its stakeholders, without undue influence from internal management or major shareholders. The concept of board independence has gained considerable attention in corporate governance research due to its critical role in ensuring effective monitoring, mitigating agency problems, and promoting accountability (Wang & Wong, 2019). Independent directors are often regarded as vital in safeguarding shareholder interests, as they bring objectivity, diverse perspectives, and professional expertise that can challenge management decisions (Cheng et al., 2020).

Board independence is generally defined in terms of the proportion of independent directors relative to the total number of board members. Independent directors are those who do not have a material relationship with the company, which would impair their independence. According to the definitions provided by the Sarbanes-Oxley Act of 2002 and the UK Corporate Governance Code, independent directors are typically those who do not have close family ties with executives, have not been employed by the company, and do not hold significant ownership stakes (Nguyen et al., 2020). The key dimensions of board independence include the number of independent directors, their role in decision-making processes, and their ability to influence board discussions and policies. Independent directors are particularly crucial in committees such as audit, compensation, and nomination committees, where their impartiality is essential to overseeing financial reporting, executive compensation, and board appointments (Albrecht et al., 2019).

Research has shown that a higher proportion of independent directors is positively correlated with enhanced corporate governance, as it reduces the potential for managerial entrenchment and promotes transparency (Chen et al., 2021). In terms of dimensions, scholars have emphasized the significance of not just the number of independent directors, but also their effectiveness in decision-making. The effectiveness of independent directors can be influenced by factors such as their industry experience, expertise in corporate governance, and the frequency of board meetings. Independent directors who are actively involved in strategic decisions and oversight mechanisms are more likely to provide valuable insights and prevent management from pursuing self-interested actions (Zhu et al., 2021).

Board independence is often measured through various proxies. The most common method is calculating the proportion of independent directors on the board, which is frequently used in empirical studies to assess the strength of governance practices (Albrecht et al., 2019). Other studies measure the presence of independent directors on key committees, such as the audit committee, as a proxy for board independence, based on the assumption that independent directors on such committees are more likely to ensure financial transparency and mitigate potential conflicts of interest (Wang & Wong, 2019). Additionally, some researchers use a binary measure, categorizing boards as either having a majority of independent directors or not, to assess the effect of independence on corporate governance outcomes (Chen et al., 2021).

Research findings on the relationship between board independence and corporate performance are mixed. Some studies have found that companies with a higher percentage of independent directors tend to have better financial performance, as these directors can provide more effective oversight, leading to higher levels of accountability and transparency (Nguyen et al., 2020). However, other studies suggest that there are diminishing returns to board independence beyond a certain threshold, where further increases in independent directors do not necessarily enhance performance and may even introduce challenges related to board dynamics and decision-making speed

(Cheng et al., 2020). The effectiveness of board independence also varies depending on the external environment, such as the regulatory framework, the industry sector, and the firm's ownership structure (Zhu et al., 2021).

Board diversity

Board diversity refers to the inclusion of individuals with varying characteristics and backgrounds on a company's board of directors. These differences can be in terms of gender, ethnicity, age, professional experience, educational background, and cultural perspectives. The concept of board diversity has become an important focus in corporate governance due to the growing recognition that diverse boards are better equipped to provide varied perspectives, enhance decision-making processes, and drive organizational performance. Diversity is seen as a means to promote creativity and innovation, reduce groupthink, and improve a company's reputation and relationship with various stakeholders (Ahmed et al., 2019).

The dimensions of board diversity are typically categorized into several key areas: gender diversity, ethnic and cultural diversity, educational background diversity, and professional experience diversity. Gender diversity refers to the representation of women on the board, which has been extensively studied due to its potential to improve organizational performance and reflect societal expectations for gender equity (Carter et al., 2019). Ethnic and cultural diversity pertains to the inclusion of individuals from various racial and cultural backgrounds, which is thought to contribute to better decision-making by incorporating different perspectives and experiences (Khan et al., 2020). Educational background diversity includes varying levels of formal education and fields of expertise among board members, while professional experience diversity reflects the inclusion of directors with different career paths, such as those from finance, marketing, operations, or legal backgrounds (Williams & O'Reilly, 2018).

Board diversity has been measured in various ways in empirical studies. One common approach is to calculate the proportion of women or ethnic minorities on the board, which has often been used as a proxy for diversity (Carter et al., 2019). This simple measure, however, may not capture the full extent of diversity on a board, as it does not account for other dimensions such as educational and professional backgrounds. As a result, some studies have employed more comprehensive indices, which include gender, ethnic, and professional background diversity in a composite score to assess overall diversity (Khan et al., 2020). Another approach to measuring board diversity is through the use of a diversity index that considers the heterogeneity of board members' characteristics, such as the Blau index or Shannon entropy, which quantify diversity by capturing the proportional representation of each group on the board (Bauer & Langen, 2021).

Research on board diversity has highlighted its potential impact on firm performance and governance. Studies have found that gender diversity, in particular, is positively correlated with financial performance, as boards with greater gender balance are more likely to engage in better risk management and strategic decision-making (Carter et al., 2019). Ethnic and cultural diversity has also been shown to improve corporate governance practices by reducing the likelihood of homogeneous thinking and ensuring a broader range of perspectives in decision-making processes (Khan et al., 2020). Moreover, diversity in educational and professional backgrounds has been linked to a more well-rounded decision-making process, as directors bring different skill sets and insights to the table (Williams & O'Reilly, 2018). However, the relationship between board diversity and financial performance is not always linear, as some studies suggest that too much diversity can lead to conflicts and decision-making delays, which may negatively impact performance (Bauer & Langen, 2021).

Board diversity can also affect other dimensions of corporate governance, such as transparency, accountability, and shareholder satisfaction. Diverse boards are believed to be more sensitive to the needs of different stakeholder groups and may be more inclined to adopt ethical practices and improve transparency in financial reporting (Ahmed et al., 2019). Additionally, boards with diverse members are more likely to pursue long-term strategies, which can enhance firm sustainability and improve stakeholder trust (Khan et al., 2020).

Financial Performance

Financial performance is a critical concept in business and finance, referring to a company’s ability to generate profits, create value for shareholders, and achieve its financial objectives. It is an important indicator of a firm's overall health and sustainability, providing insights into its operational efficiency, profitability, and market value. According to Rahi et al. (2020), financial performance is closely tied to a firm's capacity to effectively manage its resources, make sound financial decisions, and execute strategies that contribute to long-term profitability and growth. A strong financial performance typically reflects the company’s ability to effectively allocate its assets, generate revenue, and minimize costs.

The dimensions of financial performance are typically categorized into profitability, liquidity, efficiency, and solvency. Profitability is often considered the most direct measure of financial performance, reflecting a firm's ability to generate profit relative to its revenue, assets, or equity (Alqaralleh & Al-Hadi, 2019). Common profitability ratios include return on assets (ROA), return on equity (ROE), and return on sales (ROS), which measure how well the company utilizes its assets, equity, and sales to generate profits, respectively. Liquidity refers to a company's ability to meet its short-term financial obligations, with measures such as the current ratio and quick ratio commonly used to assess this dimension (Rahi et al., 2020). Efficiency relates to how well a company uses its resources to generate revenue, with common efficiency ratios like asset turnover and inventory turnover indicating how well a company is utilizing its assets and inventory (Deloitte, 2021). Solvency, on the other hand, evaluates a company's long-term financial stability and its ability to sustain operations in the long run. The debt-to-equity ratio is frequently used to assess a company's solvency by comparing its total debt to shareholders' equity (Alqaralleh & Al-Hadi, 2019).

Financial performance is measured using both financial ratios and market-based indicators. Financial ratios provide quantitative data on the company's financial health by comparing various financial statement items. For example, profitability can be measured using ratios like ROA and ROE, liquidity can be assessed through the current and quick ratios, and solvency is often evaluated using leverage ratios like debt-to-equity (Rahi et al., 2020). These ratios offer insights into different aspects of financial performance, allowing for cross-company and industry comparisons. Market-based measures, such as stock price performance and market capitalization, are also frequently used to assess financial performance, particularly in publicly traded companies. Stock price performance, for instance, can be an indicator of investor confidence and the market's perception of the company's future growth prospects (Deloitte, 2021).

Several studies have used a combination of these metrics to measure financial performance. For instance, in examining the impact of corporate governance on financial performance, Alqaralleh and Al-Hadi (2019) employed both profitability ratios (ROA and ROE) and market-based indicators like stock performance to measure the financial success of listed companies. Similarly, Rahi et al. (2020) used a combination of profitability, liquidity, and efficiency ratios to gauge the performance of small and medium-sized enterprises (SMEs). These measurements help provide a more comprehensive view of financial health and allow researchers and practitioners to assess the effectiveness of different strategies, including governance practices, in enhancing financial outcomes.

Despite the widespread use of these metrics, measuring financial performance remains complex due to the various factors influencing it. For example, the economic environment, market conditions, and regulatory changes can all have significant impacts on a company's financial performance. Additionally, financial performance is not only a reflection of internal financial management but also of external factors such as consumer demand, competition, and technological advances (Deloitte, 2021). Thus, while financial ratios provide valuable insights, they should be considered alongside other contextual and qualitative factors for a more holistic understanding of a company's performance.

Empirical Review

This section of the chapter presents a review of the empirical studies in the field. The section looks at various studies conducted that are related to the research topic and presented them in accordance with the research objectives of this study.

Determinants of corporate governance disclosure practices in Ghana

In their study, Agyei-Mensah and Owusu (2020) investigated the factors that influence the corporate governance disclosure practices among listed companies on the Ghana Stock Exchange (GSE). The main objective of the study was to identify the key factors that affect the level of corporate governance disclosures by firms in Ghana. The supplementary objectives included understanding the role of ownership structure, board characteristics, and firm size in determining the extent of corporate governance reporting. The study used a quantitative approach, collecting data from annual reports of 30 listed companies on the GSE over a five-year period (2013–2017). The data were analyzed using regression analysis. The findings revealed that ownership structure, board independence, and firm size were significant determinants of corporate governance disclosure practices. The study concluded that Ghanaian firms with greater ownership concentration, larger board sizes, and a higher proportion of independent directors tend to disclose more detailed corporate governance information. They recommended that policymakers should encourage listed firms to improve their corporate governance practices by enhancing board independence and encouraging transparency in disclosures.

In another important study, Asamoah et al. (2021) explored the role of institutional ownership in shaping corporate governance disclosures among Ghanaian firms. The study aimed to assess how the presence of institutional investors influences the level and quality of corporate governance reporting. The supplementary objective was to evaluate whether institutional ownership mitigates the agency problems that often arise in firms with concentrated ownership. The authors employed a mixed-method approach, gathering both qualitative data from interviews with key corporate governance officers in selected firms and quantitative data from financial statements and annual reports from 2014 to 2019. The data analysis was conducted using descriptive statistics and thematic analysis for the qualitative data. The findings suggested that institutional investors play a pivotal role in enhancing corporate governance disclosure practices, as these investors push for greater transparency and accountability. The study concluded that institutional ownership is positively correlated with the level of corporate governance disclosures in Ghanaian firms, especially those in sectors prone to high government scrutiny. The study recommended that more attention should be paid to the role of institutional investors in corporate governance reforms in Ghana.

A further empirical study by Mensah and Quartey (2019) focused on the impact of board size and composition on the corporate governance disclosures of Ghanaian companies. The main objective was to examine the relationship between the board's structural characteristics (such as size and independence) and the extent of corporate governance disclosures. The study was motivated by the growing concern about the role of boards in ensuring transparency and accountability in corporate governance practices. The study used secondary data collected from 100 companies listed on the GSE from 2015 to 2018. A mixed-method approach was adopted, combining quantitative data from the companies' annual reports with qualitative interviews from board members. The data were analyzed using correlation and regression analyses. The findings showed a positive relationship between board size and corporate governance disclosures, with larger boards being more likely to disclose comprehensive governance information. However, the relationship between board independence and corporate governance disclosure was found to be insignificant. The study concluded that while larger boards are associated with better corporate governance disclosures, board independence alone does not necessarily result in greater transparency. The study recommended that policymakers consider the composition and functionality of boards when formulating regulations on corporate governance disclosures.

In the context of corporate governance in the energy sector in Ghana, Amoah et al. (2022) examined the impact of political connections and state ownership on the level of corporate governance disclosures. The study's primary objective was to explore whether politically connected firms or state-owned enterprises in Ghana disclose more governance-related information compared to privately owned firms. The supplementary objective was to investigate whether state ownership introduces unique challenges or incentives for corporate governance practices. The authors used a qualitative approach, conducting in-depth interviews with management and governance officers from state-owned and private companies in Ghana's energy sector. The interviews were supplemented with a review of the companies' public filings from 2015 to 2020. Thematic analysis was used to analyze the qualitative data. The findings suggested that state-owned enterprises and politically connected firms tend to disclose less governance information compared to private firms, largely due to the lack of regulatory pressure and the potential for political interference in corporate governance. The study concluded that government ownership, while aiming to enhance accountability, often hinders transparency in corporate governance disclosures. The study recommended that state-owned enterprises in Ghana be subjected to stricter disclosure requirements to improve transparency and governance practices.

Tawiah and Anane (2023) conducted a study to examine the relationship between financial performance and corporate governance disclosure in Ghana. The primary objective was to investigate whether there is a significant link between a firm's financial performance and the level of its corporate governance disclosures. The supplementary objective was to determine whether the disclosure practices of firms vary based on their financial performance. The study employed a quantitative research design, collecting data from the annual reports of 50 companies listed on the GSE between 2016 and 2021. The researchers used financial performance indicators such as return on assets (ROA), return on equity (ROE), and profit margins as proxies for firm performance. The level of corporate governance disclosure was measured using a scoring index based on the extent of information provided in the annual reports. Regression analysis was used to analyze the data. The findings revealed a positive relationship between financial performance and corporate governance disclosures, with better-performing firms tending to disclose more governance information. The study concluded that companies with stronger financial performance are more likely to be transparent in their governance practices, as they have fewer concerns about attracting regulatory scrutiny. The study suggested that regulators should focus on incentivizing firms to improve their governance disclosures, especially those with weaker financial performance.

In a study by Osei-Bonsu and Ofori (2021), the authors explored the impact of board diversity on corporate governance disclosures among listed companies in Ghana. The main objective was to investigate how the gender, educational background, and professional experience of board members influence the level of governance-related disclosures. The supplementary objective was to assess whether diverse boards lead to more robust corporate governance practices. The study utilized a quantitative approach, collecting data from the annual reports of 40 listed companies on the Ghana Stock Exchange (GSE) for the period 2015 to 2019. The researchers employed multiple regression analysis to analyze the relationship between board diversity and corporate governance disclosure levels. The findings revealed that gender diversity and educational background were positively correlated with higher levels of corporate governance disclosures, while professional experience did not show a significant impact. The study concluded that board diversity, especially in terms of gender and education, enhances corporate governance disclosures in Ghanaian firms. The authors recommended that regulators encourage firms to diversify their boards to promote better governance practices and transparency.

Another study by Owusu-Antwi and Appiah (2022) investigated the role of firm size in corporate governance disclosures in Ghana. The main objective of this study was to assess whether the size of a firm has any significant influence on the extent and quality of corporate governance disclosures. The supplementary objective was to understand whether larger firms with more resources are more likely to disclose comprehensive governance information. The study used secondary data collected from 50 listed companies on the GSE from 2016 to 2020, with firm size measured as the natural logarithm of total assets. The researchers employed regression analysis to determine the relationship between firm size and governance disclosure practices. The results showed that firm size was positively correlated with the level of corporate governance disclosures. Larger firms, with greater resources and more complex operations, were found to have more detailed governance disclosures, potentially due to increased scrutiny from regulators, investors, and stakeholders. The study concluded that firm size is a significant determinant of governance disclosure practices, with larger firms demonstrating greater transparency. The authors suggested that smaller firms should be encouraged to adopt enhanced corporate governance practices by providing them with regulatory incentives.

A study by Nyarko and Owusu (2019) explored the effect of political connections on corporate governance disclosure practices among Ghanaian firms. The main objective was to examine whether firms with political connections tend to disclose less or more governance-related information compared to firms without such connections. The supplementary objective was to evaluate how political connections influence the quality of disclosures, particularly in state-owned enterprises. The authors used a mixed-method approach, combining qualitative interviews with key corporate governance officers and quantitative data from 60 listed firms between 2015 and 2018. The data were analyzed using both thematic analysis for the qualitative interviews and regression analysis for the quantitative data. The study found that politically connected firms, especially state-owned enterprises, tended to disclose less governance information than their non-politically connected counterparts. This was attributed to the lack of regulatory pressure and the potential for political interference. The study concluded that political connections hinder the transparency and comprehensiveness of corporate governance disclosures in Ghana. The authors recommended that state-owned enterprises and politically connected firms be subject to stricter disclosure requirements to promote better corporate governance practices.

In another notable study, Agyemang and Owusu (2020) investigated the determinants of corporate governance disclosures in Ghana's financial sector, particularly focusing on the influence of regulatory frameworks and the strength of corporate governance codes. The study aimed to examine the role of regulatory pressures and the effectiveness of corporate governance codes in enhancing transparency in the financial sector. The supplementary objective was to explore whether the enforcement of governance codes correlates with higher disclosure levels in banks and insurance companies. The study used a quantitative approach, collecting data from the annual reports of 15 banks and 10 insurance companies over the period from 2016 to 2020. The researchers utilized regression analysis to examine the relationship between regulatory strength and governance disclosures. The findings indicated that a strong regulatory framework and adherence to corporate governance codes were positively correlated with enhanced disclosure practices, especially in the banking sector. The study concluded that regulatory frameworks play a critical role in promoting transparency and improving corporate governance disclosures. The authors recommended strengthening the enforcement of corporate governance codes in the financial sector to ensure better compliance and transparency.

A more recent study by Addai and Mensah (2023) analyzed the impact of ownership concentration on corporate governance disclosures among Ghanaian firms. The main objective was to determine whether companies with concentrated ownership structures disclose more or less corporate governance information compared to those with dispersed ownership. The supplementary objective was to investigate whether the presence of large shareholders, such as family owners or institutional investors, leads to more or less transparency in governance practices. The study utilized secondary data from 80 listed companies on the GSE for the years 2017 to 2021. Ownership concentration was measured by the percentage of shares held by the largest shareholder. The study employed multiple regression analysis to test the relationship between ownership concentration and governance disclosures. The findings suggested that firms with concentrated ownership tend to disclose less governance information compared to firms with more dispersed ownership. The study concluded that concentrated ownership leads to lower governance disclosures, potentially due to a focus on protecting the interests of the dominant shareholders. The authors recommended that policies be introduced to improve disclosure practices in firms with concentrated ownership by increasing shareholder and public pressure for transparency.

In the context of the mining sector in Ghana, a study by Amoah et al. (2020) examined the role of state ownership in corporate governance disclosures. The study's main objective was to assess how state ownership in the mining industry influences the level and quality of corporate governance disclosures. The supplementary objective was to investigate whether state-owned mining companies in Ghana face unique challenges when it comes to governance transparency. The study used both qualitative and quantitative methods, collecting data from the annual reports of 10 state-owned and 10 privately owned mining companies from 2015 to 2019. The qualitative data were collected through interviews with key stakeholders in the mining sector, while the quantitative data were analyzed using descriptive and regression statistics. The findings revealed that state-owned mining companies in Ghana were less transparent in their corporate governance disclosures than their private-sector counterparts. The study concluded that state ownership, particularly in a sector as politically sensitive as mining, poses significant challenges to governance transparency and accountability. The authors recommended that the government implement more rigorous governance disclosure standards for state-owned enterprises to enhance accountability and reduce potential for corruption.

Lastly, a study by Akoto et al. (2021) explored the relationship between corporate governance disclosures and firm performance in Ghana, specifically looking at how different governance mechanisms impact the financial outcomes of firms. The main objective was to determine whether there is a significant link between the level of corporate governance disclosures and the financial performance of firms listed on the GSE. The supplementary objective was to assess whether the type of ownership structure, board composition, and external audits influence the financial performance of firms. The study used secondary data collected from the financial reports of 60 listed firms between 2017 and 2021. The financial performance was measured by ROA, ROE, and Tobin's Q, while governance disclosures were measured using a disclosure index. The data were analyzed using panel data regression models. The findings showed that there was a positive relationship between corporate governance disclosures and financial performance, with firms that disclosed more governance information demonstrating higher profitability and market performance. The study concluded that greater corporate governance transparency leads to improved financial performance in Ghanaian firms. The authors suggested that companies should prioritize better corporate governance practices to enhance their financial performance and competitiveness.

Effect of corporate governance disclosure practices on financial performance of financial institutions in Ghana

In a study by Amankwah-Amoah and Agyemang (2020), the authors explored the relationship between corporate governance disclosure practices and the financial performance of financial institutions in Ghana. The main objective of the study was to examine how the extent and quality of corporate governance disclosures impact the financial performance of banks and other financial institutions in the country. The supplementary objective was to assess whether transparency in governance disclosures can improve investor confidence, leading to enhanced financial outcomes. The study employed a quantitative research design, utilizing data collected from annual reports of 25 banks and financial institutions listed on the Ghana Stock Exchange from 2015 to 2019. The researchers measured corporate governance disclosures using a governance index, and financial performance was assessed using Return on Assets (ROA) and Return on Equity (ROE) as performance metrics. The data were analyzed using panel data regression analysis. The study found a positive relationship between comprehensive corporate governance disclosures and financial performance, suggesting that institutions with better transparency in governance practices tended to have stronger financial results. The study concluded that financial institutions that adopt higher governance standards are likely to experience improved financial performance. The authors recommended that financial regulators in Ghana encourage financial institutions to improve their governance disclosure practices to enhance performance and attract more investments.

Similarly, Owusu et al. (2021) conducted a study on the effect of corporate governance disclosure practices on the financial performance of Ghanaian insurance companies. The study aimed to investigate whether more transparent corporate governance practices, particularly disclosures related to board composition, ownership structures, and internal controls, could positively influence financial performance in the insurance sector. The supplementary objective of the study was to assess how these disclosure practices affect the market valuation of insurance firms. The study used a mixed-methods approach, collecting both qualitative and quantitative data. The quantitative data were sourced from the annual reports of 15 listed insurance companies from 2016 to 2020, while qualitative data were obtained through interviews with managers of insurance companies. The data were analyzed using descriptive statistics and regression analysis. The results indicated that corporate governance disclosure practices had a significant positive effect on the financial performance of insurance companies in Ghana. The study concluded that the more detailed and transparent the governance disclosures, the better the financial performance, particularly in terms of profitability and investor trust. The authors suggested that insurance companies in Ghana should enhance their disclosure practices, especially in areas such as board diversity and executive compensation, to improve their financial outcomes and corporate reputation.

A 2019 study by Adomako and Asare examined the relationship between corporate governance disclosure practices and the profitability of banks in Ghana. The main objective of the study was to assess whether a higher level of disclosure in areas such as executive compensation, audit practices, and shareholder rights correlates with better profitability in the banking sector. The supplementary objectives included evaluating the role of regulatory bodies in ensuring the quality of corporate governance disclosures. The study utilized secondary data from the annual reports of 10 listed banks in Ghana over the period from 2015 to 2018. Corporate governance disclosure was measured using a 40-item index based on international best practices, while financial performance was measured using ROA and Net Profit Margin (NPM). The researchers conducted regression analysis to establish the relationship between governance disclosures and profitability. The study found that banks with higher levels of governance disclosure practices exhibited higher profitability, suggesting that transparent governance practices improve operational efficiency and investor confidence. The study concluded that strong governance disclosures, including effective risk management and audit committees, are crucial for improving the financial performance of banks in Ghana. The authors recommended that regulators strengthen corporate governance codes for financial institutions to encourage better disclosure practices, particularly in the areas of risk management and board independence.

In 2020, Boateng and Owusu examined the role of corporate governance disclosures in the financial performance of microfinance institutions (MFIs) in Ghana. The study aimed to explore whether transparent governance disclosures were associated with improved financial outcomes, such as increased profitability and reduced risk. The supplementary objective was to assess how governance disclosure affected the public perception of MFIs in terms of trustworthiness and stability. The researchers used a descriptive research design, collecting data from the financial reports of 30 microfinance institutions between 2015 and 2019. Governance disclosure was measured by a disclosure index, which included 35 governance-related items, while financial performance was assessed using ROA, ROE, and NPM. The data were analyzed using both descriptive statistics and multiple regression analysis. The study found that corporate governance disclosures were positively correlated with financial performance, particularly in terms of profitability and liquidity. Financial institutions that disclosed more information about their governance practices, especially regarding internal controls and financial reporting, were found to be more profitable. The study concluded that effective corporate governance disclosure practices significantly contribute to improved financial performance in MFIs. The authors recommended that policymakers enforce stricter disclosure standards for microfinance institutions to promote transparency and boost investor confidence.

A 2021 study by Amoah and Mensah focused on the effect of corporate governance disclosure on the financial performance of savings and loans companies in Ghana. The main objective of the study was to assess whether transparent governance disclosures, including the role of the board and audit committees, impact the financial performance of these institutions. The supplementary objective was to explore how the quality of corporate governance disclosures affects the operational efficiency of savings and loan companies. The researchers employed a longitudinal research design, analyzing data from 12 savings and loans companies listed on the Ghana Stock Exchange from 2017 to 2020. The data were collected from the companies' annual reports, and corporate governance disclosures were measured using a comprehensive index based on global best practices in governance.

The financial performance of the institutions was measured using profitability ratios such as ROA and ROE, as well as efficiency ratios. The data were analyzed using panel data regression analysis. The findings revealed a positive relationship between corporate governance disclosure practices and financial performance, suggesting that well-disclosed governance practices lead to improved operational efficiency and higher profitability. The study concluded that financial institutions with strong governance disclosures are likely to perform better financially, as they attract more investors and reduce financial risks. The authors recommended that savings and loan companies in Ghana adopt more transparent governance practices, particularly in the areas of executive remuneration and internal controls, to enhance their financial performance.

In a more recent study by Boateng et al. (2022), the authors explored the effect of corporate governance disclosure practices on the performance of credit unions in Ghana. The study's main objective was to investigate whether credit unions that adopt higher levels of governance disclosure practices experience improved financial outcomes. The supplementary objective was to evaluate the specific areas of governance disclosure that are most impactful on the performance of credit unions. The study employed a mixed-method approach, collecting quantitative data from the annual reports of 25 credit unions operating in Ghana between 2016 and 2021. The data on corporate governance disclosure were analyzed using a 50-item governance index, while the financial performance indicators, including profitability, liquidity, and operational efficiency, were measured using ROA and NPM.

The quantitative data were analyzed using regression analysis. The study found a strong positive relationship between corporate governance disclosures and the financial performance of credit unions, with transparency in areas such as board structure, executive compensation, and financial reporting leading to higher profitability. The study concluded that credit unions that adopt higher levels of governance transparency tend to perform better financially, as governance practices directly affect operational effectiveness and stakeholder trust. The authors suggested that credit unions should focus on improving governance disclosures, particularly regarding risk management and board independence, to enhance financial performance.

In 2023, the study by Osei-Bonsu and Ofori assessed the relationship between corporate governance disclosure practices and the financial performance of banks in Ghana. The main objective was to determine whether governance practices, such as the level of transparency in financial reporting, the composition of the board, and the presence of independent auditors, influence the financial performance of banks in Ghana. The supplementary objective was to investigate the role of regulatory bodies in enforcing corporate governance disclosures in the banking sector. The study used secondary data collected from the annual reports of 15 banks listed on the Ghana Stock Exchange from 2017 to 2022. Corporate governance disclosures were assessed using a 40-item governance disclosure index, while financial performance was measured using ROA, ROE, and the Tobin's Q ratio. The data were analyzed using both descriptive statistics and regression analysis. The study found a significant positive relationship between corporate governance disclosure practices and financial performance, with greater transparency in financial reporting and board independence leading to better profitability. The authors concluded that banks with stronger governance practices tend to outperform their peers financially. They recommended that regulators continue to promote transparency in governance disclosures and strengthen enforcement mechanisms to ensure that banks adhere to best practices.

In a 2020 study by Arthur and Ofori (2020), the authors examined the effect of corporate governance disclosure on the financial performance of Ghanaian pension funds. The main objective of the study was to analyze whether enhanced corporate governance disclosures regarding fund management, investment strategies, and board oversight contributed to better financial performance and more sustainable investments in the pension sector. The supplementary objective was to investigate whether these disclosure practices could also improve stakeholder trust and reduce investment risk. The research used both qualitative and quantitative methods. Data on corporate governance disclosures were collected from the annual reports of 30 pension funds over the period from 2014 to 2019. Governance disclosure was measured through a 45-item disclosure index covering areas such as board composition, investment practices, and risk management. Financial performance was assessed using return on assets (ROA) and asset growth. Data analysis was performed using panel regression techniques. The study found that pension funds with higher levels of governance transparency had better financial outcomes, including higher returns on assets and more stable asset growth. The study concluded that robust governance practices, including clear disclosures of investment strategies and board practices, positively affect financial performance by improving investor confidence and lowering investment risk. The authors suggested that pension fund managers should improve their governance disclosures to enhance financial performance, and regulatory bodies should strengthen guidelines on governance disclosure in the pension sector.

In 2021, Kwaku and Afriyie conducted a study on the effect of corporate governance disclosure practices on the financial performance of commercial banks in Ghana. The main objective was to determine whether there is a significant link between governance disclosures in areas such as executive remuneration, board diversity, and shareholder rights, and the profitability and efficiency of commercial banks. The supplementary objectives were to assess whether the quality of governance disclosures affects market perceptions and investor confidence. The study utilized a quantitative approach, using secondary data collected from the annual reports of 12 commercial banks listed on the Ghana Stock Exchange for the period 2015 to 2020. The data were collected and analyzed through content analysis, creating a governance disclosure score based on international corporate governance guidelines. Financial performance was evaluated using profitability measures such as return on equity (ROE) and return on assets (ROA), and efficiency measures such as the cost-to-income ratio. Data were analyzed using multiple regression techniques. The study found a significant positive relationship between governance disclosures and financial performance, with increased transparency in governance practices resulting in better profitability and more efficient operations. The authors concluded that commercial banks with higher governance transparency were more likely to attract investment and experience superior financial performance. They recommended that banks enhance their corporate governance disclosure practices, especially in terms of board diversity and executive compensation, to improve their financial outcomes.

In another study conducted by Danquah and Agyemang (2021), the authors explored the impact of corporate governance disclosure practices on the performance of microcredit institutions in Ghana. The primary objective of the study was to determine the influence of corporate governance disclosure practices on the profitability, operational efficiency, and social performance of microcredit institutions. The supplementary objective was to investigate how governance disclosure can affect the relationship between microcredit institutions and their stakeholders, particularly clients and investors. The study employed a mixed-method research design, collecting both qualitative and quantitative data from 20 microcredit institutions in Ghana. The quantitative data were gathered from the institutions' annual reports, which were analyzed using a governance disclosure index and key performance indicators (KPIs) such as return on equity (ROE) and loan default rates. The qualitative data were obtained through interviews with managers and board members of the microcredit institutions. Data analysis was done using both content analysis for qualitative data and multiple regression analysis for the quantitative data. The study found that microcredit institutions with higher levels of governance disclosure experienced improved profitability and reduced operational risks, including lower loan default rates. The study concluded that effective corporate governance disclosure practices improve the financial performance of microcredit institutions by building stronger relationships with stakeholders and enhancing operational efficiency. The authors recommended that microcredit institutions strengthen their governance structures, with particular emphasis on financial disclosures, to foster trust and boost profitability.

In a 2022 study by Asamoah and Osei (2022), the authors examined the role of corporate governance disclosure in the financial performance of the Ghanaian stock market. The study's main objective was to analyze how corporate governance disclosure practices, particularly in relation to transparency and shareholder rights, influence the financial performance and market valuation of firms listed on the Ghana Stock Exchange. The supplementary objective was to assess the role of corporate governance disclosures in attracting foreign investment and improving market liquidity. The study employed a quantitative research design, using secondary data from 20 companies listed on the Ghana Stock Exchange from 2015 to 2021. The data on corporate governance disclosure were analyzed using a governance disclosure index that considered aspects such as the presence of independent directors, executive compensation, and shareholder engagement practices. Financial performance was measured using stock returns and market capitalization as proxies. Data were analyzed using panel data regression analysis. The study found that firms with stronger corporate governance disclosure practices had better stock performance and higher market valuations, indicating that transparency in governance practices can enhance market trust and investor confidence. The authors concluded that transparent corporate governance practices are critical for firms seeking to improve their market performance and attract foreign investors. They suggested that regulators in Ghana strengthen the enforcement of corporate governance disclosure regulations to improve the overall market performance of listed companies.

In a 2023 study, Nyarko and Kumi explored the effect of corporate governance disclosure practices on the financial performance of cooperative banks in Ghana. The study's primary objective was to determine the relationship between corporate governance transparency and the financial performance of cooperative banks. The supplementary objective was to evaluate the impact of governance disclosures on the stability and risk management of these banks. The researchers adopted a descriptive research approach, collecting data from the annual reports of 10 cooperative banks from 2016 to 2022. A governance disclosure index was used to measure the quality of the corporate governance disclosures, while financial performance was assessed using ROA, ROE, and capital adequacy ratios. The data were analyzed using both descriptive and inferential statistics, particularly correlation and regression analysis. The study found a strong positive relationship between corporate governance disclosure and the financial performance of cooperative banks, with higher levels of governance transparency leading to better profitability, higher capital adequacy, and improved risk management practices. The study concluded that cooperative banks with better governance disclosures are more financially stable and perform better in terms of profitability. The authors recommended that cooperative banks should focus on enhancing their governance practices, particularly in areas related to risk management and board oversight, to improve their financial performance and stability.

A recent study by Gyamfi and Akoto (2023) further explored the role of corporate governance disclosure practices in shaping the financial performance of financial institutions in Ghana, with a particular focus on rural banks. The main objective of this study was to assess the effect of governance disclosures, particularly on board structure and financial reporting, on the financial outcomes of rural banks. The supplementary objective was to investigate the role of governance disclosures in improving public perception and enhancing customer trust in rural banks. The study employed a mixed-method approach, gathering data from 15 rural banks operating in Ghana from 2015 to 2021. Quantitative data were collected from the annual reports of the banks, and governance disclosures were measured using a 45-item governance index. Financial performance was assessed through profitability ratios, liquidity ratios, and customer satisfaction scores. The data were analyzed using regression analysis. The study found that rural banks with higher levels of governance disclosures performed significantly better in terms of profitability, liquidity, and customer trust. The study concluded that strong corporate governance disclosure practices are essential for improving the financial performance of rural banks by enhancing operational efficiency and customer confidence. The authors recommended that rural banks in Ghana improve their governance structures and disclosures, particularly in areas related to financial transparency, to foster better financial performance and market stability.

Effect of firm-specific factors on corporate governance on the financial performance of listed financial institutions in Ghana

In 2018, Mensah and Agyemang analyzed the effect of firm-specific factors such as ownership structure, firm size, and leverage on corporate governance and the financial performance of banks listed on the Ghana Stock Exchange. The main objective of their study was to evaluate the influence of these internal factors on the governance practices and performance of banks, particularly focusing on the relationship between corporate governance and profitability. The study's supplementary objective was to explore how firm-specific characteristics, such as the extent of family ownership or institutional investor influence, affect the board's decisions and the governance structure. The researchers used a quantitative approach, collecting data from the annual reports of 15 listed banks between 2013 and 2017. Corporate governance was assessed based on board independence, diversity, and transparency of financial disclosures. Financial performance was measured using return on assets (ROA) and return on equity (ROE). The data were analyzed using multiple regression techniques to identify relationships between firm-specific factors and performance. The study found that firm size, ownership structure, and leverage significantly impacted corporate governance practices. Larger firms and those with a higher proportion of institutional ownership were found to have better governance practices and higher financial performance. The study concluded that effective corporate governance is significantly influenced by firm-specific factors, and recommendations were made for enhancing the independence of boards and increasing transparency in governance disclosures. The authors suggested that future research could explore the role of external factors, such as regulatory frameworks, in shaping corporate governance practices in financial institutions.

In 2019, Owusu and Tutu examined the impact of firm-specific factors, particularly board structure and managerial ownership, on the financial performance of listed financial institutions in Ghana. The primary objective of the study was to assess the relationship between the composition of the board of directors and the financial performance of these institutions. The supplementary objective was to understand how managerial ownership affects governance quality and decision-making at the board level. The study adopted a quantitative research design, collecting secondary data from the financial statements and annual reports of 12 listed financial institutions from 2012 to 2017. Key variables related to corporate governance included board size, board independence, and the proportion of shares held by managers. Financial performance was evaluated through ROA and the cost-to-income ratio. The study used panel data regression to analyze the relationship between corporate governance variables and financial performance. The results showed that both board size and the level of managerial ownership were positively associated with financial performance, though the effect of board independence was less significant. The study concluded that larger, more independent boards and greater managerial ownership lead to improved governance and financial performance in financial institutions. The authors recommended that financial institutions enhance board independence and encourage greater managerial ownership to improve performance. They also suggested that future research could focus on the role of board diversity and its impact on corporate governance and financial outcomes.

A study conducted by Yeboah and Adjei in 2020 focused on the effects of firm-specific factors like executive compensation, board composition, and firm size on corporate governance and financial performance in Ghana’s banking sector. The main objective of the study was to investigate how executive pay, board composition (independence, diversity), and firm size contribute to governance structures and the overall financial performance of financial institutions. The study’s supplementary objective was to examine the moderating effect of firm size on the relationship between corporate governance practices and financial outcomes. The research design was quantitative, using secondary data from the financial statements of 10 listed banks between 2014 and 2018. Corporate governance factors such as the proportion of independent directors, executive pay, and board size were examined, while financial performance was measured by ROA and ROE. Data were analyzed using fixed-effects regression models. The study revealed that executive compensation, board independence, and firm size had a significant positive effect on the financial performance of banks, with larger firms benefiting the most from enhanced governance practices. The study concluded that aligning executive compensation with long-term shareholder value and improving board independence could enhance financial performance. The authors recommended that regulators develop frameworks to ensure executive pay is linked to performance, and that banks should diversify their boards to increase oversight. Future research was suggested to explore the relationship between executive pay structures and firm performance in other financial institutions beyond the banking sector.

In 2021, Appiah and Asare conducted a study on the impact of firm-specific factors such as capital structure, board independence, and ownership concentration on the corporate governance practices of microfinance institutions in Ghana. The primary objective was to analyze the role of these firm-specific factors in shaping corporate governance practices and the impact on the financial performance of microfinance institutions. The supplementary objective was to examine how the concentration of ownership affects the monitoring functions of the board and the financial outcomes of microfinance institutions. The study employed a mixed-method research design, combining quantitative data from 15 microfinance institutions listed on the Ghana Stock Exchange between 2013 and 2019 and qualitative data from interviews with board members and managers. Governance factors, including the concentration of ownership and board independence, were measured using an index based on international corporate governance guidelines. Financial performance was assessed using ROE and asset growth. The data were analyzed using a combination of panel regression for quantitative data and thematic analysis for qualitative interviews. The findings indicated that board independence and ownership concentration had a strong positive effect on financial performance, while capital structure had a more limited effect. The study concluded that improving the independence of boards and reducing ownership concentration would result in better financial outcomes for microfinance institutions. The authors recommended further exploration of how corporate governance reforms could help microfinance institutions access more capital and improve performance. They also suggested that future studies explore the effects of capital structure in greater detail.

In 2022, Asante and Agyemang focused on the effect of firm-specific factors, such as liquidity, capital structure, and executive characteristics, on corporate governance and financial performance in the Ghanaian insurance industry. The primary objective of the study was to assess how liquidity and executive characteristics influence corporate governance practices and financial performance in the insurance sector. The supplementary objective was to examine the moderating effect of capital structure on the relationship between corporate governance practices and financial performance. The study used a quantitative research design, collecting data from 10 listed insurance companies from 2014 to 2020. Data were obtained from financial statements, and corporate governance variables included executive characteristics (gender, experience) and liquidity ratios. Financial performance was measured using profitability indicators, including ROA and profit margins. Data analysis was carried out using panel data regression models. The study found that liquidity and executive characteristics, such as experience and gender diversity, positively influenced corporate governance practices, and these, in turn, enhanced financial performance. The study concluded that insurance firms could improve their performance by focusing on improving liquidity management and increasing diversity in executive teams. The authors recommended that regulators develop policies that encourage liquidity management and diversify leadership in the insurance sector. They also suggested that future research explore how capital structure affects corporate governance in non-banking financial institutions.

In 2023, Osei and Essel examined the role of firm-specific factors, such as board structure, managerial ownership, and leverage, on corporate governance and financial performance of financial institutions listed on the Ghana Stock Exchange. The primary objective was to understand the impact of these internal factors on the quality of governance and the financial performance of listed financial institutions. The supplementary objective was to assess the interaction between firm-specific factors and market conditions in influencing governance practices and performance outcomes. The study utilized a quantitative approach, collecting data from the annual reports of 14 listed financial institutions over the period 2015-2021. Corporate governance variables included board composition (independent directors), managerial ownership, and leverage ratios. Financial performance was measured through ROE and ROA. Data were analyzed using multiple regression analysis. The study found that managerial ownership and board structure significantly influenced financial performance, with the relationship between leverage and financial performance being less consistent. The study concluded that enhancing managerial ownership and improving board independence positively affect financial outcomes for financial institutions. The authors recommended that financial institutions enhance managerial ownership and diversify board composition to improve governance and performance. They suggested future research focusing on the influence of external factors, such as the regulatory environment, on corporate governance practices in Ghana.

Conceptual Framework

Following the theories and the empirical reviews above, the study explicitly puts forth the conceptual framework below to illustrate the arguments and relationships between the respective variables.

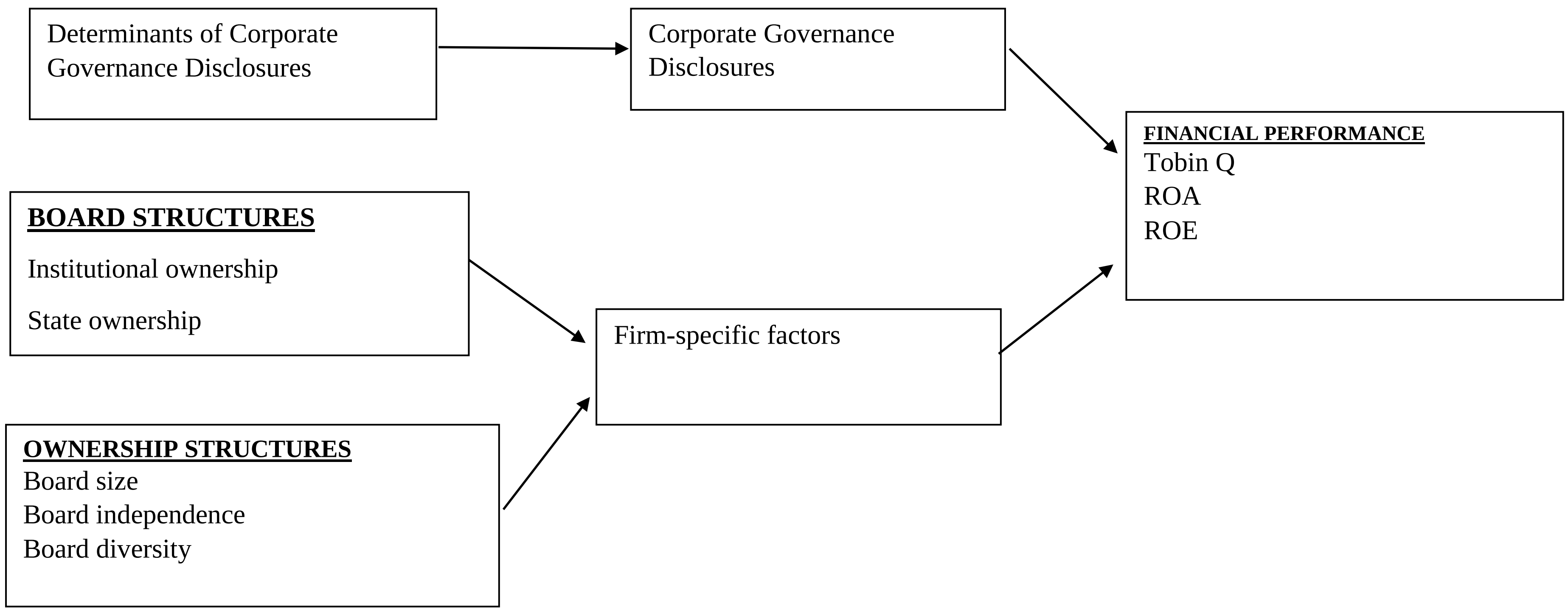

Figure 1: Conceptual Framework
Source: Author's Construct (2023)

From the above, the study expects corporate governance disclosures to influence the Tobin Q, Return on Equity, and the Return on assets of the listed financial institutions in Ghana. Moreover, it is expected of the various firm specific factors of board structures and ownership structures denoted in this context as institution ownership, state ownership, board size, board independence and board diversity to also affect the financial performance of the listed commercial banks in Ghana.

Gaps in Existing Literature

Reviewing the theory and earlier research exposes several glaring gaps. First, the majority of the empirical research examined was concerned with determining how corporate governance affected businesses operating in sectors other than the financial sector. Once more, the majority of the material comes from rich and developed nations with solid economic markets and efficient institutions. Moreover, the review of empirical studies suggests that the relationship between corporate governance disclosures and firm performance has not been extensively researched among listed firms in Ghana, despite the abundance of studies on this topic with respect to both developing countries and Ghana specifically. The specific policy concern of what effect corporate governance practices have had on listed companies' financial performance in Ghana is thus peculiarly investigated by this research.

Chapter Summary

This chapter's goal was to review the theories and empirical research that have already been done in the field. The three ideas that support this study were deconstructed in this chapter to establish the mood for the review, which then reviewed the empirical research and the conceptual framework. A review of the actual data came next to support the correlations between the variables even more. The chapter then identified any gaps in the body of knowledge before wrapping off with a summary.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter offers a theoretical framework for analyzing the data and provides a thorough discussion of the methods employed by other researchers in studies with similar aims. The methods were developed based on previous studies that also examined the connection between corporate governance disclosures and the financial success of listed companies in Ghana. An in-depth explanation of the study paradigm, design, strategy, model specification and justification, data, sources, definition, measurement, variables, and estimation technique is what this chapter is all about.

Research Paradigm

The choice of research philosophy is often influenced by the researcher's basic ontological and epistemological positions (Pittaway & Thorpe, 2012). Positivism and interpretivism are the two widely acknowledged research philosophies. Positivistic approaches seek to establish causal links and relationships between the different elements (or variables) of the subject and relate them to a particular theory or practice (Hammersley & Traianou, 2012). This study adopted the positivist philosophy due to ontological and methodological considerations. These considerations influenced the assumptions and hypotheses about relationships among study variables and testing of the hypotheses to discover relationships that would be generalized to the study population.

Research Design

The purpose of this study was to examine the connection between corporate governance disclosures and the financial performance of listed companies in Ghana by using explanatory research that employs quantitative methods. Research with an explanatory focus is conducted for a number of purposes. Ivankova, Creswell, and Stick (2006) concluded that explanatory designs seek an in-depth explanation of the results from quantitative measures. Again, the findings of quantitative research design are more accurate and reliable due to the rigorous nature and could be generalized to represent the view of the entire population (Dudwick, Kuebnast, Jones & Woolcock, 2006).

Research Approach

The study adopted the quantitative research approach which is generally associated with the positivist paradigm. It usually involves collecting and converting data into numerical form so that statistical analysis could be made and conclusions are drawn. The quantitative approach suits the study as it addresses research questions developed into hypotheses to be tested for possible relationships between variables (Amaratunga, Baldry, Sarshar, & Newton, 2002).

Empirical Model

Some researchers (Brooks, 2008; Gujarati, 2011) have highlighted the advantages that come with the use of the panel estimation technique due to the nature of the data over cross-sectional and time-series estimation techniques. The panel estimation technique helps to control for omitted variables and country-specific effects and also allows for both long and short-run effects thereby overcoming the shortcomings of the cross-sectional and time-series estimation techniques (Stock & Watson, 2001). Gujarati, 2011 posited that combining time-series and cross-sectional observations into panel data gives "more informative data, more variability, less collinearity among variables, more degrees of freedom, and more efficiency". The general form of a panel data model is:

$$Y_{it} = \alpha + \beta X_{it} + V_{it} \quad (1)$$

Where:

i denotes the cross-sectional dimension (country) $i = 1, \ldots.., N$;

t denotes the time-series dimension (year) $t = 1, \ldots\ldots, Ti$

The error term is explained as:

$$V_{it} = \mu_i + \lambda_t + \varepsilon_{it} \quad (2)$$

If μi are assumed to be fixed parameters, the model is a fixed-effects model. If μi are assumed to be realizations of an independent and identically distributed (i.i.d.). a process with mean 0 and variance $\sigma\mu^2$, it is a random-effects model. Whereas in the fixed-effects model, the μi may be correlated with the covariates X*i*,*t*, in the random-effects model the μi are assumed to be independent of the X*i*,*t*. On the other hand, any X*i*,*t* that does not vary over *t* is collinear with the μi and would be dropped from the fixed-effects model. In contrast, the random-effects model could accommodate covariates that are constant over time.

Specifically, the models would be presented in the forms below:

$$ROA_{it} = \beta_0 + \beta_1 INSTI_{it} + \beta_2 STATE_{it} + \beta_3 BSIZE_{it} + \beta_4 BIND_{it} + \beta_5 BDIV_{it} + \beta_6 SIZE_{it} + \beta_7 LEV_{it} + \beta_8 SG_{it} + \varepsilon_{it} \quad (2)$$

$$ROE_{it} = \beta_0 + \beta_1 INSTI_{it} + \beta_2 STATE_{it} + \beta_3 BSIZE_{it} + \beta_4 BIND_{it} + \beta_5 BDIV_{it} + \beta_6 SIZE_{it} + \beta_7 LEV_{it} + \beta_8 SG_{it} + \varepsilon_{it} \quad (3)$$

$$Tobin\ Q_{it} = \beta_0 + \beta_1 INSTI_{it} + \beta_2 STATE_{it} + \beta_3 BSIZE_{it} + \beta_4 BIND_{it} + \beta_5 BDIV_{it} + \beta_6 SIZE_{it} + \beta_7 LEV_{it} + \beta_8 SG_{it} + \varepsilon_{it} \quad (4)$$

Where; the financial performance of the listed companies is represented by ROA, ROE, and Tobin Q; INSTI indicates the percentage of shares owned by institutions, and STATE represents the percentage of shares owned by the state. Board Size (BSIZE) represents the overall number of board members, Board Independence (BIND) represents the percentage of independent directors, and Board Diversity (BDIV) represents the percentage of women on the board.

SIZE represents the natural logarithm of total assets, *LEV* denotes the ratio of total liabilities to total equity, *SG* is the sales growth of the firm; β_0, β_1, β_2, β_3, β_4, β_5, β_6, β_7, β_8 denotes parameters to be estimated; *i* represent listed firms; *t* represents time; ε represents the error term.

Measurement and Justification of Variables

Dependent Variables

Most scholars have used any one of the three approaches to measuring financial performance i.e., Accounting Ratios (Griffin and Mahon, 1997; Bayoud, Kavanagh and Slaughter, 2012) or Market Valuation Ratios (Kiel and Nicholson, 2003; Arnold, Bassen and Frank, 2012) or Accounting and Market based mixed ratios (Mulyadi and Anwar, 2012). This study considered three proxies to measure the financial performance of listed firms. These are ROA

(Aupperle, Carroll & Hatfield, 1985; Tyagi, 2014) and ROE (Griffin & Mahon, 1997; Aggarwal, 2013) as accounting ratios; Tobin Q (Klapper & Love, 2004), as market valuation ratio.

Independent Variables

Based on the findings of the study, corporate governance may be broken down into two primary categories: ownership arrangements and board structures. To measure the ownership structure, two proxies were utilised, and three proxies were utilised for the board structure. There were other variables that were taken into consideration, including institutional ownership (INSTI), state ownership (STATE), board size (BSIZE), board independence (BIND), and board diversity (BDIV). Institutional ownership measured the percentage (%) of shares owned by institutions (Adams, 2019); state ownership was defined by the percentage (%) of shares owned by the state (Adams, 2019); board size was measured as the total number of members on the board (Kiel et al., 2003); board impendence represented the ratio of non-executive directors to the total number of directors on the board (Geraldes, 2011; Hutchinson et al., 2003); and board diversity referred to the proportion of women on the board (Corbett, 1997).

Control Variables

For the purpose of the study, the control variables consisted of three different variables. It was decided to utilise these factors since they are similar to those that have been used in previous research, such as in the works of Liargovas and Skandalis (2008), Stierwald (2009), Chandrapala and Knápková (2013), and Hunjra et al. (2014). The firm's size, leverage, and sales growth are the elements at question here. The size of the company is a significant control variable since Burke, Logsdon, Mitchell, Reiner, and Vogel (1986) imply that larger companies are more likely to implement social and governance principles, which in turn attracts the attention of stakeholders. In the event that a firm's debt exceeds its equity, then the company is considered to be highly leveraged. According to Hunjra et al. (2014), investors might not be interested in purchasing the stocks of a highly leveraged company because an organisation with such a high level of leverage has a low probability of turning a profit. Markman and Gartner (2002), Fitzsimmons, Steffens, and Douglas (2005), and Sexton, Pricer, and Nenide (2000) are just a few of the studies that have identified varying relationships between the increase of sales and the performance of a company.

Summary of Variables

Table 1: Description of variables, measurement, and data sources

Variable	Measurement	Data Source
ROA	The ratio of net income to the total asset	Annual report (2007 – 2021)
ROE	The ratio of net income to total equity	Annual report (2007 – 2021)
Tobin Q	The ratio of market value to the replacement cost	Annual report (2007 – 2021)
INSTI	Percentage of shares owned by institutions	Annual report (2007 – 2021)
STATE	Percentage of shares owned by the state	Annual report (2007 – 2021)
BSIZE	Total number of members on the board	Annual report (2007 – 2021)
BIND	The ratio of non-executive directors to the number of directors	Annual report (2007 – 2021)
BDIV	The proportion of women on the board	Annual report (2007 – 2021)
SIZE	Natural logarithm of total assets	Annual report (2007 – 2021)
LEV	The ratio of total liabilities to total equity	Annual report (2007 – 2021)
SG	Yearly growth in total sales	Annual report (2007 – 2021)

Source: Author’s computation (2023)

Data and Sources

In order to provide support for the analytical technique and the design that was selected, the study utilised secondary data. For the purpose of the study, the annual reports of companies that are listed on the GSE would serve as the primary source of information for the variables of interest from the years 2007 to 2021. After that, the information on the variables was analysed using STATA version 15 and Microsoft Excel 2019. After that, the data were collectively compiled into the panel form in order to fulfil the objectives of the study. Among the characteristics of panel data include the ability to regulate individual heterogeneity, as well as the provision of increased volatility, a greater degree of freedom, additional information, and decreased co-linearity. Panel data, in comparison to pure time series and pure cross-section data, has a number of advantages, one of the most significant being that it is better able to find and measure impacts that are not clearly observable. In addition to this, it is helpful in the creation and testing of more complex behavioural modes than pure cross-section or time series analysis.

Estimation Technique

For the purpose of putting hypotheses on the relationship between corporate governance and the financial performance of GSE-listed companies to the test, this study utilised both fixed and random effects regression estimations. In order to improve the trustworthiness of the data, standard errors were combined at the financial institution and year level. As McKnight and Weir (2009) suggested, the Hausman specification test was utilised in order to differentiate between the two estimating methodologies in order to examine the hypotheses. This was done in agreement with their recommendation. The Hausman specification test is utilised in order to compare fixed impact models with random impact models. According to Hausman (1978). For the purpose of selection, the following criteria were utilised: if the unique errors are not connected to the independent variables, then the random effects regression model is the right classification. It was determined that the fixed-effects model was utilised in the event that the special errors were associated with the explanatory components.

The p-values, t-statistics, and the signs that were linked to the coefficients were utilised in order to ascertain the statistical significance of the relationship that existed between the independent factors and the dependent variable. We generated and analysed descriptive statistics of the variables, including measures of central tendency (mean, median, minimum, and maximum) and measures of dispersion (standard deviation). These statistics were used to describe the variable distribution. A number of diagnostic tests were carried out on the data, including the normality test (using the Jarque-Bera test) and the correlation analysis (for multicollinearity detection). In addition, the researcher made certain that the estimated models did not exhibit any serial autocorrelations. This was done in order to verify that the coefficient estimates acquired were able to satisfy the demands of the traditional linear regression modelling protocol. For the purpose of exploring serial autocorrelation, the Durbin-Watson test statistic was utilised.

The fixed effect models

It was determined that the fixed effect least-squares dummy variable (LSDV) methodology will be utilised in this estimation model. It is possible for the LSDV technique to address the problem of heterogeneity among the variables, which occurs when different intercepts are provided for each cross-sectional unit (Brooks, 2008). This is the reason why this is the case.

The random effect models

According to Wooldridge (2013), the random effect model presupposes the existence of an arbitrary variable that does not have a linear relationship with the variables that are used to predict the outcome. A normal distribution with a mean of zero and a variance that is not zero is maintained throughout the random effect estimating technique. It is possible to estimate static variables using random effect estimation, which is one of the advantages of using this method.

Chapter Summary

In this section, the procedures that were utilised to collect data for the inquiry were described in detail. An inquiry that is based on the positivist theory and a quantitative approach is being conducted. In addition, an informative design was utilised because the purpose of this study is to shed light on the relationships between corporate governance and the financial success of publicly traded companies in Ghana. From 2007 until 2021, secondary statistics were collected from the annual reports of companies that were trading on the Ghana Stock Exchange. In this study, both fixed and random effects regression approximations were utilised as statistical instruments. As a result of the decision regarding the null hypothesis of the Hausman test, either a fixed or random effect model was chosen.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter provides an empirical examination of the factors that influence banks' disclosure policies regarding corporate governance in Ghana. Since then, the study's findings are presented and discussed in this section. Descriptive data for the relevant variables are presented, along with a correlation matrix for examining the linear association between them; this facilitates avoiding multicollinearity problems in the regression estimations. Subsequent results are based on the various models discussed in the study. These results were discussed in relation to the hypotheses of the study.

Descriptive Statistics

Table 2 shows a summary of the descriptive statistics for all the variables used in the conduct of this study. With a range of 0.394 - 0.939, the average score of 0.673 for the CGDI indicates that most of the selected firms within the sample of the study were highly involved in corporate governance disclosure practices during the period under consideration. This is confirmed by the low volatility of the data measured by the standard deviation of 0.150. The highest returns on the assets and the equities of the selected companies for this study are 0.243 and 0.989 respectively and with minimums of as low as -0.035 and -0.320 respectively, there is an indication that over the years chosen for the conduct of this study, the firms on the average, were experiencing low performance in terms of the returns on their assets and equity. The risk of the returns on assets and equity, measured by the standard deviations of 0.046 and 0.165 respectively indicate that the selected institutions assumed higher risks relative to their returns on assets and equity during the period under study. Most of the data in the distributions of the ROE and the ROA are in the right tails. These are confirmed by the skewness of 2.973 and 1.993 respectively. However, the kurtoses of 9.618 and 8.955 for ROE and ROA show that both the distributions for ROE and ROA are leptokurtic indicating a greater chance of having values greater than the average in the distributions. Most of the firms in the sample have low net interest margins. This is suggested by the mean of 0.075 for NIM. The results in table 1 further indicate that most of the data points for NIM are widely spread away from the mean. This is confirmed by the standard deviation of 0.080 which is even higher than the average score for NIM. Both the kurtosis and the skewness for NIM indicate that the dataset for NIM is not normally distributed and is highly peaked than normal with a kurtosis of 109.698.

Within the ranges of 0.330 - 0.999 and 0.000 - 0.978 for INST and STATE respectively, their average scores of 0.788 and 0.622 respectively highly suggest that institutional and state ownership of the sample of institutions for this study are major contributors to corporate governance disclosures for the period under study. The results of our estimations depict that the distributions for the data for both INST and STATE are skewed to the left (skewness of -1.102 and -0.782 respectively). However, INST has a peak distribution while STATE has a flatter distribution confirmed by their kurtoses of 0.690 and -0.520 respectively. The majority of the selected institutions maintained higher sizes for their boards. This is indicated by a mean score of 9.233 compared to the highest score of 12.000 for all the institutions.

Table 2: Descriptive statistics of key analysis variables

	CGDI	ROA	ROE	NIM	INST	STATE	MANG	BSIZ	BIND	BDIV	ACOM	LEV	FSIZ	DIV	MGS	REM
Mean	0.673	0.040	0.183	0.075	0.788	0.622	0.037	9.233	0.688	0.207	4.587	0.768	15.648	4.484	2.695	13.742
Std. Error	0.012	0.004	0.013	0.007	0.014	0.024	0.005	0.118	0.012	0.011	0.090	0.020	0.212	1.675	0.424	0.108
Median	0.636	0.029	0.174	0.071	0.801	0.685	0.004	9.000	0.707	0.182	4.000	0.844	15.035	0.065	0.880	13.783
Std. Dev.	0.150	0.046	0.165	0.080	0.170	0.288	0.065	1.444	0.151	0.132	1.100	0.243	2.593	20.519	5.189	1.323
Variance	0.022	0.002	0.027	0.006	0.029	0.083	0.004	2.086	0.023	0.017	1.211	0.059	6.726	421.013	26.928	1.750
Kurtosis	-0.987	9.618	8.955	109.698	0.690	-0.520	4.346	-0.674	1.729	-0.387	-1.147	5.684	0.829	25.606	32.882	1.288
Skewness	0.349	2.973	1.993	9.742	-1.102	-0.782	2.231	0.179	-1.050	0.302	0.114	-2.716	1.260	5.206	4.722	-0.551
Range	0.545	0.278	1.309	0.982	0.669	0.978	0.284	6.000	0.876	0.556	4.000	0.929	10.259	114.301	46.159	7.989
Min	0.394	-0.035	-0.320	0.000	0.330	0.000	0.000	6.000	0.033	0.000	3.000	0.002	11.956	0.000	0.028	7.710
Max	0.939	0.243	0.989	0.982	0.999	0.978	0.284	12.000	0.909	0.556	7.000	0.931	22.215	114.301	46.187	15.699
Obs.	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150

Source: Author’s computation (2023)

However, MANG was as low as 0.037 on average for all the firms. 4.346 kurtosis and 2.231 skewness show that the data for MANG has higher values above the mean and most of the data points are rightly skewed. Moreover, there is more dispersion around the average as indicated by the standard deviation of 0.065. A mean of 0.688 for board independence shows that most of the firms in the sampled institutions' boards were independent in ensuring their adherence to corporate governance disclosure requirements. With a minimum of 0.000 and a maximum of 0.556, the results in table 1 show that most of the firms sampled for the study have a low board diversity during the period of the study as indicated by an average of 0.207. From table 1, it is seen that most of the selected institutions for the study had few members on their audit committees as indicated by an average of 4.587 within a minimum and maximum range of 3.000 to 7.000 respectively. The results further reveal that most of the firms were highly levered at the time the study was being conducted. This is confirmed by an average leverage ratio of 0.768 for all the firms with a minimum ratio of 0.002 and a maximum of 0.931. However, with a skewness of -2.716, the dataset for LEV is not normally distributed and is skewed to the left.

Moreover, the size of most of the firms is higher with an average of 15.648 and a maximum firm size of 22.215. This suggests that firm size has a major contribution to the variations in the dependent variables. Moreover, the data for FSIZ is slightly skewed to the right and peak. Most of the data points for DIV are highly volatile as indicated by the standard deviation of 20.519. Considering a minimum of 0.000 and a maximum of 114.301, the average score of 4.484 for

DIV is an indication that the majority of the sampled firms paid lower dividends during the period under study. Similarly, MGS was very low for almost all the sampled firms. This is supported by the average score of 2.695 for MGS within a range of 0.028 minimum and 46.187. The distribution of the data for MGS is pointy and highly skewed. From table 1, there is a high volatility in the dataset for MGS around the mean. This is measured by the standard deviation with a statistic of 5.189. Moreover, most of the firms paid higher board remuneration. Ranging from a minimum of 7.710 and a maximum of 15.699, the average of 13.742 serves as a support for our earlier claim.

Correlation Analysis

Pearson correlations analysis was conducted in this section to understand the association between corporate governance disclosure index (CGDI), Return on assets (ROA), Return on equity (ROE), net interest margin (NIM), institutional ownership (INST), state ownership (STATE), management ownership (MANG), board size (BSIZ), board independence (BIND), board diversity (BDIV), audit committee size (ACOM), leverage (LEV), firm size (FSIZ), dividend payment (DIV), management soundness (MGS) and board remuneration (REM). The analysis revealed a varied link among the research variables at 5%, 10%, and 1% significance levels respectively. The analysis results in Table 3 indicated no association between the corporate governance disclosure index and ROA, NIM, INST, STATE, MANG, BSIZ, ACOM, LEV, FSIZ, DIV, MGS, and REM except for ROE which exhibited a negative correlation with the corporate governance disclosure index, *[r = -.204; p < .05]* whereas BIND and BDIV both showed a positive connection with CGDI, *[r = .259; p < .01]* and *[r = .347; p < .001]* respectively. These indicate that the level of corporate governance disclosure does not matter for the level of changes in all the factors included in this study except for the return on equity which decreases as the level of corporate governance disclosure increases in a firm. Moreover, the independence and diversity of the board of directors of the companies could increase their levels of corporate governance disclosure.

From Table 3, it is seen that the return on assets of the companies has no link with the companies' return on equity, institutional ownership, state ownership, management ownership, size of the board, board independence, board diversity, size of the firm, and the board remuneration. However, there is a positive connection between the institutions' net interest margin, dividends paid, and the management soundness, *[r = .321; p < .001]*, *[r = .180; p < .05]* and *[r = .169; p < .05]* respectively whereas the size of their audit committee and leverage are negatively correlated with return on assets, *[r = -.186; p < .05]* and *[r = -.195; p < .05]* respectively. This suggests that as the entities make more net interest margin, they make more returns on assets and can pay more dividends, and management soundness increases. However, the results imply that when the firms reduce the size of their audit committee and their leverage ratio, their return on assets rises higher.

Table 3: Correlation matrix of variables

	CGDI	ROA	ROE	NIM	INST	STATE	MANG	BSIZ	BIND	BDIV	ACOM	LEV	FSIZ	DIV	MGS	REM
CGDI	1															
ROA	-0.0419	1														
ROE	-0.204*	0.125	1													
NIM	-0.0356	0.321***	0.0299	1												
INST	0.0108	0.135	0.226**	-0.163*	1											
STATE	0.0870	0.119	0.173*	-0.126	0.809***	1										
MANG	0.0477	-0.108	-0.0483	-0.0307	-0.398***	-0.522***	1									
BSIZ	-0.000220	-0.0605	0.101	-0.0275	-0.246**	-0.0941	-0.0245	1								
BIND	0.259**	-0.145	-0.163*	0.104	-0.332***	-0.342***	0.0777	0.118	1							
BDIV	0.347***	0.0759	-0.0116	-0.114	0.107	0.250**	-0.137	0.0206	0.0765	1						
ACOM	-0.149	-0.186*	0.0109	0.0111	-0.474***	-0.527***	0.321***	0.00619	0.0343	-0.257**	1					
LEV	-0.0292	-0.195*	-0.231**	-0.103	0.203*	0.262**	-0.133	-0.144	-0.180*	0.109	0.0506	1				
FSIZ	-0.0464	0.0295	0.213**	-0.0945	0.108	0.0379	0.0980	0.148	-0.115	-0.111	0.351***	0.111	1			
DIV	0.0501	0.180*	-0.0542	-0.127	0.0480	0.0542	-0.122	0.188*	0.0408	0.127	-0.257**	-0.319***	0.0541	1		
MGS	-0.0540	0.169*	-0.0361	-0.00814	0.147	0.188*	-0.197*	-0.0180	-0.166*	0.0521	-0.0455	0.0701	0.0734	-0.0204	1	
REM	-0.0359	0.101	-0.0931	0.0281	0.0933	0.184*	-0.279***	-0.0292	-0.238**	-0.0219	0.0637	0.116	0.0943	-0.126	0.428***	1

Source: Author's computation (2023)
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Moreover, return on equity has no relationship with net interest margin, management ownership, board size, board diversity, size of the audit committee, dividends paid, management soundness, and board remuneration according to the results in table 2. The results further indicate that there is a moderate positive association between return on equity and institutional ownership as well as return on equity and the size of the firm, *[r = .226; p < .01]* and *[r = .213; p < .01]* respectively whereas state ownership has a weak positive association with return on equity, *[r = .173; p < .05]*. On the other hand, board independence has a weak negative association with return on equity, *[r = -.163; p < .05]* whiles firm leverage has a moderate negative link with return on equity, *[r = -.231; p < .01]*. Also, from the results in table 2, the companies' net interest margin has no connection with all the other variables except institutional ownership. Net interest margin has a weak negative association with institutional ownership, *[r = -.163; p < .05]*.

The results also show that institutional ownership has no relationship with board diversity, firm size, the dividend paid, management soundness, and board remuneration. However, it has a strong positive association with state ownership, *[r = .809; p < .001]* and a weak positive association with firm leverage, *[r = .203; p < .05]* whiles it has a moderately negative relationship with management ownership, board independence, and audit committee size, *[r = -.398; p < .001]*, *[r = -.332; p < .001]* and *[r = -.474; p < .001]* respectively. Moreover, from table 2, state ownership is not related to board size, firm size, and dividend paid but it has a moderately positive link with board diversity and firm leverage, *[r = .250; p*

$< .01]$ and $[r = .262; p < .01]$ respectively and a weak positive association with management soundness and board remuneration, $[r = .188; p < .05]$ and $[r = .184; p < .05]$ respectively. There is a moderately positive association between state ownership and management ownership, board independence and the size of audit committees, $[r = -.522; p < .001]$, $[r = -.342; p < .001]$ and $[r = -.527; p < .001]$ respectively. Management ownership has no relationship with board size, board independence, board diversity, dividends paid, leverage, and firm size but a moderate positive association with the size of the audit committee, $[r = .321; p < .001]$ and a weak negative correlation with management soundness, $[r = -.197; p < .05]$. Management ownership and board remuneration have a moderately negative correlation, $[r = -.279; p < .001]$. More so, despite the results' indication of no association between board size and board independence, board diversity, audit committee size, leverage, firm size, management soundness, and board remuneration, there exists a weak positive association between board size and the dividend paid, $[r = .188; p < .05]$.

Similarly, the results in table 2 show that board independence has no association with board diversity, audit committee size, firm size, and dividends paid whereas it has a weak association with firm leverage and management soundness, $[r = -.180; p < .05]$ and $[r = -.166; p < .05]$ respectively. However, there is a moderate negative link between board independence and board remuneration, $[r = -.238; p < .01]$. Though board diversity has a negative connection with the size of the audit committee, $[r = -.257; p < .01]$, the results show that it has no association with firm leverage, firm size, dividends paid, management soundness, and the remuneration of the board. As indicated in table 2, audit committee size has no relationship with the leverage of the firms, management soundness, and the remuneration of the boards but it has a positive link with firm size, *[r = .351; p < .001]* and a negative relation with dividends paid, *[r = -.257; p < .01]*. The results further reveal that firm leverage is not correlated to firm size, management soundness, and board remuneration but has a negative connection with dividends paid, *[r = -.319; p < .001]*. Furthermore, there is no connection between firm size and dividends paid, management soundness, and board remuneration. Also, according to the study's findings, dividends paid have no association with the soundness of the firm's management and board remuneration whiles management soundness only correlates with board remuneration positively, *[r = .428; p < .001]*.

Regression Results

Determinants of corporate governance disclosures

From Table 4, the results of the random effect estimations on the corporate governance disclosure index show that state ownership, management ownership, board independence, and board diversity have a significant positive relationship with corporate governance disclosures. It can also be observed that institutional ownership and the audit committee of a firm have a negative but insignificant relationship with corporate governance disclosures. The result of the fixed effect estimations on the corporate governance disclosure index is similar to that of the result of the random effect. The only difference is that with the fixed effect, although management ownership has a positive relationship with the corporate governance disclosure index, the correlation is not statistically significant. The result of the OLS estimations shows that management ownership, board independence, and board diversity have a positive relationship on the corporate governance disclosure index at 10% and 1% significance levels respectively.

Table 4: Determinants of corporate governance disclosures

VARIABLES	(1) CGDI	(2) CGDI	(3) CGDI
INST	-0.102	-0.216	-0.0878
	(0.134)	(0.168)	(0.125)
STATE	0.160*	0.694**	0.129
	(0.0898)	(0.323)	(0.0796)
MANG	0.426**	0.361	0.382*
	(0.208)	(0.228)	(0.208)
BSIZ	-0.00185	0.0116	-0.00493
	(0.00926)	(0.0112)	(0.00865)
BIND	0.383***	0.533***	0.279***
	(0.0877)	(0.101)	(0.0830)
BDIV	0.350***	0.396***	0.329***
	(0.0948)	(0.104)	(0.0919)
ACOM	-0.0100	-0.0168	-0.00888
	(0.0147)	(0.0168)	(0.0144)
LEV	-0.0135	-0.00470	-0.0252
	(0.0549)	(0.0700)	(0.0501)
FSIZ	0.00324	0.00605	0.00218
	(0.00613)	(0.0113)	(0.00517)
Constant	0.325*	-0.172	0.460***
	(0.179)	(0.321)	(0.170)
Observations	150	150	150
R-squared		0.361	0.211

Source: Author's computation (2023)
Standard errors in parentheses, *** $p<0.01$, ** $p<0.05$, * $p<0.1$

Corporate governance disclosure practices and financial performance

Table 5 presents the random effect, fixed effect, and OLS estimations on the relationship between corporate governance disclosure practices and the return on assets of a firm. According to the random effect estimations, all the explanatory variables except state ownership have a negative but insignificant correlation with the return on asset. It can be observed however that, state ownership has a positive but insignificant relationship with return on assets. The result of the fixed effect estimations also shows a non-statistically significant relationship between the explanatory variables and the return on assets of a firm, with the majority of the explanatory variables depicting an adverse insignificant relationship with the return on assets of the firm. According to the OLS estimations, the board independence and the audit committee size appear to be the only explanatory variables that have an adverse and statistically significant relationship with the return on assets. Institutional ownership and board diversity have a positive relationship with the return on an asset but it is statistically insignificant.

Table 5: Corporate governance disclosure practices and financial performance (ROA)

VARIABLES	(1) ROA	(2) ROA	(3) ROA
INST	-0.0297	-0.0480	0.0171
	(0.0447)	(0.0498)	(0.0399)
STATE	0.0255	0.0452	-0.0233
	(0.0366)	(0.0993)	(0.0259)
MANG	-0.0216	-0.0113	-0.0559
	(0.0650)	(0.0689)	(0.0681)
BSIZ	-0.00121	-0.000727	-0.00133
	(0.00309)	(0.00347)	(0.00273)
BIND	-0.0261	-0.0217	-0.0490*
	(0.0290)	(0.0315)	(0.0274)
BDIV	-0.00763	-0.0126	0.0209
	(0.0301)	(0.0322)	(0.0303)
ACOM	-0.000820	0.00196	-0.00778*
	(0.00473)	(0.00524)	(0.00414)
Constant	0.0824	0.0649	0.120**
	(0.0584)	(0.0853)	(0.0553)
Observations	150	150	150
R-squared		0.017	0.065

Source: Author's computation (2023)
Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

In Table 5 we see the OLS, fixed effect, and random effect estimates of the correlation between company disclosure practices for good governance and ROE. As shown by random impact estimations, institutional ownership, state ownership, managerial ownership, board size, and audit committee size all positively correlate with ROE. Size of the audit committee is favorably correlated with ROE at the 5% level of significance. A favorable and statistically significant correlation between audit committee size and ROE was also found in fixed effect estimations. Again, the negative but insignificant link between state ownership, board size, independence, and diversity, and return on equity is revealed by the fixed effect estimations. The OLS estimates show that institutional control and board size are positively and significantly associated with ROE. Additionally, it is clear that factors other than statistical significance affect ROE: state control, managerial ownership, board independence, board diversity, and audit committee size.

Table 6: Corporate governance disclosure practices and financial performance (ROE)

VARIABLES	(1) ROE	(2) ROE	(3) ROE
INST	0.147	0.0348	0.342**
	(0.154)	(0.179)	(0.140)
STATE	0.115	-0.0160	-0.0103
	(0.112)	(0.357)	(0.0908)
MANG	0.160	0.265	0.112
	(0.235)	(0.248)	(0.239)
BSIZ	0.00572	-0.00797	0.0224**
	(0.0107)	(0.0125)	(0.00957)
BIND	-0.0619	-0.0544	-0.0922
	(0.102)	(0.113)	(0.0962)
BDIV	-0.0570	-0.0996	0.00490
	(0.108)	(0.116)	(0.106)
ACOM	0.0359**	0.0506***	0.0236
	(0.0163)	(0.0188)	(0.0145)
Constant	-0.174	0.0553	-0.337*
	(0.203)	(0.307)	(0.194)
Observations	150	150	150
R-squared		0.070	0.110

Source: Author's computation (2023)
Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

Results from the random effect, fixed effect, and OLS estimations as depicted in Table 6 show that institutional ownership has an adverse and statistically significant relationship with net interest margin at 5%, 5%, and 10% respectively. State ownership and board independence across all three estimations show a positive but insignificant relationship with net interest margin. On the other hand, managerial ownership, board size, board diversity, and audit committee size show a negative but insignificant relationship with net interest margin across all three estimations.

Table 7: Corporate governance disclosure practices and financial performance (NIM)

VARIABLES	(1) NIM	(2) NIM	(3) NIM
INST	-0.160**	-0.216**	-0.123*
	(0.0785)	(0.0992)	(0.0699)
STATE	0.0190	0.0376	0.00268
	(0.0546)	(0.198)	(0.0453)
MANG	-0.170	-0.186	-0.149
	(0.123)	(0.137)	(0.119)
BSIZ	-0.00792	-0.0104	-0.00537
	(0.00541)	(0.00691)	(0.00477)
BIND	0.0308	0.0270	0.0295
	(0.0525)	(0.0628)	(0.0479)
BDIV	-0.0658	-0.0435	-0.0814
	(0.0561)	(0.0642)	(0.0530)
ACOM	-0.00565	-0.00245	-0.00757
	(0.00826)	(0.0104)	(0.00725)
Constant	0.287***	0.326*	0.256***
	(0.105)	(0.170)	(0.0967)
Observations	150	150	150
R-squared		0.071	0.067

Source: Author's computation (2023)
Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

Other firm factors and financial performance

The random effect estimates as shown in Table 8 show that leverage has a negative and statistically significant relationship with return on the asset at a 1% significant level. Dividend payment is also positively correlated with return on the asset at a 10% significant level. It can however be observed that firm size, management soundness, and board remuneration are non-statistically associated with return on asset. The fixed effect estimations show that leverage is positively and significantly associated with return on the asset while dividend payment is positively and significantly related to return on the asset. The results from the OLS estimations also reveal that leverage is adversely and statistically related to return on the asset while management soundness is positively related to return on the asset. Firm size, dividend payments, and board remuneration as per the OLS estimation are non-statistically related to return on asset.

Table 8: Other firm factors and financial performance (ROA)

	(1)	(2)	(3)
VARIABLES	ROA	ROA	ROA
LEV	-0.0505***	-0.0621***	-0.0328**
	(0.0171)	(0.0188)	(0.0161)
FSIZ	-0.00125	-0.00472	0.000419
	(0.00215)	(0.00314)	(0.00143)
DIV	0.000365*	0.000488**	0.000303
	(0.000191)	(0.000206)	(0.000190)
MGS	-0.000323	-0.000976	0.00135*
	(0.000740)	(0.000749)	(0.000779)
REM	0.00322	0.00222	0.00244
	(0.00328)	(0.00358)	(0.00309)
Constant	0.0529	0.131**	0.0196
	(0.0542)	(0.0659)	(0.0463)
Observations	150	150	150
R-squared		0.136	0.092

Source: Author's computation (2023)
Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

From Table 8, it can be observed that leverage as depicted by the random effect, fixed effect, and OLS estimations have an adverse and statistically significant relationship with return on equity at a 1% significant level. Likewise, dividend payment across all three estimations has an adverse and statistically significant relationship with return on equity. It can also be observed that firm size as per the OLS estimations has a positive and significant relationship with return on equity.

Table 9: Other firm factors and financial performance (ROE)

	(1)	(2)	(3)
VARIABLES	ROE	ROE	ROE
LEV	-0.232***	-0.192***	-0.208***
	(0.0579)	(0.0631)	(0.0560)
FSIZ	0.0142**	0.00715	0.0170***
	(0.00706)	(0.0105)	(0.00498)
DIV	-0.00313***	-0.00422***	-0.00145**
	(0.000648)	(0.000690)	(0.000661)
MGS	0.000982	0.00136	0.000278
	(0.00253)	(0.00251)	(0.00272)
REM	-0.00495	0.00786	-0.0136
	(0.0111)	(0.0120)	(0.0108)
Constant	0.219	0.126	0.270*
	(0.182)	(0.221)	(0.162)
Observations	150	150	150
R-squared		0.288	0.147

Source: Author’s computation (2023)
Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

Results from Table 9 show that as per random effect, fixed effect, and OLS estimations, leverage is adversely and statistically related to net interest margin at a 10% significant level. Dividend payments as shown by the random effect and OLS estimations reveal a negative statistical relationship with a net interest margin at a 10% significant level. On the other hand, firm size, management soundness, and board remunerations show a non-statistical relationship with net interest margin.

Table 10: Other firm factors and financial performance (NIM)

VARIABLES	(1) NIM	(2) NIM	(3) NIM
LEV	-0.0503*	-0.0741*	-0.0503*
	(0.0289)	(0.0407)	(0.0289)
FSIZ	-0.00221	-0.00587	-0.00221
	(0.00257)	(0.00679)	(0.00257)
DIV	-0.000656*	0.000345	-0.000656*
	(0.000341)	(0.000444)	(0.000341)
MGS	-0.000174	0.000823	-0.000174
	(0.00140)	(0.00162)	(0.00140)
REM	0.00220	-0.00794	0.00220
	(0.00555)	(0.00773)	(0.00555)
Constant	0.121	0.329**	0.121
	(0.0833)	(0.142)	(0.0833)
Observations	150	150	150
R-squared		0.042	0.045

Source: Author's computation (2023)
Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

Corporate governance disclosure practices, firm factors, and financial performance

Table 10 depicts the random effect, fixed effect, and OLS estimations on the relationship between the explanatory variables and the return on asset. It can be observed from the random effect estimations that leverage has an adverse and statistically significant effect on return on assets. While dividend payment has a statistically positive relationship with return on assets. Results from the fixed effects estimations show that leverage is negatively associated with return on the asset while dividend payment is related to return on the asset. The OLS estimations reveal that the Audit committee size and the leverage of a firm are negatively and statistically related to return on asset. In general, it can be observed that board size, board independence, board diversity, firm size, management soundness, and board remunerations are non-statistically related to the return on assets of a firm.

Table 11: Corporate governance disclosure practices, firm factors, and financial performance

	(1)	(2)	(3)
VARIABLES	ROA	ROA	ROA
BSIZ	-0.00233	-0.000919	-0.00337
	(0.00301)	(0.00330)	(0.00258)
BIND	-0.0258	-0.00328	-0.0402
	(0.0276)	(0.0303)	(0.0253)
BDIV	0.00655	-0.00102	0.0232
	(0.0292)	(0.0306)	(0.0287)
ACOM	-0.000296	0.00195	-0.00685*
	(0.00446)	(0.00497)	(0.00375)
LEV	-0.0548***	-0.0617***	-0.0440***
	(0.0177)	(0.0195)	(0.0163)
FSIZ	-0.00119	-0.00453	0.00181
	(0.00236)	(0.00330)	(0.00155)
DIV	0.000386*	0.000503**	0.000188
	(0.000199)	(0.000213)	(0.000198)
MGS	-0.000372	-0.000942	0.00108
	(0.000748)	(0.000775)	(0.000770)
REM	0.00262	0.00204	0.00187
	(0.00337)	(0.00366)	(0.00308)
Constant	0.103	0.132*	0.101*
	(0.0668)	(0.0763)	(0.0571)
Observations	150	150	150
R-squared		0.137	0.151

Source: Author's computation (2023)
Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

Results from Table 11 show that leverage and dividend payment as depicted by the random effect, fixed effect, and OLS estimations are statistically and negatively related to the return of equity of a firm at a 1% significant level. With regards to the random effect estimations, it can be observed that firm size has a positive and statistical relationship with the return on equity of a firm. A similar conclusion can be drawn from the OLS estimates on the relationship between firm size and the return on equity of a firm. The OLS estimates also show a statistically negative relationship between board independence, board remuneration, and the return on equity. It can however be observed that except for board independence as per the OLS estimates, the remaining explanatory variables (board size, board diversity, audit committee size, and management soundness are non-statistically related to return on equity.)

Table 12: Corporate governance disclosure practices, firm factors, and financial performance

VARIABLES	(1) ROE	(2) ROE	(3) ROE
BSIZ	-0.000960	-0.00692	0.00853
	(0.0101)	(0.0109)	(0.00893)
BIND	-0.134	-0.0879	-0.256***
	(0.0927)	(0.0997)	(0.0875)
BDIV	0.00890	-0.0692	0.0988
	(0.0990)	(0.101)	(0.0993)
ACOM	0.00742	0.0265	-0.0146
	(0.0149)	(0.0164)	(0.0130)
LEV	-0.232***	-0.175***	-0.243***
	(0.0596)	(0.0643)	(0.0564)
FSIZ	0.0137*	0.0103	0.0182***
	(0.00750)	(0.0109)	(0.00536)
DIV	-0.00313***	-0.00410***	-0.00195***
	(0.000672)	(0.000702)	(0.000686)
MGS	0.00116	0.00158	-0.000665
	(0.00255)	(0.00255)	(0.00266)
REM	-0.00690	0.00540	-0.0182*
	(0.0113)	(0.0121)	(0.0107)
Constant	0.318	0.114	0.489**
	(0.222)	(0.251)	(0.198)
Observations	150	150	150
R-squared		0.314	0.214

Source: Author’s computation (2023)
Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

Results from Table 12 show that only board size and the leverage of a firm as per the fixed effect estimations have a statistically negative relationship with the net interest margin of a firm. The remaining explanatory variables show diverse relationships with the net interest margin of the firm but are not statistically significant.

Table 13: Corporate governance disclosure practices, firm factors, and financial performance

VARIABLES	(1) NIM	(2) NIM	(3) NIM
BSIZ	-0.000860	-0.0123*	-0.000860
	(0.00475)	(0.00703)	(0.00475)
BIND	0.0557	0.0304	0.0557
	(0.0466)	(0.0645)	(0.0466)
BDIV	-0.0628	-0.0287	-0.0628
	(0.0528)	(0.0652)	(0.0528)
ACOM	-0.00242	0.000240	-0.00242
	(0.00691)	(0.0106)	(0.00691)
LEV	-0.0401	-0.0795*	-0.0401
	(0.0300)	(0.0416)	(0.0300)
FSIZ	-0.00197	-0.00420	-0.00197
	(0.00286)	(0.00704)	(0.00286)
DIV	-0.000597	0.000409	-0.000597
	(0.000365)	(0.000454)	(0.000365)
MGS	8.69e-07	0.00103	8.69e-07
	(0.00142)	(0.00165)	(0.00142)
REM	0.00324	-0.00828	0.00324
	(0.00567)	(0.00780)	(0.00567)
Constant	0.0883	0.408**	0.0883
	(0.105)	(0.163)	(0.105)
Observations	150	150	150
R-squared		0.068	0.062

Source: Author's computation (2023)
Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

Discussion of Results

Empirically, the study revealed that state ownership, management ownership, board independence, and board diversity significantly affected corporate governance disclosures. Sulub et al. (2022) discovered that banks with members who serve on several boards typically have lower corporate governance disclosure. Furthermore, Islamic banks with established audit committees, internal audit functions, and low degrees of governmental ownership had higher corporate governance disclosure levels. Similarly, Abdullah, Percy, and Stewart (2015) found that the level of voluntarism, bank size, the degree of political and civil authoritarianism, and the system of law are the major determinants of corporate governance disclosure practices. Also, Mauritius et al. (2022) employed panel data models and revealed that CG attributes like board size, board meeting frequency, CG committee meeting frequency, and audit committee meeting frequency are significant predictors of CGD in the static model. However, ownership structure variables like managerial ownership and institutional ownership have no bearing on CGD. Moreover, Suwaidan et al. (2021) found that there is a substantial and positive correlation between the level of corporate governance disclosure, the existence of audit committees, and the separation of the CEO and chairman of the board of directors. The study also discovered a negative and substantial correlation between the number of non-executive directors on the board of directors and the degree of corporate governance disclosure.

On the contrary, Sulub et al. (2022) revealed that Islamic banks with SSB members who have advanced degrees provided more information on CGD than their competitors. But they discovered that banks with SSB members who serve on several boards typically have lower CGD. Additionally, Islamic banks with low degrees of governmental ownership, an established audit committee (AC), an internal audit function (IAF), were found to have greater CGD levels. Similarly, Pahuja et al. (2010) stipulated that there is a strong need for improvement in corporate governance disclosure standards and that disclosures are significantly influenced by the size of the organization. Cunha et al. (2017) indicated that business size and growth potential significantly and favorably influenced CGD while financial leverage adversely impacted the latter. Boateng et al. (2022) found that the degree of voluntary disclosures made by firms is significantly influenced by the corporate governance characteristics of board size and board leadership structure. Board independence and auditor type, however, only have a sizable favorable impact on voluntarily disclosing financial and prospective information. Bokpin (2013) discovered that major firm-level determinants influencing corporate disclosure in Ghana include firm size, financial leverage, audit quality, age, and profitability. Baldavoo et al. (2019) showed that audit quality has a favorable effect on a firm's worth.

Cunha et al. (2017) found no association between CGD and financial performance when examining the relationship between CGD and corporate governance disclosure policies. Corporate ownership and company performance are found to have a negative and statistically significant relationship, as found by researchers Numazu and Kerman (2008). There was no data on the percentage of private companies that were owned by outside investors or not, and management ownership had a negative effect on company performance. On top of that, research by Brown et al. (2004) showed that the yield of the company is more impacted by good corporate governance than by the director's compensation. According to Neralla (2022), having a larger board of directors improves the firm's decision-making and has a statistically meaningful effect on its return on equity and Tobin's Q. Moreover, Neralla (2022) did not discover any correlation between an independent board and ROA, EPS, or NPM. The link between CEO duality, board size, return on assets, and return on equity was not statistically significant, according to Musah et al. (2021). Baba (2022) found that CEO duality and board compensation have negative impacts on return on assets, return on equity, and return on capital.

However, as Nakhaima (2016) showed, good corporate governance (including a large board, a clear ownership structure, and a shared role for the CEO) boosts both financial success and long-term viability. This shows how important excellent corporate governance is to a company's success. In a similar vein, Ghabayen (2012) argued that sound corporate governance is a powerful means of helping a business improve its performance by way of enhanced outcomes. According to the findings by Tanko et al., it follows that companies with strong governance tend to be more successful overall. (2010). The positive correlation between company governance and economic performance was also discovered by Thomsen et al. (2000) and Demsetz et al. (2001). A significant link between ownership structure and performance was found in a seminal research by Numazu et al. (2008). According to Neralla (2022), having a larger board of directors improves the firm's decision-making and has a statistically meaningful effect on its return on equity and Tobin's Q. Profitability is significantly impacted by factors such as board size, board composition, management expertise, CEO duality, internal ownership, family businesses, and foreign ownership, as discovered by Abor et al. (2007). According to research by Coleman et al. (2020), board compliance and diligence indexes, board size, ownership structure, board transparency, ownership structure, shareholders' rights, and ownership structure all have a positive effect on ROA and ROE. Moreover, Baba (2022) discovered that board size affects significant and beneficial impacts on ROA and ROE. Also, board composition and CEO duality exert evidence of negative effects.

Chapter Summary

This section discussed the significance of corporate governance disclosures to the financial performance of listed companies in Ghana and how those disclosures relate to the study's overall aims. Random effects, fixed effects, and the Ordinary Least Squares (OLS) regression models were all used in this analysis. Specifically, a negative but insignificant correlation was found between institutional ownership and the audit committee of a company and corporate governance reports. Managerial ownership is also correlated favorably with transparency in company governance. There is a favorable correlation between the corporate governance disclosure index and both board independence and board diversity. Discussion of the findings and their relevance to the larger literature rounded out the segment.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Introduction

The purpose of this chapter was to provide a synopsis of the research, draw some final conclusions, and make some suggestions based on those findings. The research set out to determine how companies listed on the Ghana Stock Exchange fared financially as a result of corporate governance disclosure practices. The study questions and the results of the analysis and interpretation are the foundation for the summary, conclusion, and suggestions.

Summary of the Study

The purpose of this research, using annual panel data from 2007 to 2021, was to analyze the impact of corporate governance disclosure practices on the financial performance of companies listed on the Ghana Stock Exchange. Specifically, it investigated the determinants of corporate governance disclosure practices in Ghana; the effects of corporate governance disclosure practices on the financial performance of financial institutions in Ghana, and the effects of firm-specific factors of corporate governance on the financial performance of the listed financial institutions in Ghana. OLS, fixed, and random-effects models were all used in the analysis.

Summary of Key Findings

The study observed that institutional ownership, management ownership and the audit committee does not influence corporate governance disclosures. However, at 5% significance levels management ownership, board independence and board diversity positively affect corporate governance disclosure from the OLS model. Besides, state ownership has a positive but insignificant relationship with return on asset. Also, board independence and the audit committee statistically influence return on asset negatively. Furthermore, institutional ownership and board diversity have a positive relationship with return on asset but it is statistically insignificant.

According to the findings of random effect estimations, return on equity is positively correlated with institutional ownership, state ownership, management ownership, board size, and the size of the audit committee. In addition, the fixed effect estimations also show a positive and statistically significant relationship between the audit committee size and the return on equity of a firm. However, state ownership, board size, board independence, and board diversity have a negative but insignificant link with return on equity, according to the findings of the fixed effect estimations.

Institutional ownership has a negative and statistically significant association with net interest margin at 5%, 5%, and 10%, respectively, according to the results of the random effect, fixed effect, and OLS estimations shown in model 4. In all three estimations, state ownership and board independence are positively but negligibly correlated with net interest margin. On the other side, across all three estimations, there is a weak but negative correlation between net interest margin and managerial ownership, board size, board diversity, and audit committee size.

Conclusions

While institutional ownership, management ownership, and the audit committee could not result in corporate governance disclosures, the results and findings of this study using the random, fixed, and OLS estimation models suggested that corporate governance disclosures were influenced by board independence and board diversity. Moreover, state ownership has no effect on return on assets. In addition, the audit committee and board independence have a negative impact on return on assets. Additionally, financial performance is unrelated to institutional ownership and board diversity.

It's interesting that the study found a positive correlation between return on equity and institutional ownership, state ownership, management ownership, board size, and audit committee size. The size of the audit committee also has an impact on Ghana's listed financial institutions' return on equity. Nonetheless, return on equity is negatively but insignificantly impacted by state ownership, board size, board independence, and board diversity.

Institutional ownership also had a negative impact on net interest margin. Although not significantly, state ownership and board independence are positively connected with net interest margin. On the other hand, there is a small but adverse relationship between managerial ownership, board size, board diversity, and audit committee size and net interest margin.

Recommendations

The results of this study have policy implications, and the following recommendations have been proposed. On the bases of the findings of this study, the following recommendations were made:

Financial institutions in Ghana should pursue proper corporate governance, internal policies and strict compliance with laws and regulations governing granting of financial resources to users.

Moreover, regulatory authorities should take into consideration the impact of various corporate governance mechanisms on the risk profile of financial institutions in Ghana.

Furthermore, regulators should ensure strengthening the institutional environment in the country as it reduces the probability of financial crises and keeps the degree of financial performance in the country.

Finally, regulatory authorities should ensure effective and transparent enforcement of laws to stimulate compliance by crafting costs for non-compliance (for instance, legal costs, investigations cost, imprisonment, and fines).

Suggestions for Further Research

Extending this study to other geographical areas will be a useful route for future research, as this study solely focused on Ghana. Other factors that impact the financial performance of listed financial institutions in Ghana should be researched further. Finally, different estimating methodologies than the one used in this study could be used in future research. Because it overcomes difficulties of endogeneity with panel data estimation, the GMM estimation technique could be used.

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