UNIVERSITY OF CAPE COAST

CORPORATE GOVERANCE AND PERFORMANCE OF MEDIUM-SIZED ENTERPRISES WITHIN THE SEKONDI-TAKORADI METROPOLIS

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BY

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Dissertation submitted to the Department of Accounting of the School of Business, College of Humanities and Legal Studies, University of Cape Coast, in partial fulfilment of the requirements for the award of Master of Business Administration degree in Accounting.

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature: .... Date: ....

Name: Emelia Ethel Amoah

Supervisor' Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

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

Name: Mr. Emmanuel Arhin

ABSTRACT

Over the past few decades, corporate governance has been a subject of mounting debate and has received considerable attention in the public domain of both developed and developing countries. Corporate governance is primarily due to the various past financial scandals, as well as, the major surprising collapse of corporate bodies across the globe. The study, therefore, assessed the relationship between corporate governance and the performance of Medium Enterprises in the Sekondi-Takoradi Metropolis, using primary data from medium sized enterprises in Sekondi-Takoradi within the Western Region of Ghana. The study used the quantitative approach and administered 260 questionnaires. Results from the quantitative part were presented in tables, graphs and chart. The results revealed that, among the determinants: attraction of investment capital, sufficient and reliable information and disclosure of information to stakeholders were the key determinants of corporate governance of medium-sized enterprises. Moreover, board size and CEO duality had positive and moderate significant effect on firm performance while ownership structure had a weak effect on the performances of the medium-sized enterprises within the Sekondi-Takoradi metropolis. It is therefore, management of medium-sized enterprises should include corporate governance in their overall strategic plans. There is an urgent need to train and educate owner/managers of medium-sized enterprises about the importance of conforming to corporate governance traditions and principles which includes board size.

KEY WORDS

Board size

CEO duality

Corporate Governance

Ownership structure

Performance

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DEDICATION

To my Husband, Mr. Daniel Appiah-Danquah and my mother, Mrs. Comfort Affran

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LIST OF ACRONYMS

CEO	Chief Executive Officer
ROA	Return on Assets
ROE	Return on Equity
PE	Price to earnings
MEs	Medium Enterprises

CHAPTER ONE

INTRODUCTION

Over the past few decades, corporate governance has been a subject of mounting debate and has received considerable attention in the public domain of both developed and developing countries. Consequently, the demand for corporate governance and its related practices have improved in recent years due to its perceived influence on firm performance. The contribution of Medium-sized enterprises to the economic development cannot be underemphasised. Statistics show that majority (over 90%) of all the businesses in Ghana, for instance, can be classified as Small and Medium-sized Enterprises and it employ approximately 60% of the country's total workforce. However, lack of corporate governance structure has been found as a major challenge bedevilling the growth of these enterprises. In bid to overcome this challenge, the study examines corporate governance and firm performance of medium-sized enterprises within the Sekondi-Takoradi metropolis.

Background to the Study

Over the past few decades, corporate governance has been a subject of mounting debate and has received considerable attention in the public domain of both developed and developing countries. This, according to Gupta (2010) and Otman (2014), is primarily due to the various past financial scandals, as well as the major surprising collapse of corporate bodies across the globe. Dzigba (2015) contends that the recent global crisis which has led to financial losses to several firms across the globe is partly due to non-optimal corporate governance practices, and Medium Enterprises are by no means an exception. Consequently, the demand for corporate governance and its related practices have improved in recent years due to its perceived influence on firm performance. This invariably means that firms, including Medium Enterprises in Ghana are now embracing the concept of good corporate governance, because of its ability to impact positively on sustainable growth.

Corporate governance is seen as the process and structure used to direct and manage the business affairs of the company towards enhancing business affluence and corporate accountability with the ultimate objective of realizing long-term shareholder value, whilst taking into account the interest of other stakeholders. Huse (2008) as cited in Njagi (2016) also describe corporate governance as the relationship that exist between shareholders, members of board of directors, management, employees, suppliers, customers and other stakeholders in determining the direction and performance of firms. It is believed that, good governance generates investor goodwill and confidence.

This sentiment is echoed by Guo and Kumara (2012) who averred that corporate governance helps provide a high level of confidence degree which is very necessary for the whole market operation. Improved access to finance, lower cost of capital, and better firm performance are all benefits of effective and good corporate governance (Claessens & Yurtoglu, 2012). The most essential factors that influence MEs' survival and growth have been identified as leadership behaviour, skills and qualities of leaders of medium-sized enterprises (Kumar & Zattoni, 2015). This assertion that the style adopted by leaders can influence business performance is backed by Lekhanya (2015), who maintain that the leaders are responsible for the business operations of the organisation and that corporate governance structure is the responsibility of a firm's leadership.

Corporate governance is an aspect of leadership because it involves providing direction and control of the company through good governance, while simultaneously managing the relationship between the corporate management, board of directors, controlling shareholders, minority shareholders and other stakeholders (Kumar & Zattoni, 2014). Firm performance, including that of Medium-sized Enterprises can be described as 'the results of an organisation measured against its intended goals and objectives' (Ndikwe & Owino, 2016). There is a growing debate among several researchers concerning how the performance of a firm should be measured.

Elvin and Hamid (2016) therefore indicate that it is imperative to use several factors to measure performance of firms like that of Medium Enterprises rather than resorting to a single factor because the adoption of several factors allow for a better evaluation of the financial profile of firms. There are so many diverse ways of measuring the financial performance of a firm. The various performance measures include but not limited to net profit margin, return on Assets (ROA), Return on Investment (ROI), Return on Equity (ROE), Tobin's Q, price to earnings (PE) (Najjar 2012; Danoshana & Ravivathani 2013; Marashdeh, 2014).

Several researchers have established a strong relationship between corporate governance and firm performance. Claessens and Fan (2002) claim that, weak corporate governance practice not only lead to poor financial performance and risky patterns, but is also a contributory factor to macroeconomic crises. Ahmed and Hamdan (2015) disclosed that while weak corporate governance practices results in less financial benefits as well as less value to investors, good and effective corporate governance practices are to a large extent successful to gain profits. Abor and Biekpe (2007) also indicate that corporate governance enhances a firm's entrepreneurial competitiveness. This connote that corporate governance brings new strategic outlooks through external independent directors.

Statement of the Problem

The contribution of Medium Enterprises to the economic development of most developed and developing countries cannot be underemphasized. Statistics show that majority; precisely more than 90% of all the businesses in Ghana can be classified as Small and Medium Enterprises and it employ approximately 60% of the country's total workforce (Dzigba, 2015). However, Flowers *et al*. (2013) argue that some of the principal challenges that have bedevilled the growth of Medium Enterprises are lack of corporate governance structure, lack of leadership and poor management skills. Taking into consideration these problems coupled with the importance of corporate governance, a strong case has been made for firms like Medium Enterprises to adopt sound and effective corporate governance practices (Le Roux, 2010).

Traditionally, corporate governance and the existence of the agency problem have been associated with larger. Agency problem arises as a result of the relationships between shareholders and managers. It comes about when members of an organisation have conflicts of interest within the firm. This is mainly due to the separation between ownership and control of the firm. It is tempting to believe that corporate governance would not apply to MEs since the agency problems are less likely to exist. In many instances, MEs are made up of only the owner who is the sole proprietor and manager, hence the perception that there is no need for such enterprises to have corporate governance in their operations (Njagi, 2016). However, Abor and Biekpe (2007) claim that there is a world-wide concern for the application of corporate governance and its related practices in Medium Enterprises due to its enormous benefits.

Moreover, this is an indication that there exists different school of thoughts regarding the essence and existence of corporate governance in Medium-sized Enterprises. Several studies have been conducted to investigate the relationship between corporate governance and the performance of Medium-sized enterprises. While some studies have revealed that corporate governance and firm performance are unrelated, others have found a positive relationship between the two constructs. Again, other studies have found a negative relationship between corporate governance and firm performance. For instance, Michelberger (2016) and Shank, Hill and Stand (2013) in their studies found that corporate governance and firm performance are unrelated. Conversely, Bauer, Sayilir (2012) and Giroud and Mueller (2010) in their study revealed a negative correlation between corporate governance and firm performance.

However, Renders, Gaeremynck and Sercu (2010) and Ahmed and Hamdan (2015) in their study revealed that there is a positive and significant correlation between corporate governance and firm performance. This means there are inconsistencies regarding the findings of corporate governance and firm performance. These inconsistencies arguably make it extremely difficult for owner/managers of medium-sized enterprises in Ghana to clearly know the contributions of corporate governance to their performance levels. It is, therefore, not out of place to examine the relationship between corporate governance and firm performance among medium-sized enterprises in Ghama, specifically, Sekondi-Takoradi metropolis.

Despite the extensive research on the relationship between corporate governance and performance Small and Medium Enterprises in developed countries (Beiner & Dchmid, 2005; Mak & Kusnadi, 2010; Gill & Mathur, 20011), there seem to be limited research in developing countries (Kajola, 2008; Rouf, 2011; Molokwu, Barreria & Urban 2013; Ntim, Lindop & Thomas, 2013; Hove-Sibanda, Sibanda & Pooe, 2017), thereby creating a research gap in the area. Thus, generalising findings across all developing economies including Ghana could be misleading. In light of the issues raised above, the study was conducted to assess the effect of corporate governance on the performance of Medium Enterprises in the Sekondi-Takoradi Metropolis.

Purpose of the Study

The purpose of the study was to examine the effect of corporate governance on the performance of medium-sized enterprises in Sekondi-Takoradi Metropolis.

Research Objectives

Based on this, the following specific objectives were developed to:

1. assess the determinants of corporate governance of medium-sized enterprises within the metropolis.
2. examine the effect of board size on firm performance.
3. examine the effect of ownership structure on firm performance

4. examine the effect of CEO duality on firm performance

Research Questions

Based on the specific research objectives, the following research questions were pursued.

1. What are the determinants of corporate governance of medium-sized enterprises within the metropolis?
2. What is the effect of board size on firm performance?
3. What is the effect of ownership structure on firm performance?
4. What is the effect of CEO duality on firm performance?

Significance of the Study

The findings of this study will be of immense benefits to a number of identified stakeholders. First of all, the findings of this study will be of help to management of Medium Enterprises. The findings of the study will provide management with better information regarding how corporate governance practices influence the performance of their respective enterprises. This will enable management of Medium Enterprises who are bedevilled with declining performance to make informed decisions and further adopt concrete strategies related to corporate governance that is geared towards enhancing their operations and performance.

Again, investors and shareholders will benefit from the findings of the study. The findings will inform investors and shareholders of the value of investing in firms like Medium Enterprises which adopt effective corporate governance practices. This will enhance investor and shareholder confidence. Besides, policy makers can rely on the findings of the study to devise sound policies and regulations regarding corporate governance practices which will help Medium Enterprises to thrive in the competitive market. Moreover, the study will contribute to the international discussion and the current literature on promoting corporate governance practice among MEs. Students, academicians and other researchers can exploit the gaps in the study to conduct further research.

Delimitation

The study seeks to examine corporate governance and the performance of Medium-sized Enterprises. The study was conducted in Sekondi –Takoradi metropolis, the regional capital of the Western region of Ghana. Descriptive survey design and casual research design was used for the study. Questionnaire was the main data collection instrument used to solicit primary data from respondents. Secondary data relied upon to obtain information on SME's in the study area. 120 respondents were selected through purposive sampling technique and data was analysed through the use of IBM SPSS Statistics version 24.0.

Limitations

Most medium enterprises in Sekondi-Takoradi are uncommon and it will be very challenging locating these enterprises. However, this limitation will be minimized by collating a secondary data on SMEs in Sekondi –Takoradi Metropolis. The use of probability sampling technique would have been most preferred in the selection of the sample for the study, owing the guaranteed equal chance of respondent being selected but because of the nature of information needed and availability of respondents, the purposive sampling technique was selected instead.

Definition of Terms

Corporate Governance: 'Corporate governance is the set of processes, customs, policies, laws, and institutions affecting the way a corporation (or company) is directed, administered or controlled.

Board Size: The number of people, whether small or large, that constitute the board membership of an enterprise.

Ownership Structure: The means of control over a business enterprise and being able to dictate its functioning and operations.

CEO duality: The board leadership structure of an enterprise in terms of whether the CEO and the chairman are the same person or not.

Performance: The results of an enterprise measured against its intended goals and objectives.

Organisation of the Study

This research comprised five (5) main chapters and each chapter focused on a particular aspect of the research document. The Chapter one dealt with the background to the study, statement of the problem, purpose of the study, research objectives, research questions, significance of the study, delimitations, limitations, definition of terms and the organisation of the study. The Chapter two handled the literature review. This chapter examined the theories and reviewed existing literature pertinent to the topic. Chapter three covered the research methods employed in the study. It dealt with the research design, study area, population, sampling procedure, data collection instruments and procedure, and data processing and analysis. Under chapter four, data collected and the results obtained were discussed. Chapter five gave the summary, conclusions and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The purpose of this chapter was to undertake both theoretical and empirical review of literature that relates to the topic. The chapter starts the theories underpinning the study and further concentrates on other thematic areas such as: concept of Corporate Governance, Corporate Governance Principles, Ghana’s Corporate Governance Framework, concept of Firm Performance and relationship between corporate governance and financial performance. The chapter concludes with a conceptual framework which encompasses the empirical and theoretical review.

Theoretical review

This section introduces the theories that underline the study. The theories link the variables of the study and helps in understanding the research through a set of explanatory concepts. The concept of corporate governance has been explained using various theories. Fundamentally, there are two theories that explain the concept of corporate governance in organisations. These theories try to describe how managers in organisations are governed but not how they govern to achieve their personal goals and objectives. The theories include: Agency theory and Stewardship theory.

Agency Theory

The agency theory was coined by Jensen and Meckling (1976), and it is based on the idea of conflict of interest between various contracting parties (shareholders and corporate managers) within the organisation. Thus, the theory suggests that the interest of shareholders and that of managers often conflicts because corporate managers always attempt to prioritize their interest at the expense of the interest of shareholders. In turn shareholders who are owners have to incur costs to monitor and direct the managers.

The agency theory is defined as the relationship between the principals, such as shareholders and agents such as the company executives and managers (Jensen & Meckling, 1976). The agency relationship is viewed as a contract under which one party (the principal) engages another party (the agent) to perform some service on their behalf. As a result of the agency relationship, the principal (the shareholder) delegates some decision-making authority to the agent (managers). The theory assumes that both the principal and the agent are motivated by their self-interest and this assumption of self-interest makes the issue of conflict inevitable (Obasan, Shobayo & Amaghionyeodiwe 2016).

According to Njagi (2016), there are two factors that has the tendency to affect the status of the agency theory. Firstly, the agency theory is a simple theory that limits the stakeholders of the firm to two parties (namely, shareholders and managers). Secondly, the theory postulates that parties in a relationship could have parochial interest. However, shareholders expect the agents (managers) to act and make sound decisions in their best interest. Padilla (2002) avers that, despite the expectations of shareholders, managers (agents) may not necessarily make sound decisions in the best interest of shareholders (principals). It can therefore be inferred that with the agency theory, agents (managers) are likely to capitulate to opportunistic behaviours, self-interest which incongruent with the aspirations of the principal (shareholders).

The scope of each type of agency conflict may vary from firm to firm (Maranga, 2014). Hitherto, the definition of corporate governance was restricted to the relationship between the company and shareholders as per the agency theory (that is, director-agents acting on behalf of shareholder-principals in overseeing self-serving behaviours of management). However, contemporary definitions of corporate governance cover a broader perspective and includes wider participants such as management, shareholders, sub-committees of directors, employees, suppliers, general community and customers. This therefore makes the theory applicable to Small and Medium Enterprises as opined by Solomon and Solomon (2004).

In relevance of the agency theory to the study is that, corporate governance is primarily developed as a result of the need to protect shareholders within an organisational setting. The tension between shareholders and managers is generally referred as the agency problem and any attempt to mitigate this tension has been the catalyst behind the development of corporate governance (Dzigba, 2015). As such, the agency theory proposes that, managers of medium-sized enterprises can establish cordial relationships with their owners and/or shareholders through corporate governance by establishing clear rules, regulations and practices to govern such relationship (Otman, 2014). This could in turn lead to improved performance of the firm because the interest of shareholders and other stakeholders are taken into consideration.

Stewardship Theory

A steward can generally be explained as someone who has been entrusted with the property of another. Donaldson and Davis (1991) claim that, a steward normally wants to do a good job by taking proper care of corporate properties. Davis, Donaldson and Schoorman (1997) defined the stewardship theory as the protection and maximisation of shareholders' wealth through firm performance, by so doing, the steward's utility functions are also maximised. Basically, the stewardship theory suggests that managers of corporations or firms are essentially trustworthy and attach significant value to their reputation.

In contrast to the agency theory, this theory assumes that managers tend to be less inclined to their personal goals but rather act in the best interest of the firm (Wesley, 2010). This means that managers tend to abandon their self-interest in so far as the stewardship theory is concerned. Owing to this, Njagi (2016) assert that the relationship between key participants (shareholder and manager) of the firm is that of principal and steward but principal and agent as postulated by the agency theory.

Several researchers (Clarke, 2004; Mallin, Mullineux & Wihlborg, 2005) argue that, over time, managers tend to perceive the firm as an extension of themselves and instead of using the firm for their selfish gains; they become more interested in ensuring that the firm succeeds. Managers are therefore perceived as loyal to the firm and works towards achieving firm performance. In effect, Van Slyke (2006) avers that the stewardship theory places much emphasis on goal convergence between the parties involved in corporate governance than the steward's (manager's) personal interest.

Stewardship theory identifies the significance of structures that enable the steward and offers maximum independence built on trust (Donaldson & Davis, 1991). Conversely, Abdullah and Valentine (2009) argues agency theory looks at an employee or people as an economic being, which suppresses an individual's own aspirations. It emphasizes on the position of mangers or employees to act more independently so as to maximise shareholders returns. Furthermore, the stewardship theory suggests unifying the role of the CEO and that of the chairman in order to reduce agency costs as well as to possess greater role as stewards in the firm. Donaldson and Davis (1991) disclosed that shareholder returns have improved by combining the roles of the CEO and the chairman as compared to separation of the roles.

In relation to the study, the stewardship theory suggests that managers of medium-sized enterprises should go beyond their capabilities to act as 'stewards' for their stakeholders including owners, shareholders, employees, customers, suppliers, government, among others. This could be achieved through corporate governance where managers establish clear rules and regulations to guide their activities. They also adopt professional measures to ensure that the needed stakeholders' values are always attained, thus, invariably improving firm performance. Simply put, the stewardship theory is relevant for ensuring that managers adopt corporate governance practices in order to provide value to stakeholders without compromising firm performance.

Concept of Corporate Governance

The concept of corporate governance gained momentum and popularity in both developed and developing countries as a result of increased concern of corporate fraud, fraudulent financial reporting and sudden collapse of corporate bodies. Parallel to this claim, Munisi and Randøy (2013) acknowledged that corporate governance is not a new concept because it became well-known in scandals such as WorldCom and Enron.

Khatab, Masood, Zaman, Saleem and Saeed (2011) averted that, the concept of corporate governance presumes a basic clash of interest that occurs between shareholders and managers of firms. Thus, corporate governance developed gradually as a result of the need to protect shareholders (those who provide external funds to the corporations) from managers (those who have control over the firm). Dzigba (2015) articulates that the tension between the shareholders of the firm and managers is generally referred as the agency problem and an attempt to mitigate this tension has been the catalyst behind the development of corporate governance.

There is a plethora of studies on corporate governance. However, there is no universal accepted definition of the term 'corporate governance'. This means that, the term corporate governance has been defined in different ways by various scholars. Hart and Milstein (2003) refer to corporate governance as "the blend of law, regulation and appropriate voluntary private sector practices which enable the corporation to attract financial and human capital, perform efficiently, and thereby perpetuate itself by generating long term economic value for its shareholders, while respecting the interests of stakeholders and society as a whole. Otman (2014) also defined corporate governance as the set of rules, regulations and practices that govern the relationship between shareholders and managers of a corporation taking into consideration the interest of other stakeholders.

Taking the various definitions into consideration, it can be inferred that corporate governance distributes the rights and responsibilities among various major players in the company like shareholders, board, managers and other stakeholders and it further ensures that the rules and procedures for making accurate decisions regarding corporate affairs is very clear. This assertion is supported by Wondem (2018) who indicated that corporate governance ensures that there are clear decisions regarding the rules and regulations concerning corporate affairs. For the purpose of this study, corporate governance is defined as the process and structure used to direct and manage the business affairs of the company towards enhancing business affluence and corporate accountability with the ultimate objective of realizing long-term shareholder value, whilst taking into account the interest of other stakeholders.

Corporate governance consists of two mechanisms: internal and external corporate governance. According to the World Bank (2015), internal corporate governance gives priority to shareholders' interest and operates on the premise that board of directors need to supervisor and monitor top management while external corporate governance controls and monitors the behaviour of managers via external regulations and force where the parties involved include lawyers, professional institutions (providers of credit ratings and investment banks), accountants, debtors and suppliers.

Several researchers have identified numerous benefits of corporate governance. For instance, Hopt (2015) articulate that corporate governance helps to unlock the true value of a business irrespective of the firm size. Again, corporate governance is perceived as very important to companies because it helps to attract investment capital, reduce business risk and develops the firms (Ahmed & Hamdan, 2015). Other researchers (Butt & Hasan, 2009; Gupta, 2010) disclosed that good corporate governance lowers the cost of capital of firms while a good disclosure practices leads to a more liquid market for the firm which brings down the cost of debt for the firm.

Good corporate governance provides a high level of confidence which is very essential for the entire operation of the market since it considers strict adherence to business ethical principles (Alabdullah, Yahya & Ramayah, 2014). Furthermore, corporate governance is fundamental to building a marketplace of trust and builds investor confidence by way of ensuring the existence of autonomous board of directors (Buallay, Hamdan, Zureigat, 2017).

Corporate Governance Principles

Extant literature has identified several principles related to corporate governance. Notable among the principles of corporate governance include board composition, board size, CEO duality, ownership structure, board independence, board committee, educational experience and educational level of board among others. However, the present study will focus on board size, ownership structure and C.E.O duality.

Board Size

Board size generally refers to 'the total number of directors on the board of each sample firm which includes, outside directors, executive directors, non-executive directors, the CEO and Chairman for each accounting year (Ullah & Jamali, 2010). Board size can be categorised into either small board size or large board. There is a growing debate among several researchers regarding board size: whether a small board size is better than a larger board size. Thus, while one school of thought perceives small board size to be good and effective, others believe a larger board size is better.

Most medium enterprises have relatively smaller board size. This statement is reinforced by Dzigba (2015) who indicated, by nature, SME's in

Ghana have smaller board size with numerous advantages: increase accountability of individual directors and reduction of the possibility of some board members being dormant. There are other researchers who support the idea of large board size. Vo and Phan (2013) believe that large board size is important for firm performance because large board size is able to gather more information about the firm. Buttressing this assertion, Vo and Nguyen (2014) assert that large board size tends to offer relevant networking and are more diverse, better exposed, knowledgeable and likely to execute decisions more objectively.

However, Njagi (2016) contends that larger boards tend to reduce productivity, slower decision making, are sometimes dysfunctional. There is a strong case for Small and Medium Enterprises (SMEs) to increase or widen their board size. This helps to increase their performance. In tandem to this assertion, Dzigba (2015) argues that one of the most important transitions of SME's is to move from owner-manager to a company with a wider board because a larger board is more likely to have a better corporate governance environment than the ones with smaller ones.

Ownership Structure

Another principle related to corporate governance is ownership structure. Obasan *et al*. (2016) define ownership structure as "the means of control over a business enterprise and being able to dictate its functioning and operations". Ownership structure is considered very important for corporate governance because it affects the incentives of managers, hence, the efficiency of the firm (Zheka, 2016). There are various types of ownership structure. However, ownership structure can be classified into managerial or insider ownership and foreign ownership.

Managerial or insider ownership structure helps the business to minimize risk. This sentiment is shared by Obasan *et al.* (2016) who averred that the positive implication of assigning ownership structure to inside managers is that it helps minimise both personal and business risk. It is perceived that, firms that have minimum insider ownership can achieve better results, but, but when the level of insider ownership becomes extremely high, this could provide them the chance to follow their selfish or parochial interest without the danger of job and salary loss (Ibrahim, Rehman & Raoof, 2010).

Foreign ownership as a type of ownership structure is gained through the creating of firms (SMEs) by an expatriate or foreign owner which is mostly made achievable via globalization. Obembe, Adebisi and Adesina (2011) state that, foreign ownership helps to monitor the activities of managers and ensure that the firm conforms to the global corporate governance system, which can go a long way to affect the performance of the business. It can therefore be inferred that foreign ownership is an important element in the ownership structure of the firm.

CEO Duality

Fundamentally, there are two types of leadership structures in a firm: the leadership structure where the CEO acts as the chairman of the board and the leadership structure where the position of the CEO is separated from the position of the chairman (two different people occupying the respective positions). Michelberger (2016) opine that CEO duality deals with the board leadership structure in terms of whether the CEO and the chairman are the same person or not. There is a preference for a firm where the CEO position is separated from that of the board chairman. This statement is supported by Yemark (as cited in Njagi, 2016) who disclosed that firms are valuable when the CEO position is separated from the board chairman position.

Moreover, when the board chairman serves as the executive and plays the decision-making simultaneously, the board may lose its independence and monitoring power, thereby heightening the agency problem (Adegbite, 2010). The separation of the roles of the board CEO and board chairman defines the boundaries between management's monitoring function and decision control function (Hermes & Katsigianni, 2011). In order to ensure board independence, it is suggested that firms split the two positions from each other by way of providing efficient checks and balances over the behaviour of managers (Ehikioya, 2009). This has the tendency to prevent managers from seeking their personal interest at the expense of the interest of shareholders.

Ghana's Corporate Governance Framework

There are three main legislative references for corporate governance practice in Ghana. These legislative references include the Companies Code 1963 (Act 179), the Securities Industry Law 1993, and the Ghana Stock Exchange (GSE) rules. However, Dzigba (2015) contend that, among these three legislative references, the Companies Code 1963(Act, 179) is one which is considered most relevant to small and medium enterprises. Since its passage, the Companies code has not seen major review but considered as 'fairly strong' by the World Bank after its assessment (World Bank Report on the Observance of Standards and Codes (ROSC), 2005).

There are several rules enshrined in the Companies Code targeted at different categories of stakeholders which ensures the adherence of corporate governance principles. Notable among these rules include but not limited to rights and responsibilities of shareholders and stakeholder, the responsibility of the board, roles of the board chairman and the directors' responsibilities. Also, other include auditor-appointment procedure and role, disclosure and transparency and equitable treatment of shareholders. All companies registered under the Companies Code 1963 (Act 179), whether SMEs or not are by default bound by these rules contained therein. Yet, without the ability to monitor and ensure compliance, even these minimal corporate governance provisions will not be strictly adhered to.

Concept of Small and Medium Enterprises (SMEs)

The concept of Small and Medium Enterprises (SME's) is not new, especially in the Ghanaian domain. However, there is a growing debate as to what constitutes the definition of SMEs. This means that there is no universally accepted definition for SMEs. Several researchers have defined SME's based on the number of employees in the enterprise (size), turnover, activity, ownership and legal status, and the enterprises fixed assets. Ackah and Vuvor (2011) highlight that the World Bank and developed countries like Canada define SME's as enterprises that have an employee size of less than 500. The National Board of Small-Scale Industries (NBSSI) defines "SMEs as enterprises that employ no more than 29 workers, with investment in plant and machinery (excluding land and building) not exceeding the equivalent of $100,000".

SMEs are also defined by the Venture Capital Trust Fund (VCTF) Act 2004 (Act 680, section 28) as "an industry, project, undertaking or economic activity which employs not more than 100 persons and whose total asset base, excluding land and building, does not exceed the cedi equivalent of US$1 million in value". There is an emerging agreement which indicates that defining SMEs based on the number of employees (size) might be the suitable defining characteristic due to the heterogeneity of the enterprises operating in the sector as well as the availability of employment figures (Bondinuba, 2012). In this light, he further stated that the size of the enterprise's employment is the most important criterion used in Ghana.

Aryeetey, Baah-Nuakoh, Duggleby, Hettige and Steel (1994) definition of SMEs which define SMEs as follows: i. Micro enterprises – employs beween1and 9 workers, ii. Small enterprises – employs between 10 and 29 workers; and iii. Medium enterprises– employ between 30 and 140 workers. This study however extracts the definition of Medium Enterprises from that of Aryeetey *et al.* (1994) and therefore defines medium enterprises as a firm that has an employment base of 30 to 140 employees. The SMEs sector plays a significant role and hence considered as an important sector of the Ghanaian economy. Available statistics indicates that approximately 70 percent of all industrial establishments are SMEs and their contribution to Gross Domestic Product (GDP) is about 70 percent (Ghana Statistical Service, 2012).

Quaye (2011) reinforces this point by indicating that SMEs in Ghana creates employment opportunities, serves a source of livelihood to the poor, generate income, increase government revenue via the payment both direct and indirect tax and contribute to the growth of the economy. In fact, the SMEs sector employs approximately 60% of the Ghana's total workforce (Dzigba, 2015). These contributions make the SME sector very important to Ghana's economy.

Concept of Firm Performance

The goal of every firm, including Medium Enterprises is to survive and grow in its dynamic environment. This according to Al-Matari, Al-Swidi, and Fadzil (2014) is due to the fact that, the performance of firms is very important to encourage shareholders and other investors to invest in the firm. Owing to this claim, it can be inferred that, the onus lies on people who have been entrusted with the management of firms to improve the performance of firms via the designing of new plans and the regular update to its operations and transactions during its life cycle.

Firm performance is a relatively complex term because there is no consensus regarding its definition. The researcher defines firm performance as the measurement of a firm's operations in terms of its efficiency and effectiveness. That is, it deals with how a firm measures its goals and objectives (profitability) taking into consideration its outcomes. This definition is consistent with that of Mungai and Ogot (2012) who described firm performance as 'the results of an organisation measured against its intended goals and objectives'. This definition applies to all organisations, whether small, medium or large.

There are various ways of viewing the performance of firms. Herly and Katsigianni (2011) claim that, firm performance can be viewed from a firm's reported financial statement and that, a good performing firm encourages management to practice full as well as quality disclosure of its financial statement. Al-Matari *et al.* (2014) also contend that the success of firms is fundamentally reflected in its performance over a given period of time. They further indicate that, finding an accurate measurement for firm performance helps in the comparison of the performances and progress of the firm over different time periods.

There is a growing debate among several researchers concerning how the performance of a firm should be measured. This is an indication that there are several measuring the performance of firms. However, Kiel and Nicholson (2003) avert that, empirical literature regarding the measuring of financial performance on corporate governance classify the measurement of financial performance into accounting-based measures and market-based measures. The accounting-based measurement is generally considered as an effective indicator of the firm's profitability and the business when compared to benchmark rate of return equal to the risk adjusted weighted average cost of capital. There are many accounting-based measures when it comes to measuring firm financial performance.

Further, the most commonly used accounting-based measures include but no limited to Return on Assets (ROA), Return on Investment (ROI), Return on Equity (ROE), Growth in Sales (GRO), Profit Margin (PM), Return on Sales (ROS), Earnings per Share (EPS) (Heenetigala, 2011; Danoshana & Ravivathani 2013; Marashdeh, 2014). The market-based measurement, on the other hand, is described by its forward-looking aspect and its reflection of the expectations of the shareholders regarding the firm's future performance, which has its basis on prior or present performance (Shah & Hussain, 2012).

The market-based measures include Tobin's Q, Market Value Added (MVA), Market-to-Book Value (MTBV), Abnormal Returns; Annual stock return (RET), Dividend Yield (DY), and price to earnings (PE) (O`Connell & Cramer; 2010; Karaca & Ekşi, 2012; Al-Matari *et al.*, 2014). Some researchers (Hutchinson & Gul, 2004; Mashayekhi & Bazazb, 2008) state that, the accounting-based performance measures present the management actions outcome and are therefore preferred over market-based measures when the relationship between corporate governance and firm performance is investigated. However, Elvin and Abdul Hamid (2016) argue that, whether accounting-based measures of market-based measures, it is imperative to use several factors to measure performance of firms including Medium-sized Enterprises rather than resorting to a single factor because the adoption of several factors allow for a better evaluation of the financial profile of firms.

Empirical Review

The relationship between corporate governance and firm performance has been studied extensively by several researchers. For instance, Nakhaima (2016) disclosed that corporate governance (board size, ownership structure and CEO duality) improves the financial performance and its sustainability and further acts as a catalyst for SME expansion and growth. This is an indication that firm performance is significantly influenced by good corporate governance. In tandem to this claim, Ghabayen (2012) state that good corporate governance practice is an effective tool for assisting a firm to achieve better results, hence, attaining better performance.

Generally, good corporate governance enhances firm performance because it aims at increasing efficiency and profitability of firms and their enhanced ability to create wealth for shareholders, increased employment opportunities with better terms for workers and benefits to stakeholders (Petra, 2015). Corporate governance protects a firm against financial losses, hence, improving firm performance. Supporting this assertion, Al-Matari *et al.* (2014) highlight that effective corporate governance safeguards a firm against plausible financial challenges and accelerates remarkable growth. By inference, it can be stated that corporate governance plays a critical role in the growth of the firm performance. Thus, it can be said that well governed firms have higher firm performance as disclosed by Tanko and Kolawole (2010).

Of the little empirical evidence that exist, noted examples include a study by Abor and Biekpe (2007), which assessed the adoption of corporate governance structures and how these influence the performance of SMEs in Ghana. Using the regression analysis, their findings revealed that corporate governance structures (foreign ownership, CEO duality, board composition, family business, inside ownership and board size) have a significant positive impact on performance (profitability) of SMEs in Ghana. Also conducted in Ghana is the study by Ansong (2015) which explored the effects of board size and level of board participation on SMEs' financial performance. The study established that the size of the board and financial performance do have a progressive connectedness, while the level of board participation had no relationship with financial performance.

Njagi (2016) conducted a study to investigate the relationship between corporate governance practices and the financial performance of top 100 small and medium enterprises in Kenya. The study adopted descriptive research methodological framework through which secondary data collected were analysed using both Regression analysis and Karl Pearson's correlation techniques. Purposive sampling technique and systematic random sampling technique was used to select SMEs that have adopted corporate governance practices. The empirical results of the study showed that, the Number of board of directors, percentage of inside ownership, numbers of board meetings is positively correlated to improved organisational performance while Number of board committees' percentage of outside directors, CEO duality was negatively correlated to organisational performance.

In a related study, Dzigba (2015) conducted a study on corporate governance practices among Small and Medium Enterprises in Ghana. The study was mainly undertaken to bring to the fore the level of corporate governance practice among Ghanaian SMEs and ascertain the extent to which this impact their ability to access credit. The study adopted a mixed approach (quantitative and qualitative approach). The convenience sampling technique was used to select 120 SMEs for the study. The primary data for the study was gathered through the use of questionnaire. The study's findings revealed that while most SME stakeholders had heard about Corporate Governance, actual knowledge and adherence to modern day corporate governance principles was very low.

The study further disclosed that most SMEs still maintained the CEO/Board chairman duality and majority of the SMEs studied did not have board committees, while some did not even know what board committees were.

However, Dzigba's (2015) study focused on all SMEs in Ghana which could make its findings to specific geographic setting misleading. This is because, within the Ghanaian context, firms operating in different geographical settings are arguably exposed to different business environments and culture, thus, require different structures and measures to survive. In this regard, this study focused on medium-sized enterprises within a specific geographical setting, more precisely Sekondi-Takoradi metropolis in Ghana.

Ahmed and Hamdan (2015) conducted a study the impact of corporate governance on firm performance, taking evidence from Bahrain Stock exchange. The principal purpose of the study was to examine the impact of corporate governance characteristics on firm performance. The study employed descriptive research design. The study sample contained 42 Out of 48 Bahrain's financial companies which were listed in Bahrain Stock Exchange during the period 2007-2011. The findings of the study indicated that corporate governance was significantly related to performance measures such as Return on Assets and Return on Equity governance in Bahrain. However, Earning Per share performance measure is not showing any significance impact related to corporate governance. Overall, the study found a positive influence of corporate governance on performance of the entire firms on the Bahrain Stock Exchange.

Otman (2014) carried out a study on corporate governance and firm performance in listed companies in the United Arab Emirates. The principal objective of the study was to understand corporate governance and the effects of corporate governance on firm performance in a unique economic, political and social context. To accomplish the study objectives, a quantitative research method (questionnaire and secondary data) was adopted. The findings of the study showed that corporate governance principles have been implemented in listed companies. The study findings further revealed that there is a positive effect of corporate governance principles and mechanisms on firm performance and that firms that implement good corporate governance enhance the performance of their businesses.

Danoshana and Ravivathani (2014) also conducted a study to explore the effect of corporate governance on business performance of 25 listed financial institutions in Sri Lanka for during the period 2008-2012. Return on equity and Return on assets were used as the variables to measure business performance. The study findings showed that corporate governance variables have a significant effect on business's performance and board of directors’ size and audit committee size have positive effect positive on business performance. However, it was found that meeting frequency is negatively associated with business's performance.

Additionally, a study by Hove-Sibanda *et al*. (2017) examined the impact of corporate governance on firm competitiveness and performance of small and medium enterprises in Vanderbijlpark, South Africa. The study purposely examined the impact of corporate governance adoption on the firm competitiveness and performance of SMEs in Vanderbijlpark. The study employed the cross-sectional research design and quantitative approach. One hundred fifty-two SME owners or managers were selected from Vanderbijlpark in Gauteng, South Africa. The collected data were analysed using a structural equation modelling system by using Smart PLS software. The study found that the implementation of corporate governance principles including CEO duality and ownership structure by SMEs significantly and positively affected their competitiveness and performance.

It could be deduced that, although studies abound on corporate governance and firm performance in both developing economies (Danoshana & Ravivathani, 2014; Otman, 2014; Ahmed & Hamdan, 2015; Hove-Sibanda *et al*., 2017) including Ghana (Abor & Biekpe, 2007; Dzigba, 2015; Ansong, 2015), it has not been widely investigated among medium-sized enterprises in specific geographical settings in Ghana. More precisely, none of the studies in Ghanaian literature have focused on medium-sized enterprises within the Sekondi-Takoradi metropolis. The study is relevant because, relying on findings from other geographical settings could affect the overall performance levels of the firms in the area studied. This is because, firms within the study area arguably operate under different environmental conditions, thus, relying on findings in other settings including Accra and Kumasi metropolises, for instance, could lead to inconsistent results.

Conceptual Framework

A conceptual framework provides an explanation of the researcher's perception on the relationship between variables that are deemed to be vital in a study (Mugenda & Mgenda, 2003). Hence, the study is based on the premise that, there is a relationship between corporate governance and firm performance. The conceptual framework was clearly indicated in Figure 1.

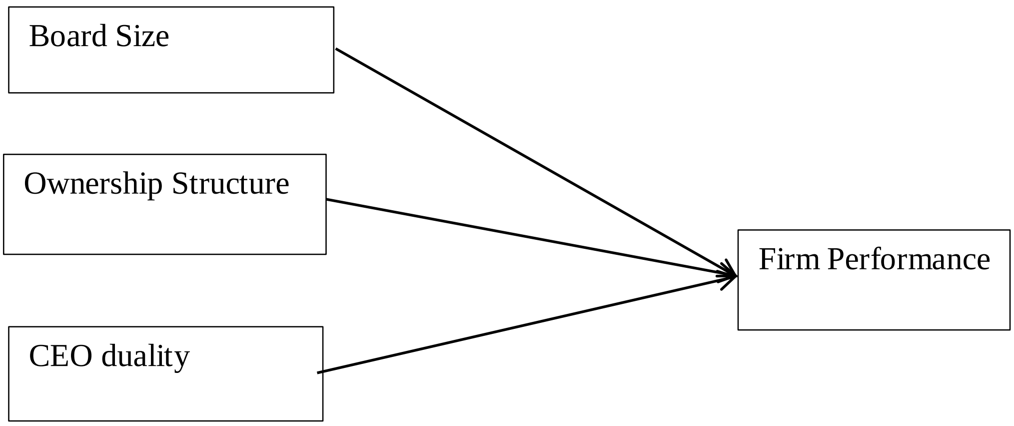

Figure 1: Conceptual framework of the relationship between corporate governance and firm performance

Source: Author's Own Construct, Amoah (2019)

Figure 1 shows that there is a relationship between corporate governance and firm performance. From the conceptual framework, the corporate governance principles' (board size, ownership structure, CEO duality) is the independent variable while firm performance is the dependent variable. Firm performance was also measured using accounting based measurement indicators including return on sales (ROS), market share (MS), return on asset (ROA), profit margin (PM) and operational income (OI) (Sheu & Yang, 2005; Bozec, Dia & Bozec, 2010; Garcia-Sanchez, 2010). Conceptually, it is expected that firms that adopt good corporate governance principles are likely to enhance or improve their performance. However, the framework does not show the extent to which these principles affect the performance levels of MEs in Ghana.

CHAPTER THREE

RESEARCH METHODS

Introduction

The study sought to examine the effect of corporate governance on the performance of medium sized enterprises in Sekondi-Takoradi within the Western Region of Ghana. In light of this, this chapter discussed the research methods employed in the study in relation to research design, study area, population, sampling procedure, data collection instrument, data collection procedures, ethical consideration and data processing and analysis.

Research Approach

Research approach plays vital roles in any scientific research. It is defined as a plan or procedure for a study which spans the steps from broad assumptions to detailed methods of data collection, analysis and discussions (Creswell, 2014). It is to note that, the choice of an approach relies on the aim of the study. As such, the study employed the quantitative research approach as its goal is geared towards collecting and analysing data objectively. Creswell and Creswell (2017) added that, the quantitative approach enables the use of quantitative tools such as descriptive and inferential in describing key issues in the study. The study therefore employed this approach because it sought to examine a relationship thus requires quantitative tools such as regression. This approach gave room for the adoption of a research design. The choice of a design is dependent on the type of approach employed (Creswell, 2014).

Research design

The study employed the explanatory research design due to its relevancy to the purpose of the study. An explanatory research design involves quantitative analysis because it is geared towards establishing relationships between variables of which the study intends to attain (Creswell, 2014). Practically, the study sought to examine relationship between corporate governance and performance medium sized enterprises thus it is appropriate to adopt this design.

The explanatory research design has some strengths and weaknesses (Creswell, 2014, Creswell & Clark, 2017). Some of the major strengths of this design include increase in understanding of a particular subject, flexibility of obtaining data, better conclusions and allows generalisation of findings. On the other hand, this design comes some major weaknesses such as possibility of obtaining biased information, findings could be affected by other uncontrolled variables and time consuming in ensuring a representative sample. Despite these weaknesses, the explanatory design was appropriate due to the purpose of the study coupled with the approach employed.

Study Area

The study was carried out with focus on medium sized enterprises in the Sekondi-Takoradi metropolis within the Western Region of Ghana. This metropolis has the highest share of 23.5 percent of the population among the 17 districts in the region. According to Ghana Statistical Service (GSS) (2015) report, in the metropolis, 56.3 percent of the indigenes work in the private informal sector, 23 percent work in the private formal employment while 18.7 percent work in the public services. It can therefore be seen that, majority of the populace work in the private sector dominated by Small and Medium-sized enterprises. The metropolis also boasts of a number of industrial and commercial units. As results of high export activities, several people have migrated to Sekondi-Takoradi which contributing to increased medium sized enterprises carrying out various activities. Therefore, the economic activities in this metropolis has prompted the need for researchers to examine how corporate governance influence their performances.

Population

According to Creswell (2014), a population is a complete group of entities sharing particular characteristics. The study's population comprised all owner/managers of medium size enterprises within the Sekondi-Takoradi metropolis (Ghana Statistical Service, 2015). The population size consisted of seven hundred and sixty-two (762) enterprises registered by National Board for Small Scale Industries (NBSSI). Thus, the study relied on a representative of the each of the medium-sized enterprises within the Sekondi-Takoradi metropolis. This population size was also used in a study by Eyiah, Kheni and Acquah (2017). These owners /managers had differing characteristics in relation to sex, age, marital status and educational levels.

Sampling Procedure

The study scientifically used a sample to represent the entire population due to time constraint coupled with difficulties associated with gathering data from a large group. Using the Krejcie and Morgan (1970), (See Appendix B), sample determination table, the study randomly sampled 260 respondents from the target population of 762. The sampled respondents were selected to participate in the collection exercise using the simple random sampling technique and this was geared towards ensuring a high degree of representativeness. This technique also provides all the members in the study equal chances of being selected. It is also regarded as a fair approach to selecting members, ease of use and it is also the most straightforward probability sampling procedure suitable for quantitative study (Creswell & Clark, 2017).

More precisely, the study used the lottery method to achieve the simple random sampling technique. This was done by obtaining the list of the medium-sized enterprises from NBSSI. The firms on the list were folded and placed in a box and shuffled. Papers were randomly picked from the box without replacement and reshuffled severally until the sample was obtained. This method is effective as it clearly gives every representative's firm an equal chance of been selected for the exercise.

Data Collection Instrument

Based on the objectives and approach of the study, a structured questionnaire as a primary data collection instrument was employed to collect data from respondents. A structured questionnaire is a method of data collection in which each member is asked to respond to the same set of questions in a prearranged order (Saunder & Lewis, 2012). It is the major collection instrument used in quantitative study and thus is the most appropriate as compared to the others such as observation and interviews which are appropriate for qualitative study. it is to note that, the questionnaire was self-constructed from reviews of related literature in relation to the study's objectives.

The questionnaire was basically structured in six (6) sections with Section A gathering information on the respondents' demographic characteristics coupled with business characteristics. Section B contained question items on the first objective in relation to corporate governance. Section C contained five question items on the second objective in relation to board size. The measurement indicators were obtained from existing reviews and they included monitoring and control, communication, decision making and coordination (Ullah & Jamali, 2010; Dzigba, 2015). Section D contained five question items in relation to the third objective on ownership structure, and it specifically consisted of monitoring and control of activities, commitment levels, ease of management, possession of power and conflict management (Obasan *et al*., 2016; Zheka, 2016).

Also, Section E contained five question items on the fourth objective in relation to CEO status. The indicators were obtained from existing reviews and it consisted of checks and balances, conflict of interest, decision control, allocation of resources and power sharing (Ibrahim *et al*., 2010; Obembe *et al.*, 2011). Finally, Section F contained question items in relation to measurement of firm performance. Firm performance was measured using accounting based performance measures including ROA, ROE, ROS, OI and PM (Heenetigala, 2011; Danoshana & Ravivathani 2013; Marashdeh, 2014). It is to note that, respondents were asked to rate their agreement to each of the question items on a five-point scale with 1 representing least agreement and 5 representing highest agreement.

Validity and Reliability

It is vital that a research collects empirical findings that replicate the reality of situations. One needs to be sure that data are easily accessible and are in line with the research questions (Saunders & Lewis, 2012). As such, the best way to evaluate a primary source is to use the concepts of validity and reliability. According to Rönkkö and Evermann (2013), the degree of reliability measures the extent to which data collection can be trusted. Reliability of the study's instrument was tested using Cronbach alpha.

To achieve this, a pre-test was carried out using 30 questionnaires administered to 30 medium-sized enterprises within the Cape Coast metropolis. This is because, these firms were assumed to carry out homogenous activities as a result of their similar geographical structures. The pre-test result revealed a α of (.918) based on the composite of the question items (36 items) in the questionnaire. This result (α = .9118) was greater than the generally acceptable (α = .7). In relation to the study' sections, the α of Section B was 0.869; Section C had a α of 0.821 and finally, Section D had a α of 0.836. These indicated that, the study's research instrument was acceptable and as such, reliable for obtaining data from the target population.

Validity, on the other hand, deals with trustworthiness, in other words, it discusses how well the result of a study agrees with reality (internal validity) while, external validity talks about the degree of generalisability (Rönkkö, & Evermann, 2013). The degree of validity explains the extent to which data methods accurately measure what they are intended to measure. A major weakness with validity is that, it deals with a relatively small sample which makes the results of the study quite restricted. This therefore affects the results since it does not provide the study with clear results that apply to the full population, and thus makes the chance of generalisation smaller.

Data Collection Procedure

Before the data collection exercise, an introductory letter was obtained from the Department of Accounting of the University of Cape Coast. Upon being granted permission, the questionnaires were then distributed and collected with the help of a trained and well-equipped assistant. The assistant was employed due to the difficulties associated with collecting data and also the need to provide further explanations to respondents who had challenges understanding some statements in the questionnaire despite efforts to ensure they were self-explanatory.

The exercise took six working days to complete due to the demanding nature of their jobs coupled with the high illiteracy rate of the respondents. The data collection exercise was marred with several challenges such as difficulty in allocating respondents, high illiteracy rate leading to difficulty to read, unwillingness of some of them to participate in the exercise and delays in returning completed questionnaires. Moreover, all efforts were made to tackle these challenges as best as possible in bid to attain a reasonable amount of data for analysis and generalisation of findings.

Ethical Considerations

According to Patten and Newhart (2017), the major ethical issues that need to be considered in every research comprise voluntary participation, right to privacy, anonymity and confidentiality of information. As such, all efforts were geared towards ensuring that, all these ethical issues were attended to. For instance, with voluntary participation, all respondents were allowed to participate in the data collection exercise on willingly. Also, the possible issues of right to privacy was realised by allowing respondents to answer the questionnaires on their own and they were informed to leave unclear statements unanswered for further explanations through their own convenient medium.

The issue of anonymity was also attended to by restricting respondents from providing their names and contact numbers on the questionnaire. Respondents were therefore assured that, none of their identities would be leaked to the public domain nor used for any purpose in the study. Finally, the study ensured confidentiality of information by assuring respondents that all information provided would be kept confidential. They were assured that, none of their information would be used against them nor found the public domain. In view of these, all major ethical issues/considerations were met in the study.

Data Processing and Analysis

Data collected from the exercise underwent rigorous scrutiny to ensure that any error arising from incomplete and wrongly filled questionnaires were eliminated or minimised drastically. The error-free data were then carefully coded and edited to avoid missing values (if any). The data were then entered and processed using Statistical Package for Social Sciences (SPSS) (v.24) software and the results attained were displayed in tables. The processed data were then analysed using statistical tools such as descriptive and inferential tools. The descriptive statistical tools, for instance, comprise frequencies, percentages, means and standard deviations, whereas the inferential statistical tool comprised linear regression. Linear regression was used to analyse the study's second, third and fourth research objectives in order to examine the effect of the independent variables (board size, ownership structure and CEO status) on the dependent variable (firm performance)

Chapter Summary

The chapter discussed the research methods employed to achieve the study's purpose. The chapter therefore discussed the key elements: design, population, sampling procedure, data collection instrument, among others used in the study. The explanatory research design was adopted because of the purpose of the study coupled with the approach adopted. Both descriptive and inferential statistical tools such as percentages, frequencies, means, standard deviations and correlation were used to analyse the data in bid to answer the research questions of the study.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presented the results and discussion section of the study. The chapter specifically comprised socio-demographic information of respondents and determinants of corporate governance. The chapter also discussed the results in relation to the effects of board size, ownership structure and CEO duality on the performance of medium-sized enterprises in Sekondi-Takoradi Metropolis.

Socio-demographic Characteristics of Respondents

This section discussed key socio-demographic characteristics of the respondents which included sex, age group, level of education, and marital status. After retrieving the questionnaires from 226 respondents, 193 of them were error-free and as such reliable for analysis. The study, therefore, obtained a response rate of 85.4% (>50%) which was acceptable for analysis. In view of this, the study's analysis was based on responses from 193 participants within the area understudy area. Table 1 presented the socio-demographic characteristics of the 193 respondents.

In relation to the sex of the respondents, majority (110) of them representing 57.0 percent were males while 43.0 percent of them were females. The result revealed that, there is a low gender inequality in terms of the sex of the personnel occupying key positions in the medium-sized enterprises. However, since there are relatively more males than females, the implication is that, women need to be encouraged to be groomed, supported and encouraged to venture into managerial positions in medium-sized enterprises. this would in turn bridge the gender inequality gap within these enterprises.

Table 1: Socio-demographic Characteristics of Respondents

	Frequency	Percent (%)
Sex		
Male	110	57.0
Female	83	43.0
Age Group		
18-30	56	29.0
31-40	71	36.8
41-50	36	18.7
51-60	30	15.5
Level of Education		
No education	25	13.0
Basic education	26	13.5
SHS education	56	29.0
Certificate/Diploma	38	19.7
HND/Degree or higher	48	24.9
Marital Status		
Single	70	36.6
Married	85	44.0
Divorced	23	11.9
Widowed	14	7.3

Source: Field Survey (2019)

In relation to the age groups of the respondents, Table 1 revealed that, majority (71) of them representing 36.8 percent were between the ages of 31-40 years. This was followed by respondents between the ages of 18-30 years who represented 29.0 percent. Also, 18.7 percent of the respondents were within the age bracket of 41-50 years and finally, 15.5 percent of them were between the ages of 51-60 years. This implies that, majority of the respondents were within their active working periods and as such, they could require more training in bid to improve their capacities in terms of knowledge, skills and experience.

In terms of the respondents' level of education, the table revealed that, majority (56) of them representing 29 percent had SHS education. This was closely followed by 24.9 percent of the respondents being HND/degree holders or higher, 19.7 percent were certificate/diploma holders and 13.5 percent of them had basic education. Finally, 13.0 percent of the respondents had no formal education. This implies that, majority of the respondents were academically inclined thus would require more on-the-job training programmes in bid to constantly develop their skills and knowledge levels.

Finally, in terms of the respondents' marital status, the table revealed that, majority (85) of the respondents representing 44.0 percent were married. This was followed by 36.8 percent of them who were single, 11.9 percent of them have divorced and finally, 7.3 percent of them were widows/widowers. This implies that, a number of the respondents were living single lives (single, divorced or widowed) and this could have influence on their work roles. Similarly, the work roles of the married respondents could equally be influenced by family distractions or responsibilities. This implies that, different employee training or development packages should be provided to workers in these enterprises depending on their marital status. This is because, having the same packages for all the respondents could affect their work outputs.

This section also discussed the characteristics of the enterprises and presented the results in Table 2.

Table 2: Characteristics of the enterprises

Nature of Business	Frequency	Percent (%)
Trading	35	18.1
Food services	27	14.0
Manufacturing/Construction	8	4.1
Mechanic services	72	37.3
Health services	22	11.4
Financial services	2	1.0
Other services	27	14.0
Years in operation		
Below 10 years	106	54.9
10-20 years	21	10.9
21 – 30 years	15	7.8
31 – 40 years	20	10.4
Over 40 years	31	16.1
Ownership Structure		
Controlled by partners	86	44.5
Sole concerned owner	77	39.9
Family	30	15.5
Board size		
Less than 5	191	99.0
5-10	2	1.0
Occupant of CEO/Board chair position		
One/same person	113	58.5
Separate individuals	80	41.5
Total	193	100.0

Source: Field Survey (2019)

In relation to the type of enterprise, the table revealed that, majority (72) of the respondents representing 37.3 percent worked in organisations that undertook mechanic activities. This was followed by 18.1 percent of them who were into trading, 14 percent were into food services, 14 percent were engaged in other activities including educational services and 11.4 percent were into health services. Also, 4.1 percent of the respondents were into manufacturing/construction services and finally, one (1) percent of them were into financial services. This implies that, majority of the respondents were into large scale mechanical works. This venture is regarded as very risky as failure to properly fix a vehicle or machine could lead to loss of lives. They, therefore, need a board to oversee their operational activities.

In terms of number of years in operation, majority (106) representing 54.9 percent of the respondents have operated for less than 10 years. This was followed by 16.1 percent who have operated for over 40 years, 10.9 percent of them have operated between 10 to 20 years, 10.4 percent of them have operated between 30-40 years and finally, 7.8 percent of them have operated between 20-30 years respectively. This means that, majority of the enterprises within the area understudy are relatively new. This implies that, these enterprises need energetic and dedicated board members to ensure that they survive and become more competitive. Also, they may require more support from both government and investors in bid to help them grow in the face of fierce competitions.

In relation to ownership structure, majority (86) representing 44.5 percent were owned and managed by partners. This was followed by 39.9 percent of them which were owned and managed by sole proprietors and finally, 32.1 percent of them were family businesses. This means that, majority of the enterprises were owned by partners. This implies that, they may have strong corporate governance structures unlike the enterprises owned sole proprietors and family members. This is because, partners are able to gather a relatively large sums of capital to run their enterprises. Also, they are highly likely to share risks or losses and thus may not be exposed to severe negative impacts in times of difficulties.

Finally, in relation to occupants of CEO/Board chair position, majority (113) of the respondents revealed that, one person occupies both positions (CEO and Board Chairmanship) while 41.5 percent of them had separate individuals occupying the CEO and Board Chairman positions respectively. This means that, majority of the enterprises have one person occupying the same position as a CEO and as the chairman of the board. This implies that, some of the decisions made for their respective enterprises could be affected by conflict of interest. This is because, one person acts as both CEO and chairs the board.

Determinants of Corporate Governance

This section presented the results on the first research objective in relation to the determinants of corporate governance at the selected medium enterprises within the Sekondi-Takoradi metropolis. The data gathered were analysed using descriptive tools such as means and standard deviations. It is to note that, the higher the mean score of a given indicator, the higher that indicator positively and highly determines corporate governance. The results were presented in Table 3 and discussed thereof.

From Table 3, it was revealed that, among the various determinants of corporate governance, attracting investment capital was the highest and major determinant of corporate governance of medium-sized enterprises. This result had the highest mean with standard deviation (M=3.88; SD=1.125). This means that, management of most enterprises are motivated to adopt corporate governance due to its ability to help them attract extra capital from investors.

The increasingly competitive business environment has exposed enterprises to constantly attract investment capital in bid to survive and remain competitive. Enterprises that require capital from investors have been forced to adopt corporate governance since it helps them to easily assess them.

Table 3: Determinants of corporate governance

	Mean	Std. Deviation
Attraction of investment capital	3.88	1.125
Sufficient and reliable information	3.71	1.075
Disclosure of information	3.61	1.065
Establishment of clear channels	3.58	.944
Open communication	3.58	.927
Stakeholder rights and responsibilities	3.57	1.054
Disclosure of objectives	3.49	1.031
Strong legal enforcement systems	3.49	.930
Disclosure of financial reports	3.46	1.099
Accountability	3.44	1.030
Risk control (reduction)	3.34	1.102
Stakeholder interest at all times	3.03	1.055

Source: Field Survey (2019)

Table 3 also revealed that, medium-sized enterprises rely on stakeholders' right to obtain sufficient and reliable information on a timely basis to determine their corporate governance. This result had a higher mean with standard deviation (M=3.71; SD=1.075). This implies that, majority of enterprises adopt corporate governance because it helps them to share information with their stakeholders. In recent times, stakeholders have become the mainstay of organisations thus they need to be constantly updated with relevant information in bid to keep them committed.

This result was followed by disclosure of information in accordance with established procedures which had a high mean with a standard deviation (M=3.61; SD=1.065). This means that, most enterprises are able to disclose necessary information using formal channels when they adopt corporate governance. Organisations ability to follow due processes when sharing information is largely dependent on their ability to implement corporate governance. The implication is that corporate governance plays a vital role in disclosure of information to key stakeholders thus failure to adopt them could affect organisations ability to properly disclose information.

Table 3 further revealed that, corporate governance is determined by establishment of clear channels for information distribution (sharing). This result also produced a high mean with standard deviation (M=3.58; SD=.944). This means that, medium-sized enterprises adopt corporate governance because it establishes clear channels to distribute information within and outside their respective business environments. Thus, corporate governance is regarded as a key component for enterprises that focus on distributing information to their stakeholders through proper and formal channels.

This result was closely followed by open communication with a high mean with standard deviation (M=3.58; SD=.927). This means that, medium-sized enterprises are motivated to adopt corporate governance because it ensures open communication with stakeholders. One of the key focus of medium-sized enterprises is to maximise value to their stakeholders. Through open communication, stakeholders are given the right to freely communicate their concerns about illegal or unethical activities/practices to management. This helps management address these grievances which in turn lead to improved performance.

Moreover, the table revealed other determinants of corporate governance. These determinants moderately determined corporate governance thus were not held in high esteem by management of the selected medium-sized enterprises. These determinants include stakeholder rights and responsibilities (M=3.57; SD=1.054), disclosure of objectives/targets to stakeholders (M=3.49; SD=1.031) and strong legal control and enforcement systems (M=3.49; SD=.930). These results were also closely followed by disclosure of financial reports (transparency) (M=3.46; SD=1.099) and accountability (M=3.44; SD=1.030). This means that, medium-sized enterprises consider these factors when developing corporate governance. These factors were found to moderately influence the decisions of these medium-sized enterprises.

However, Table 3 revealed risk control/reduction as a minor determinant of corporate governance. This is because, the result had a lower mean with standard deviation (M=3.34; SD=1.102). This means that, medium-sized enterprises do not develop corporate governance to necessarily assist them overcome risk-related issues. This implies that, developing corporate governance alone may not help these enterprises to overcome risk-related issues. Risk is regarded as a key constraint to operational activities thus require more rigorous control measures other than corporate governance.

Finally, ensuring stakeholder interest was found as the least determinant of corporate governance. This result had the lowest mean with standard deviation (M=3.03; SD=1.055). Thus, this determinant affect corporate governance positively but at a very low rate. This means that, medium-sized enterprises least consider meeting stakeholder interest at all times when they intend to develop corporate governance. This could be because, the interests of some stakeholders may go against the focus of an enterprise thus cannot be achieved. Although, organisations consider stakeholder interest as a key aspect of their core mandates, some of these interests may be unfavourable or could have immense negative repercussions on them thus may ignore it.

Effect of board size on performance of medium-sized enterprises

This section presented the second research objective of the study in relation to the effect of board size on performance of medium-sized enterprises within the Sekondi-Takoradi metropolis. Board size (BS) represented the independent variable whereas firm performance (FP) represented the dependent variable. Data analysis was carried out using linear regression. The regression analysis was discussed using three tables comprising model summary, ANOVA and coefficient. The regression model was evaluated by the coefficient of determination denoted by R-square (R^2). This represented the proportion of variance in the dependent variable which is linearly accounted for by the independent variable (Cohen, 1992). Table 4 gave the model summary of the output.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.659[a]	.434	.431	3.941

a. Predictors: (Constant), board size

Source: Field Survey (2019)

Table 4 displayed R, R squared, adjusted R squared, and the standard error. R was the Pearson product moment correlation coefficient which indicated the strength and direction of the linear relationship between the dependent variable (firm performance) and the independent variable (board size). Hence from Table 4, BS and FP were positively correlated and the strength of the relationship was moderate at .659[a]. This finding was based on the R result. The R squared which represented the coefficient of determination is the proportion of variation in the dependent variable explained by the regression model. Thus, about (43.4%) of the variation in firm performance was explained by board size. This result implies that board size is a moderate determinant of the performance of the medium-sized enterprises. however, board size alone cannot determine the overall performance of these firms.

Also, the Adjusted R^2 of (43.1%) explained the variation in the dependent variable that is being explained by an adjustment in the independent variable in the regression model or equation. This implies that, any adjustment made in board size causes about (43.1%) change in firm performance. However, firms are expected to be cautious about the changes in its board size in bid to maintain performance levels.

Moreover, Table 5 displayed the ANOVA results which provided the test significance for R and R^2 using the F-statistic. The F-statistic was the regression mean square (MSR) divided by the residual mean square (MSE). The table explains whether variation in the dependent variable can be explained by the regression model. Therefore, if the significance value of the F-statistic is small (<0.01) then the independent variable (BS) does a good job explaining the variation in the dependent variable (FP).

Table 5: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2263.871	1	2263.871	145.769	.000[b]
	Residual	2950.796	190	15.531		
	Total	5214.667	191			

a. Dependent Variable: FP
b. Predictors: (Constant), BS

Source: Field Survey (2019)

In this analysis, the sig (ρ) value of the F-stat of 145.769 was 0.000<0.01. This implies that, the R and R^2 between board size (BS) and firm performance (FP) was statistically significant, and therefore BS can significantly influence FP of medium-sized enterprises. thus, the variation in the dependent variable (FP) can be explained by the linear regression model.

Finally, the table in the SPSS output labelled coefficients (Table 6) provided information that was useful for understanding the regression equation. The study estimated the functional regression equation using the column marked unstandardized coefficient which implies that the study intends to predict and forecast. Therefore, the constant term from the result was 15.395 and the coefficient of BS was .937. Based on these results, the study reported the following regression equation predicting firm performance (FP) based on board size (BS).

$FP = 15.395 + .937BS$

Table 6: Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	15.395	1.615		9.535	.000
	Board size	.937	.078	.659	12.073	.000

a. Dependent Variable: firm performance
Source: Field Survey (2019)

From the decision rule, when sig values are less than .01, then the coefficient of BS is significant and vice versa. The table revealed a sig vale of 0.00 thus the coefficient of BS was significant. Therefore, from Table 6, taking the values for the slope and the intercept in the resulting regression equation, the following statements were made: according to the intercept, medium-sized enterprises have a board size, their firm performance will be .937 and according to the slope (using standardised coefficient), for any improvement made in the independent variable (BS), the dependent variable (FP) will increase by (.659). This implies that, board size had a positive but moderate significant effect on firm performance.

It is to note that, this finding was in line with studies by Otman (2014) and Dzigba (2015). In Otman's (2014) study, for instance, he found corporate governance principles including board size to have a positive significant effect on the performance of listed companies in the United Arab Emirates. Similarly, Dzigba (2015) concluded that, medium-sized enterprises have relatively small board size with numerous advantages including increase in accountability of individual directors, reduction of the possibility of some board members being dormant and improvement in firm performances. This implies that, the size of a board (small or large) has an impact on the performance of medium-sized enterprises.

Effect of ownership structure on performance of medium-sized enterprises

This section presented the third research objective of the study in relation to the effect of ownership structure on performance of medium-sized enterprises within the Sekondi-Takoradi metropolis. Ownership structure (OS) represented the independent variable whereas firm performance (FP) represented the dependent variable. Data analysis was carried out using linear regression. The regression analysis was discussed using three tables comprising model summary, ANOVA and coefficient. The regression model was evaluated by the coefficient of determination denoted by R-square (R^2). This represented the proportion of variance in the dependent variable which is linearly accounted for by the independent variable (Cohen, 1992). Table 7 gave the model summary of the output.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.435[a]	.189	.185	4.717

c. Predictors: (Constant), OS, FP
Source: Field Survey (2019)

Table 7 displayed R, R squared, adjusted R squared, and the standard error. R was the Pearson product moment correlation coefficient which indicated the strength and direction of the linear relationship between the dependent variable (firm performance) and the independent variable (ownership structure). Hence from Table 7, OS and FP were positively correlated and the strength of the relationship was weak at .435[a]. This finding was based on the R result. The R squared which represented the coefficient of determination is the proportion of variation in the dependent variable explained by the regression model. Thus, about (18.9%) of the variation in firm performance was explained by ownership structure. This result implies that ownership structure alone cannot determine the overall performance of these firms.

Also, the Adjusted R^2 of (18.5%) explained the variation in the dependent variable that is being explained by an adjustment in the independent variable in the regression model or equation. This implies that, any adjustment made in ownership structure causes about (18.5%) change in firm performance. However, firms are expected to be cautious about the changes in its ownership structure in bid to maintain performance levels.

Table 8 also displayed the ANOVA results which provided the test significance for R and R^2 using the F-statistic. The F-statistic was the regression mean square (MSR) divided by the residual mean square (MSE). The table explains whether variation in the dependent variable can be explained by the regression model. Therefore, if the significance value of the F-statistic is small (<0.01) then the independent variable (OS) does a good job explaining the variation in the dependent variable (FP).

In this analysis, the sig (ρ) value of the F-stat of 44.353 was $0.000<0.01$. This implies that, the R and R^2 between ownership structure (OS) and firm performance (FP) was statistically significant, and therefore OS can significantly influence FP of medium-sized enterprises. Thus, the variation in the dependent variable (FP) can be explained by the linear regression model.

Table 8: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	986.918	1	986.918	44.353	.000[b]
	Residual	4227.749	190	22.251		
	Total	5214.667	191			

a. Dependent Variable: FP
b. Predictors: (Constant), OS
Source: Field Survey (2019)

Finally, Table 9 provided information that was useful for understanding the regression equation. The study estimated the functional regression equation using the column marked unstandardized coefficient which implies that the study intends to predict and forecast. Therefore, the constant term from the result was 20.043 and the coefficient of OS was .844. Based on these results, the study reported the following regression equation predicting firm performance (FP) based on ownership structure.

FP = 15.395 + .937OS

Table 9: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	20.043	1.615		9.535	.000
	Ownership structure	.844	.078	.659	12.073	.000

c. Dependent Variable: firm performance, ownership structure
Source: Field Survey (2019)

From the decision rule, when sig values are less than .01, then the coefficient of OS is significant and vice versa. Table 8 revealed a sig vale of 0.00 thus the coefficient of OS was significant. Therefore, from Table 9, taking the values for the slope and the intercept in the resulting regression equation, the following statements were made: according to the intercept, medium-sized enterprises with clear ownership structure could have firm performance of .844 and according to the slope (using standardised coefficient), for any improvement made in the independent variable (OS), the dependent variable (FP) will increase by (.435). This implies that, ownership structure had a positive but weak significant effect on firm performance.

The study's finding was in line with a study by Shobayo and Amaghionyeodiwe (2016). They concluded that, ownership structure helps business enterprises to dictate its operations and functioning. It helps businesses to minimise risk and also prevents their management from using resources for personal gains. Also, Nakhaima (2016) disclosed that corporate governance which includes ownership structure improve the financial performance and further acts as a catalyst for SME expansion and growth.

Effect of CEO Duality on performance of medium-sized enterprises

This section presented the fourth research objective of the study in relation to the effect of CEO duality on performance of medium-sized enterprises within the Sekondi-Takoradi metropolis. CEO duality (CD) represented the independent variable whereas firm performance (FP) represented the dependent variable. Data analysis was carried out using linear regression. The regression analysis was discussed using three tables comprising model summary, ANOVA and coefficient. The regression model was evaluated by the coefficient of determination denoted by R-square (R^2). This represented the proportion of variance in the dependent variable which is linearly accounted for by the independent variable (Cohen, 1992). Table 10 gave the model summary of the output.

Table 10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.642[a]	.412	.409	4.017

d. Predictors: (Constant), CD, FP
Source: Field Survey (2019)

Table 10 displayed R, R squared, adjusted R squared, and the standard error. R was the Pearson product moment correlation coefficient which indicated the strength and direction of the linear relationship between the dependent variable (firm performance) and the independent variable (CEO duality). Hence from Table 10, OS and FP were positively correlated and the strength of the relationship was moderate at .642[a]. This finding was based on the R result. The R squared which represented the coefficient of determination is the proportion of variation in the dependent variable explained by the regression model. Thus, about (41.2%) of the variation in firm performance was explained by CEO duality. This result implies that, CEO duality explains firm performance by (41.2%), however, this variable alone cannot determine the overall performance of these firms.

Also, the Adjusted R^2 of (40.9%) explained the variation in the dependent variable that is being explained by an adjustment in the independent variable in the regression model or equation. This implies that, any adjustment made in CEO duality causes about (40.9%) change in firm performance. However, firms are expected to be clear about CEO duality in bid to maintain and improve performance levels.

Table 11 displayed the ANOVA results which provided the test significance for R and R^2 using the F-statistic. The F-statistic was the regression mean square (MSR) divided by the residual mean square (MSE). The table explains whether variation in the dependent variable can be explained by the regression model. Therefore, if the significance value of the F-statistic is small (<0.01) then the independent variable (CD) does a good job explaining the variation in the dependent variable (FP).

Table 11: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2149.017	1	2149.017	133.190	.000[b]
	Residual	3065.650	190	16.135		
	Total	5214.667	191			

a. Dependent Variable: FP
b. Predictors: (Constant), CD
Source: Field Survey (2019)

In this analysis, the sig (ρ) value of the F-stat of 133.190 was 0.000<0.01. This implies that, the R and R^2 between CEO duality (CD) and firm performance (FP) was statistically significant, and therefore CD can significantly influence FP of medium-sized enterprises. Thus, the variation in the dependent variable (FP) can be explained by the linear regression model.

Finally, the table in the SPSS output labelled coefficients (Table 12) provided information that was useful for understanding the regression equation. The study estimated the functional regression equation using the column marked unstandardized coefficient which implies that the study intends to predict and forecast. Therefore, the constant term from the result was 15.191 and the coefficient of CD was 1.091. Based on these results, the study reported the following regression equation predicting firm performance (FP) based on CEO duality.

FP = 15.191 + 1.091CD

Table 12: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	15.191	1.705		8.909	.000
CEO duality	1.091	.094	.642	11.541	.000

d. Dependent Variable: firm performance, CEO duality
Source: Field Survey (2019)

From the decision rule, when sig values are less than .01, then the coefficient of CD is significant and vice versa. The table revealed a sig value of 0.00 thus the coefficient of CD was significant. Therefore, from Table 12, taking the values for the slope and the intercept in the resulting regression equation, the following statements were made: according to the intercept, medium-sized enterprises with CEO duality produces a firm performance of 1.091 and according to the slope (using standardised coefficient), for any improvement made in the independent variable (CD), the dependent variable (FP) will increase by (64.2%). This implies that, CEO duality had a positive but moderate significant effect on firm performance. Thus, the clarity of CEO duality increases the performances of medium-sized enterprises in Sekondi-Takoradi.

It is to note that, this finding was in line with a study by Otman (2014) who carried out a study on corporate governance and firm performance in listed companies in the United Arab Emirates. The study found that, there is a positive effect of corporate governance principles and mechanisms on firm performance and that firms that implement good corporate governance enhance the performance of their businesses. Also, Ahmed and Hamdan (2015) found a positive influence of corporate governance mechanisms on performance for the entire firm in Bahrain Stock Exchange.

From the discussion, it could be concluded that all the study's research objectives were met thus corporate governance has a significant positive effect on firm performance. Therefore, medium-sized enterprises are mandated to develop corporate governance in the areas of board size, ownership structure and CEO duality in order to improve their overall performances.

Chapter Summary

The section presented the results and discussion of the study in relation to the research objectives. The study revealed that, among the determinants: attraction of investment capital, sufficient and reliable information and disclosure of information to stakeholders were the key determinants of corporate governance of medium-sized enterprises. Moreover, board size and CEO duality had positive and moderate significant effect on firm performance while ownership structure had a weak effect on the performances of medium-sized enterprises within the Sekondi-Takoradi metropolis. The next chapter presents the summary, conclusions and recommendations of the study.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The chapter presents the summary of the main findings, conclusions drawn from the findings and recommendations for policy consideration and suggestions for further research.

Summary

The purpose of the study was to examine the effect of corporate governance on the performance of medium sized enterprises in Sekondi-Takoradi Metropolis. Based on this, the following research objectives were developed in bid to:

1. assess the determinants of corporate governance at the medium enterprises in Sekondi-Takoradi Metropolis.
2. examine the effect of board size on the performance of medium enterprises in Sekondi-Takoradi Metropolis.
3. examine the effect of ownership structure on the performance of medium enterprises in Sekondi-Takoradi Metropolis.
4. examine the effect of CEO status on the performance of medium enterprises in Sekondi-Takoradi Metropolis.

The study employed the quantitative research approach and the explanatory research design due to the purpose of the study. The structured questionnaire was used to gather data from 260 randomly sampled members (owner/managers) from the population size of 762 medium enterprises. However, 193 out of the 260 questionnaires administered were reliable for the study and as such, obtained a response rate of (74.2%). The data obtained were processed using Statistical Package for Social Sciences (SPSS) version 24 and analysed using analytical tools such as frequencies, percentages, means, standard deviations and linear regression. The results were presented in tables and discussed in Chapter four. The next section presents the summary of the study's key findings.

This study provided an overview and relevant discussion on corporate governance and firm performance within academic literature. It has brought to bear relevant information that could inform policies in relation to improving current performances of medium-sized enterprises within the Sekondi-Takoradi metropolis of Ghana. Presentation below were the key findings of the study. The findings were organised according to the research objectives.

In relation to the first research objective on the determinants of corporate governance of the medium-sized enterprises within the Sekondi-Takoradi metropolis, the study found that, firms that adopt corporate governance are able to attract investment capital from external actors. This implies that, owner/managers are primarily induced to adopt corporate governance due to its ability to help them attract extra capital. Attracting investment capital has been a major challenge to medium-sized enterprises in the country basically due to reasons including poor corporate governance. However, adopting corporate governance has been found to help overcoming this challenge.

With regard to the second research objective on the effect of board size on performance of medium-sized enterprises within the Sekondi-Takoradi metropolis. The study found board size to have a positive but moderate significant effect on firm performance. This implies that, for any improvement made in a firm's board size could lead to a moderate significant increase in the performance of medium-sized enterprises. Having a reasonable board size has been found to increase accountability of individual directors, encourage transparency, ensure smooth decision-making processes which in turn enhance individual and organisational performances.

With regard to the third research objective on the effect of ownership structure on performance of medium-sized enterprises within the Sekondi-Takoradi metropolis. The study found ownership structure to have a positive but weak significant effect on firm performance. This implies that, for any improvement made in a firm's ownership structure could lead to a weak significant increase in the performance of medium-sized enterprises. Firms with unclear or poor ownership structure primarily leads to poor sense of direction, poor strategic plans, unclear roles of management and exposure to numerous risks. These in turn affect individual and firm performances of these enterprises. thus, having a clear ownership structure leads to clear control over one's business enterprise and in turn enhance firm performance.

Finally, the fourth research objective examined the effect of CEO duality on the performance of medium-sized enterprises within the Sekondi-Takoradi metropolis. The study found CEO duality to have a positive but moderate significant effect on firm performance. This implies that, firms with a clear CEO duality increase their performances. This is because, with CEO duality, the board chairman serves as the executive and plays the decision-making simultaneously which could fast-track decision making and ensuring effective monitoring and control. Thus, firms with a clearly defined CEO duality reduce the tendency of having a manager seek his/her personal interest even though he/she occupies two positions at the same time.

Conclusions

The aim of the study was to investigate corporate governance and performance of medium-sized enterprises within the Sekondi-Takoradi metropolis. Four specific objectives were set to help investigate the issue. These objectives have been achieved to a large extent. For instance, with regard to objective one, the study revealed that, corporate governance is primarily and majorly determined by possibility of obtaining investment capital. This result supports previous empirical studies that indicate that corporate governance enables firms to easily access investment capital from external partners. Based on this result, the study concluded that, corporate governance plays important roles for medium-sized enterprises that intend to acquire investment capital from external sources especially investors.

With regards to the second research objective, the study revealed that, board size has a positive significant and moderate effect on performance of medium-sized enterprises. As such, having an appropriate board size enables firms to have clear organisational structure, establish proper chain of command and avoid duplication of decision-making processes. This result supports previous empirical studies that indicates that, having a reasonable board size (small or large) is beneficial to the development of medium-sized enterprises. Based on this result, the study concludes that, the size of a firm's board is a key contributor to its overall performances.

In terms of the third research objective, the study revealed a positive significant effect of ownership structure on the performance of medium-sized enterprises. Having a clear ownership structure primarily leads to proper sense of direction and focus, clear managerial roles and minimises business risks. This result supports previous empirical studies that indicate that firms with clear ownership structures are able to improve upon their corporate governance levels and in turn overall firm performances. Based on this result, the study concludes that, the ownership structure of a firm contributes significantly to its growth and development. It is therefore an important aspect of corporate governance which firms can never underemphasised.

In relation to the fourth research objective, it was revealed that, CEO duality has a positive significant effect on the performance of medium-sized enterprises. Medium-sized enterprises have been characterised with having one person performing dual roles mostly as a CEO and chair of the firm's board. Although, having one person performing these key roles could lead to conflict of interest in some decisions, some empirical studies have argued that it can lead to faster decision-making processes which could benefit the firm. Based on this result, the study concluded that, having a clear CEO duality helps to increase the performances of medium-sized enterprises in Sekondi-Takoradi.

Recommendations

On the strength of the research findings and conclusions made, the following recommendations are hereby made.

The study exposed medium-sized enterprises to the fact that, the ease with which one accesses investment capital from external parties is largely dependent on corporate governance. Based on this, the study recommends that, management of medium-sized enterprises should include corporate governance in their overall strategic plans. This will ensure that the firm implement policies that emphasise on corporate governance. Having a clearly structured corporate governance will entice investors to invest in the firm and in turn help them to achieve its set targets.

The study also recommended that, there is an urgent need to train and educate owner/managers of medium-sized enterprises about the importance of conforming with corporate governance traditions and principles which includes board size. This can be done through running corporate governance workshops and conferences to provide adequate training and expose owner/managers on the need to have the right board size for their respective enterprises. for instance, a training institution can be established to promote corporate governance awareness in these medium-sized enterprises.

The study further recommended that, management of these enterprises should establish a policy to guide the ownership structure of their respective firms. The policy should contain clear roles for each of the actors in the structure including investors, family members, managers and employees. This will help guide the activities of each actor and in turn help to improve the firm's overall performance.

Finally, the study recommended that, management of medium-sized enterprises should implement policies that guide the practices of their owner/managers who perform dual roles. The policy should clearly indicate the respective roles of the owner/manager in regards to each of the positions. This policy should also focus on transparency, accountability and clarity in decision-making processes. this will prevent the owner/manager from abusing his/her offices to acquire personal gains/benefits and in turn help them to establish relevant decisions to ensure improved firm performances.

Suggestions for Further Research

Although the study provides useful insight into corporate governance and performance of medium-sized enterprises, the results cannot be generalised to all enterprises in Ghana. This is because, the study relied on the opinions and suggestions of owner/managers within the Sekondi-Takoradi metropolis. To ensure better generalisation of findings, the study suggests that further research should focus on a broader based research by including other medium-sized enterprises in the country. Therefore, a broader-based study can look at, corporate governance and performance of medium-sized enterprises in Ghana. Finally, further research could consider linking the determinants of corporate governance to the characteristics of the medium-sized enterprises.

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APPENDICE

QUESTIONNAIRE

Dear Sir/Madam,

I am a Master student from the Department of Accounting, UCC. I am carrying out my Dissertation work on the topic **"Corporate Governance and Performance of medium sized enterprises in Sekondi-Takoradi Metropolis"**. Your views are very much important to the study. Every information you provide would remain highly confidential. Thanks for accepting to participate in the study.

SECTION A: SOCIO-DEMOGRAPHIC INFORMATION

1. Sex

   Male [ ] Female [ ]

2. Age Group

   18-30 [ ] 31-40 [ ]

   41-50 [ ] 51-60 [ ]

3. Level of education

   No Education [ ] Basic Education [ ] SHS Education [ ]

   Certificate [ ] Diploma [ ] Degree [ ]

4. Marital Status:

   Single [ ] Married [ ] Divorced [ ] Widow/Widower [ ]

CHARACTERISTICS OF THE FIRM

5. Nature/Type of Business: ……………………………………………….
6. Number of years in operation: ………………………………………….
7. Size of the Board of Directors……………………………………….
8. The post of the Chief Executive Officer and the Board Chair is occupied by:

   One/Same person [ ] Separate Persons [ ]

9. Ownership Structure

   Firm controlled by Individuals [ ] Sole Concern Owner [ ]

   Family firms [ ] Partnership of Individuals [ ]

SECTION B: DETERMINANTS OF CORPORATE GOVERNANCE

10. On a scale of 1 – 5, please rate your level of agreement to each of the following statement. **With 1 – Least Agreement and 5 – Highest Agreement**

	Factors	**1**	**2**	**3**	**4**	**5**
1	Corporate governance ensures that the firm acts in accordance with the interest of stakeholders					
2	With corporate governance, my firm has strong legal controls and law enforcement systems					
3	Rights and responsibilities of the firm's stakeholders are clearly distributed					
4	Stakeholders have the right to freely communicate their concerns about illegal or unethical practices to the management					
5	Stakeholders have the right to obtain sufficient and reliable information on a timely basis					
6	The objectives of the firm are disclosed to the stakeholders					
7	Clear channels are established for distribution of information					
8	Information is prepared and disclosed in accordance with established procedures					
9	Corporate governance reduces risks associated with the firm					
10	The financial and operating results of the firm are disclosed to ensure transparency					
10	The organisational structure ensures accountability					

	Corporate governance helps to attract investment capital from interested parties					

SECTON C: CORPORATE GOVERNANCE PRINCIPLES

1. On a scale of 1 – 5, please rate your level of agreement to each of the following statement. **With 1 – Least Agreement and 5 – Highest Agreement**

	Factors	1	2	3	4	5
	BOARD SIZE					
1	The firm's board size ensures increased monitoring and control					
2	The size of the board gives room for effective communication					
3	The firm's board is more effective in decision making due to its size					
4	There is easy coordination among members of the board due to its size					
5	There is high level of independency of the board					
6	The firm's board size does not make room for social loafers or free-ridders					
	OWNERSHIP STRUCTURE					
1	The structure ensures active monitoring and control of firm activities					
2	The structure strengthens the commitment levels of owner(s) or manager(s)					
3	There is easy management of firm's activities					

4	The structure ensures effective conflict management whenever conflict arises					
5	The structure restricts possession of excessive power					
	CEO DUALITY					
1	It provides efficient checks and balances over behavior of the owner(s)/manager(s)					
2	It prevents owner(s) or manager(s) from seeking personal interest at the expense of stakeholders					
3	It defines the boundaries between management's monitoring function and decision control function					
4	It ensures efficient allocation of resources					
5	With CEO Duality, the firm's board gains independence and monitoring power					

Section D: MEASUREMENT OF FIRM PERFORMANCE

For each of the following statements, please indicate the response that best expresses the extent to which you agree with that statement. **The ratings range from 1 to 5; where 1= Least agreement, and 5= Highest agreement.**

Statement	**1**	**2**	**3**	**4**	**5**
D1. The Returns of Sales (ROS) of my business can be used to measure its performance					
D2. Growth in my business' market share can be used to measure its performance					
D3. My firm's performance is measured using Return on Assets (ROA)					

D4. The returns on the capital I invest in my business can be used to measure its performance					
D5. The profit margin of my business can be used to measure its performance					
D6. My firm's performance is measured based on its operational income					
D7. The asset base of my business measures its performance					
D8. The cash flow of my business measures its performance					
D9. Percentage of products returned by customers measures its performance					
D10. Satisfaction of my business' customers measures its performance					

THANK YOU FOR YOUR PARTICIPATION

Appendix B

Table 3.1

Table for Determining Sample Size of a Known Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size *Source: Krejcie & Morgan, 1970*