Board demographic characteristics and governance practices of SOEs in Ghana

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ABSTRACT

Across the globe and particularly in the developing country settings, there has been an upsurge of interests from businesses, academics and policy-makers alike in understanding the relationship between corporate board characteristics and governance practices of State-Owned Enterprises (SOEs). This understanding especially in post-pandemic era would aid in formulating best policies for optimal performance of the SOEs. The aim of this study was to investigate the influence of board characteristics on corporate governance practices in SOEs in Ghana. Utilizing a structured questionnaire, data was collected from employees across various SOEs and analysed through Smart-PLS structural equation modelling. The findings indicate that board demographic characteristics have a significantly positive impact on governance practices, underscoring the importance of diversity in board composition. This outcome highlights the need for SOE policymakers to prioritize board diversity to enhance governance efficacy. This research enriches the literature on corporate governance in the developing country context and has practical implications for enhancing SOE management and performance. It also provides a foundation for future research to explore the dynamics of board characteristics in different contexts.

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governance procedures of state-owned enterprises (SOEs) in Ghana and their wider societal effects. The statement highlights the correlation between efficient governance and the advancement of Sustainable Development Goal (SDG) 16, which aims to foster peace, justice, and robust institutions. This paper examines the governance of state-owned enterprises (SOEs) in relation to the Sustainable Development Goals (SDGs). It emphasises the important role that these organisations have in promoting societal trust, guaranteeing accountability in the public sector, and driving sustainable development. Ghana's distinctive circumstances, characterised by its changing governance environment and legislative obstacles, offer a significant viewpoint on the incorporation of corporate governance into global development goals.

The Ghanaian background provides a distinctive environment for our investigation. Although corporate governance has evolved with the introduction of recommendations such as the Securities and Exchange Commission (SEC) 2002 Code of Best Practices, effectively implementing and enforcing these governance measures continues to be a major difficulty. The frequent changes in leadership within state-owned enterprises (SOEs) in Ghana have had a negative impact on the effectiveness of corporate governance (Parker et al., 2002) (Alabdullah et al., 2022; Adegbite, 2012). The primary obstacle is the absence of efficient enforcement measures and the problem of director independence, as a significant number of directors are government officials (Alabdullah et al., 2022).

This paper seeks to address the research vacuum by examining the correlation between board characteristics and governance practices of state-owned enterprises (SOEs) in Ghana. Due to the scarcity of empirical research in this field, especially in the context of Ghana, this study aims to comprehend the distinctive dynamics involved.

The remaining sections of the paper are organised in the following manner: The second section presents a comprehensive examination of pertinent literature and the formulation of hypotheses. The methods utilised is described in the third part. The fourth component encompasses the outcomes and analysis. The investigation is concluded in the final section, which also explores the implications of the findings.

**Literature Review**

**Theoretical and conceptual background**

**The underlying theories**

The foundation of our analysis is rooted in four theories. The first is the agency theory, which posits a potential conflict of interest between the management (agents) and shareholders (principals) (Jensen & Meckling, 1976). This theory underscores the importance of governance mechanisms, including the board of directors, in mitigating these conflicts by ensuring that management's actions align with shareholders' interests (Fama & Jensen, 1983). Another theoretical lens is the resource dependence theory, which underscores the importance of board members as vital resources providing access to essential and diverse knowledge, expertise, and networks based on the diversity of their demographic characteristics (Pfeffer & Salancik, 1978). Additionally, the Upper Echelons Theory (Hambrick & Mason, 1984) suggests that the characteristics of top executives, including their demographic backgrounds, significantly influence organizational outcomes. This theory implies that a diverse board, reflecting varied experiences and perspectives, can lead to better strategic decisions and improved governance practices. Furthermore, the Social Identity Theory (Tajfel & Turner, 2004) posits that individuals' self-concepts are derived from their membership in social groups. This theory can be used to explain how diversity within a board can affect group dynamics and decision-making processes. A diverse board may benefit from a broader range of perspectives and reduced groupthink, leading to more innovative and effective governance practices.

**Governance Practices**

Although governance practices can be conceptualised in many ways, our study focussed on five aspects namely board independence, transparency, accountability, fairness, and risk management.

**Board Independence:** The independence of board members is a cornerstone of effective governance. Independent directors, free from conflicts of interest, are better positioned to provide unbiased oversight and protect shareholders' interests. Studies by (Aribi, 2015) and (Alabdullah et al., 2022) have demonstrated the critical role of board independence in enhancing corporate governance quality. Regulatory frameworks across various jurisdictions underscore the importance of independence by setting guidelines for the composition of boards.

**Board Transparency:** Transparency in board operations is vital for accountability and trust. The dissemination of accurate and timely information to stakeholders supports informed decision-making and enhances the firm's value (Bernstein & Fredette, 2023). For SOEs, where accountability to the public is paramount, transparency is particularly crucial.

**Board Accountability:** Accountability mechanisms ensure that board members are answerable to shareholders and other stakeholders for their decisions and actions. This concept is essential for maintaining a culture of responsibility within the organization, driving boards to act in the best interests of the firm and its stakeholders.

**Board Fairness:** Fairness involves equitable treatment of all stakeholders, adherence to ethical standards, and transparent decision-making processes. A fair governance structure supports the long-term success and sustainability of the organization by building a foundation of trust and integrity.
**Board Risk management:** As alluded by Krishnamoorthy (2024), corporate board risk management refers to the oversight and governance responsibilities that a company's board of directors holds in identifying, assessing, and managing risks that could impact the organization. This involves setting the tone and culture for risk management throughout the company, ensuring that appropriate risk management processes and systems are in place, and that these are integrated into the strategic planning and decision-making processes (Krishnamoorthy, 2024). This oversight ensures that the company proactively manages risks in a way that supports its ability to achieve its goals, protects shareholder value, and complies with regulatory requirements. This definition is consistent with the principles outlined in corporate governance and risk management best practices, reflecting the strategic, oversight, and governance role of the board in shaping and guiding an organization's approach to risk management.

**Demographic Characteristics**

Diversity in board composition, encompassing gender, ethnicity, age, and expertise, enriches decision-making and mitigates the risks associated with homogeneous thinking, known as groupthink. Gender diversity, as highlighted by (Miller & Del Carmen, 2009) and Konrad et al., (2008), brings varied perspectives and enhances governance. Similarly, ethnic and cultural diversity (Barbosa et al., 2023; Tarigan et al., 2018) and age diversity (Atagboro & Ogiiri, 2022; Royall et al., 2021) contribute to a broader range of viewpoints and experiences, fostering a more inclusive and diligent governance environment. Moreover, the board's optimal size, suggested to be between 7 and 12 members (van Essen et al., 2013), facilitates effective oversight and decision-making.

**Hypothesis development**

Board demographic characteristics (BDC) have been normatively and empirically linked to governance practices within the corporate governance discourse. From a normative stance, Nielsen and Huse (2010) emphasized the impact of demographic diversity on board effectiveness, suggesting that a mix of genders, ages, and ethnic backgrounds contributes to a broader range of perspectives and better decision-making. van Essen et al., (2013), also suggest that an optimal board size facilitates effective oversight and decision-making. Premised on agency theory, Jensen and Meckling (1976) and Fama and Jensen (1983) argue that a well-composed board serves as a crucial governance mechanism to align the interests of management with those of the shareholders, thereby mitigating potential conflicts of interest. Empirically, Carter et al. (2003) demonstrated that gender diversity on boards is associated with improved financial performance, reinforcing the significance of diverse demographic characteristics. Similarly, Royall et al al (2021) and Atagboro (2022) demonstrated the value of age diversity in enriching decision-making and governance practices. These authors found that experience and maturity associated with age is instrumental in fostering an independent and fair governance environment, supporting the agency theory's emphasis on competent and unbiased oversight as a means to reduce agency costs. The findings of Konrad et al. (2008) and Miller & Del Carmen (2009), highlight the benefits of gender diversity on board dynamics and governance quality. A study by Ghofar (2024) showed that diverse boards tend to consider a broader range of risk factors, which can positively influence liquidity-related decisions. Similarly, a higher proportion of Non-Executive Directors bring external insights and varied industry experience, leading to better risk management decisions (Apriliyanti et al., 2023). These normative assertions and empirical findings lead us to the following hypotheses.

- $H_1$: Board demographic characteristics influence board accountability.
- $H_2$: Board demographic characteristics influence board fairness.
- $H_3$: Board demographic characteristics influence board independence.
- $H_4$: Board demographic characteristics influence board risk management.
- $H_5$: Board demographic characteristics influence board transparency.

These hypotheses are grounded in the broader literature on board characteristics and organizational performance. The research highlights the potential of demographic diversity within boards to contribute significantly to the effectiveness and efficiency of SOEs, which is particularly relevant in the context of SOEs in Ghana.

**Conceptual frameworks**

The conceptual framework for this study is anchored on the premise that board characteristics significantly influence the corporate governance practices within State-Owned Enterprises (SOEs) in Ghana. Drawing from a comprehensive review of literature and theories on board governance (Huse, 2007; Gabrielson & Huse, 2004), the framework delineates board demographic characteristics as the independent variable. This includes observable attributes such as age, gender, ethnicity, and tenure of board members. Board demographic characteristics is theorized to interact with and shape the governance practices within SOEs. These governance practices, as the dependent variable in this study, include aspects such as risk management, transparency, accountability, and fairness. These practices play a pivotal role in the overall performance and trustworthiness of SOEs, reflecting the principles of good corporate governance. The model is structured to allow for the testing of direct relationships between the independent variables (board demographic characteristics) and the dependent variable (governance practices of SOEs). The approach is informed by existing knowledge on corporate governance, specifically the work of Gunday et al. (2011), which examines the impact of various types of innovation on firm performance. Similarly, this study utilizes Structural Equation Modelling (SEM) to explore the direct effects of board characteristics on governance practices.
**Figure 1:** The hypothesised conceptual framework

The model proposes that board demographic characteristics (size, composition, and ethnic diversity) significantly influence various aspects of corporate governance, such as accountability, fairness, independence, risk management, and transparency.

**Research and Methodology**

To explore the relationship between board characteristics and corporate governance practices in State-Owned Enterprises (SOEs) in Ghana, a cross-sectional study was conducted. This approach, ideal for examining current phenomena, involved surveying SOEs across various sectors in Ghana, particularly in major economic regions. The decision to focus on these regions was guided by the concentration of SOEs, ensuring a representative sample across different industries. The data collection method entailed surveying board members and senior managers of these SOEs, aiming for a comprehensive sample size of around 100-150 SOEs, to ensure robust statistical analysis.

Variables related to board characteristics and corporate governance practices were measured using structured survey questions, adapted from established governance frameworks in the literature. These included aspects like board diversity, expertise, independence, transparency, and accountability. A 5-point Likert scale was used for responses, allowing for nuanced assessment of perceptions and practices. Financial performance was measured through perceptual indicators, as obtaining objective financial data from SOEs can often be challenging. This approach aligns with the recommendations by researchers who advocate for the use of managerial self-reporting in the absence of objective data (Lubatkin et al., 2006).

Data analysis was conducted using SPSS (version 21) and Smart PLS 4, employing Structural Equation Modelling (SEM). This variance-based approach is suited for examining causal relationships between variables, managing measurement errors effectively (Hair et al., 2019). The study followed the two-step approach of SEM analysis (Anderson & Gerbing, 1988), beginning with the measurement model to establish the validity and reliability of constructs. The structural model then assessed the relationships between board characteristics, governance practices, and SOE performance. This method, recommended for exploratory studies (Farooq & Radovic-Markovic, 2017), provided a thorough understanding of the underlying dynamics within Ghana's SOEs.

**Findings and Discussion**

**Measurement model**

The measurement model was evaluated using factor loadings (FL), composite reliability (CR), and Average Variance Explained (AVE) for constructs related to board characteristics and corporate governance practices. The factor loadings for all items exceeded the threshold of 0.6, establishing convergent validity, and the AVE for each construct was greater than the minimum requirement of 0.5. The CR for all constructs was above the recommended value of 0.7, signifying reliable scales for the study.

**Instrument reliability and validity statistics**

The instrument's reliability was affirmed, as all constructs yielded Cronbach's alpha values well above the conventional acceptability threshold of 0.70, indicating strong internal consistency (Vaske et al., 2017; Adamson & Prion, 2013). The high Cronbach's alpha scores across the constructs demonstrate the reliability of the survey instrument used in the study. Convergent validity was confirmed with all constructs demonstrating Average Variance Extracted (AVE) values above the 0.5 threshold, indicating a substantial level of variance captured by the constructs (Fornell & Larcker, 1981).
Table 1: Validity and reliability statistics

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Cronbach's alpha</th>
<th>Composite reliability (ρ₀ₐ)</th>
<th>Composite reliability (ρ₀ₐ)</th>
<th>Average variance extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B_ACCTA</td>
<td>0.938</td>
<td>0.943</td>
<td>0.953</td>
<td>0.801</td>
</tr>
<tr>
<td>B_FRNS</td>
<td>0.941</td>
<td>0.941</td>
<td>0.955</td>
<td>0.811</td>
</tr>
<tr>
<td>B_INDP</td>
<td>0.934</td>
<td>1.016</td>
<td>0.945</td>
<td>0.775</td>
</tr>
<tr>
<td>B_RMNT</td>
<td>0.960</td>
<td>0.962</td>
<td>0.969</td>
<td>0.861</td>
</tr>
<tr>
<td>B_TRANS</td>
<td>0.889</td>
<td>0.932</td>
<td>0.914</td>
<td>0.681</td>
</tr>
</tbody>
</table>

Descriptive statistics

A large majority (78.9%) of board members in Ghanaian SOEs are non-executive directors, indicating a governance structure that relies significantly on external, independent oversight. The board members predominantly hold higher educational degrees, with the majority possessing master's degrees (58.5%). This is followed by those with bachelor's degrees (19.0%) and PhDs (14.9%), highlighting a trend towards higher academic qualifications in board selection. There is a notable gender imbalance, with male board members (69.3%) significantly outnumbering female members (30.7%). This indicates a potential challenge in achieving gender parity in board compositions. The age distribution skews towards older members, with the majority being classified as elderly (57.0%). Middle-aged members constitute a significant portion (30.4%), while very old and youth members are less represented. Marketing is the most common area of expertise among board members (30.1%), followed by accounting and finance (17.5%) and human resources (14.9%). Notably, expertise in information technology is absent. There is a preference for board members with significant professional experience, with most having advanced-career-level experience (44.4%). Mid-career professionals also form a considerable group.

Table 2: Frequency distribution of board demographics of Ghana’s SOEs

<table>
<thead>
<tr>
<th>Board Characteristics</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board Composition</strong></td>
<td></td>
</tr>
<tr>
<td>Non-Executive Directors</td>
<td>270 (78.9)</td>
</tr>
<tr>
<td>Executive Directors</td>
<td>72 (21.1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>342 (100)</strong></td>
</tr>
<tr>
<td><strong>Gender Diversity</strong></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>105 (30.7)</td>
</tr>
<tr>
<td>Male</td>
<td>237 (69.3)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>342 (100)</strong></td>
</tr>
<tr>
<td><strong>Age Diversity</strong></td>
<td></td>
</tr>
<tr>
<td>Youth</td>
<td>6 (1.8)</td>
</tr>
<tr>
<td>Middle age</td>
<td>104 (30.4)</td>
</tr>
<tr>
<td>Elderly</td>
<td>195 (57.0)</td>
</tr>
<tr>
<td>Very old</td>
<td>37 (10.8)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>342 (100)</strong></td>
</tr>
<tr>
<td><strong>Diversity in Expertise</strong></td>
<td></td>
</tr>
<tr>
<td>Accounting &amp; Finance</td>
<td>60 (17.5)</td>
</tr>
<tr>
<td>Marketing</td>
<td>103 (30.1)</td>
</tr>
<tr>
<td>Human Resources</td>
<td>51 (14.9)</td>
</tr>
<tr>
<td>Information Technology</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td>Risk Management</td>
<td>13 (3.8)</td>
</tr>
<tr>
<td>Audit</td>
<td>17 (5.0)</td>
</tr>
<tr>
<td>Other</td>
<td>98 (28.7)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>342 (100)</strong></td>
</tr>
<tr>
<td><strong>Diversity in Level of Business and Management Experience</strong></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>11 (3.2)</td>
</tr>
<tr>
<td>Early career</td>
<td>40 (11.7)</td>
</tr>
<tr>
<td>Mid-career</td>
<td>139 (40.6)</td>
</tr>
<tr>
<td>Advanced career</td>
<td>152 (44.4)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>342 (100)</strong></td>
</tr>
</tbody>
</table>
Goodness of Fit (GOF)

The Goodness of Fit (GoF) for the model was assessed using the GoF formula (Tenenhaus et al., 2005), taking into account the average AVE and R² for dependent variables. The obtained GoF was 0.50, which falls into the large GoF category as per Wetzels et al. (2009) classifications, suggesting the model fit is acceptable.

Structural Model

The hypothesized relationships were tested using the bootstrapping technique with 5000 sub-samples in Smart-PLS. Multicollinearity was assessed via variance inflation factor (VIF) scores, all of which were below the threshold of 3.3, indicating no multicollinearity issues (Hair et al., 2014; Diamantopoulos & Siguaw, 2006). The absence of common method bias was also confirmed (Kock, 2015). The results showed that Board Demographic Characteristics have significant influences on governance practices of SOEs, with path coefficients indicating positive relationships.

The analysis revealed nuanced findings regarding the impact of board characteristics on corporate governance practices. Demographic characteristics such as board size, age, and gender showed varying degrees of influence.

i. Board size was positively associated with Board Fairness and Board Independence, suggesting that larger boards might be more effective in ensuring fair and independent governance practices.

ii. Middle-aged and elderly board members were found to contribute positively to Board Independence, with middle-aged members also positively affecting Board Fairness.

iii. A higher proportion of female board members was associated with greater Board Transparency, indicating that gender diversity may enhance the openness of governance practices.

Figure 1: Board size and corporate governance practices

Figure 2 illustrates the relationships between board size and various corporate governance practices. The arrows connecting "Board size" to different governance practices indicate the strength and direction of these relationships, quantified by the numerical values (likely standardized coefficients).

The relationship between board size and risk management is very weakly positive, suggesting that changes in board size have a minimal impact on risk management practices. There is a weak positive relationship between board size and board independence. A larger board slightly contributes to increased independence among board members, though the effect is not strong. The relationship between board size and board fairness is positive but weak, suggesting that larger boards might contribute slightly more to fair practices. The relationship between board size and board transparency is very weakly positive, almost negligible, indicating that board size has little to no impact on the transparency of board practices. The relationship between board size and board accountability is weakly positive, implying that an increase in board size may slightly enhance accountability measures.

The relationship between board size and board fairness (B_FRNS) has the highest coefficient among the weak relationships, suggesting that larger boards might promote slightly fairer practices. Board size has weak positive relationships with board risk management (B_RMNT), board independence (B_INDP), board transparency (B_TRANS), and board accountability (B_ACCTA), indicating that increasing board size has limited influence on these governance practices.
The relationships between the proportion of NEDs and both board independence (B_INDP) and board fairness (B_FRNS) are moderate and positive. This indicates that having more NEDs significantly contributes to the independence and fairness of the board.

The relationships between the proportion of NEDs and risk management (B_RMNT), transparency (B_TRANS), and accountability (B_ACCTA) are weak. The negative relationship with transparency suggests that higher NED proportions might slightly decrease transparency.

The relationship between the presence of female directors and board transparency (B_TRANS) has the highest coefficient, indicating that having more female directors significantly enhances the transparency of board practices. The presence of female directors has weak positive relationships with board risk management (B_RMNT), board independence (B_INDP), board fairness (B_FRNS), and board accountability (B_ACCTA), suggesting that increasing the number of female directors has limited but positive influence on these governance practices.
Figure 5 below illustrates the relationships between age diversity among board members and various corporate governance practices. The arrows connecting different age groups (Youth, Middle-aged, Elderly, and Very Old) to the governance practices indicate the strength and direction of these relationships, quantified by the numerical values (likely standardized coefficients). The relationship between youth board members and the various governance practices is generally weak and not statistically significant. This suggests that having younger members on the board has minimal impact on the governance practices of SOEs in Ghana.

In contrast, the relationship between middle-aged board members and board independence is positive and moderately strong, indicating that the presence of middle-aged members significantly enhances the independence of the board. There is also a positive relationship between middle-aged board members and board fairness, though it is slightly weaker than for independence, suggesting that middle-aged members contribute to fairer practices within the board. The impact of middle-aged members on board accountability and risk management is positive but relatively weak, implying that while they do contribute to these practices, their influence is not as pronounced. The relationship between middle-aged members and board transparency is weakly negative, indicating that their presence might slightly reduce transparency, though this effect is not strong.

The relationship between elderly board members and board independence is positive and moderately strong, similar to middle-aged members, suggesting that elderly members also play a significant role in enhancing board independence. The relationship between elderly members and board fairness is positive but not as strong as for independence, indicating a contribution to fairness, albeit to a lesser extent. The impact of elderly members on board accountability is weakly positive, suggesting a slight enhancement in accountability measures. The influence of elderly members on risk management is positive but weak, indicating a minor contribution to this practice. The relationship between elderly members and board transparency is negligible, suggesting little to no impact on transparency.

The relationships between very old board members and the various governance practices are generally weak and not statistically significant, suggesting that having very old members on the board has minimal impact on governance practices.

These findings suggest that certain board demographic characteristics are critical factors in enhancing specific aspects of corporate governance within SOEs in Ghana.

Table 3: Board demographic characteristics and corporate governance practices

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

**Hypothesis Testing**

The analysis revealed following

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Sig (0.05)</th>
<th>Accept/Reject</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Influence of Board Demographic Characteristics on Board Accountability</td>
<td>p = 0.064</td>
<td>Reject</td>
<td>Board demographic characteristics do not have a significant influence on Board Accountability.</td>
</tr>
<tr>
<td>H2: Influence of Board Demographic Characteristics on Board Fairness</td>
<td>p = 0.012</td>
<td>Accept</td>
<td>Board demographic characteristics significantly influence Board Fairness.</td>
</tr>
<tr>
<td>H3: Influence of Board Demographic Characteristics on Board Independence</td>
<td>p = 0.007</td>
<td>Accept</td>
<td>Board demographic characteristics significantly influence Board Independence.</td>
</tr>
<tr>
<td>H4: Influence of Board Demographic Characteristics on Board Risk Management</td>
<td>p ≥ 0.05</td>
<td>Reject</td>
<td>Board demographic characteristics do not have a significant influence on Board Risk Management.</td>
</tr>
<tr>
<td>H5: Influence of Board Demographic Characteristics on Board Transparency</td>
<td>p = 0.002</td>
<td>Accept</td>
<td>Board demographic characteristics significantly influence Board Transparency.</td>
</tr>
</tbody>
</table>

**Discussion**

The association between board size and enhanced Board Fairness and Board Independence aligns with the insights provided by Van Essen et al. (2013), who suggest that an optimal board size facilitates effective oversight and decision-making. This finding is underpinned by the premise of agency theory (Jensen & Meckling, 1976; Fama & Jensen, 1983) that a well-composed board serves as a crucial governance mechanism to align the interests of management with those of the shareholders, thereby mitigating potential conflicts of interest.

The positive contribution of middle-aged and elderly board members to Board Independence and Board Fairness resonates with the argument by (Royall et al., 2021) and (Atagboro & Ogiriki, 2022) regarding the value of age diversity in enriching decision-making and governance practices. The experience and maturity associated with age can be instrumental in fostering an independent and fair governance environment, supporting the agency theory's emphasis on competent and unbiased oversight as a means to reduce agency costs.

Furthermore, the positive correlation between a higher proportion of female board members and Board Transparency is supported by the findings of Konrad et al., (2008) and Miller & Del Carmen (2009), who highlight the benefits of gender diversity on board dynamics and governance quality. Female directors' unique perspectives and leadership styles contribute to a culture of openness, aligning with Sessler Bernstein & Fredette (2023)'s emphasis on the importance of transparency for informed decision-making and accountability. This observation underscores the agency theory's proposition that a diverse board composition is more effective in
monitoring management actions, ensuring that the enterprise operates in a transparent and accountable manner that aligns with shareholder interests.

Resource dependence theory, for instance, underscores the importance of board members as vital resources providing access to essential knowledge, expertise, and networks (Pfeffer & Salancik, 1978). This perspective suggests that diverse demographic characteristics should theoretically enhance governance by enriching the board’s resource base. However, the specific organizational and environmental context of Ghana’s SOEs might mediate or moderate the effectiveness of these resources, a possibility that warrants further exploration.

Empirical studies focusing on board diversity have highlighted the benefits of demographic characteristics, such as gender (Miller & Del Carmen, 2009; Konrad et al., 2008) and age diversity (Atagboro & Ogiriki, 2022; Royall et al., 2021), in enhancing governance outcomes.

**Conclusion**

This study sought to evaluate the impact of board demographic characteristics on corporate governance practices in state-owned enterprises (SOEs) in Ghana, with a specific focus on the demographic parameters of board members. The analysis, based on empirical data, offers a detailed comprehension of how these attributes influence governance practices such as Board Accountability, Board Fairness, Board Independence, Board Risk Management, and Board Transparency.

The results of our study indicate that the demographic characteristics of the board have a substantial impact on various aspects of governance. Our research specifically revealed that the demographic characteristics of the board have a considerable impact on board fairness, board independence, and board transparency. These findings indicate that having a diverse board, with members of different ages and genders, improves the quality of governance by promoting justice, independence, and transparency in decision-making.

These results are consistent with the theoretical foundations of agency theory, which suggests that a well-structured board may successfully match the activities of management with the interests of shareholders, thus reducing possible conflicts of interest. Demographic diversity, including factors such as age and gender, has a favourable effect on Board Independence. This aligns with the agency theory’s claim that independent and diverse boards are more capable of offering impartial supervision and ensuring accountability. This alignment decreases the expenses associated with agency issues and improves the overall efficiency of governance practices inside state-owned enterprises (SOEs).

The findings align with resource dependence theory, which emphasises the significance of board members as essential resources that grant access to a wide range of information, experience, and networks. The idea suggests that gender diversity has a substantial impact on Board openness. This is because diverse boards offer a wider array of perspectives and knowledge, which in turn improves the quality and openness of governance procedures. Incorporating diverse demographic characteristics enhances the board’s pool of resources, resulting in more knowledgeable and efficient decision-making.

The conclusions are further supported by the upper echelons theory, which suggests that the qualities of top executives, such as their demographic backgrounds, have a major impact on organisational performance. The notion is supported by the favourable correlations observed between board demographic characteristics and governance measures such as Board Fairness and Board Independence. A board with a diverse membership, which includes individuals with different experiences and perspectives, leads to more effective strategic decision-making and better governance practices, ultimately improving the overall quality of governance.

Furthermore, the beneficial influence of demographic diversity on governance practices can be comprehended by examining social identity theory. This idea suggests that people’s self-perceptions are influenced by the social groups they belong to, and having a diverse board can enhance the dynamics of the group and the quality of decision-making. The improved equity and openness of the board, resulting from gender diversity, emphasise the advantages of having a varied board that encompasses many viewpoints. This can mitigate the tendency towards conformity and encourage more inventive and efficient governance methods.

To summarise, the study’s conclusions are firmly substantiated by these fundamental theories. The empirical evidence shows that the demographic characteristics of the board, specifically age and gender diversity, have a significant impact on improving governance standards in state-owned enterprises (SOEs) in Ghana. The significance of increasing diversity in board composition to achieve improved governance outcomes is emphasised by this theoretical alignment. This contributes to the wider discussion on corporate governance and its effects on organisational performance and responsibility.

Firstly, policymakers and regulators should take into account the evidence that highlights the significance of demographic diversity in the makeup of state-owned enterprise (SOE) boards. This is a way to improve corporate governance. This study adds to the current discussion on corporate governance in state-owned enterprises (SOEs), highlighting the crucial influence of board membership on governance results. The research emphasises the importance of demographic characteristics in influencing governance mechanisms and highlights the necessity of a comprehensive approach to board membership.

Further investigation in this field is crucial as it has the potential to reveal more profound understanding of the mechanisms of corporate governance and its impact on organisational performance and accountability. Furthermore, these findings emphasise the
necessity for researchers to explore the influence of cognitive traits on governance and expand their analysis to various organisational settings or include additional factors that could potentially mediate or mitigate their effects.

Value of the study

The study is a noteworthy contribution to the existing body of knowledge on corporate governance, specifically in relation to State-Owned Enterprises (SOEs) in Ghana, which is an area that has received less attention. The main advantage of this approach is its thorough examination, which is achieved by employing a strong methodology using Smart-PLS structural equation modelling. This statistical methodology improves the dependability of the results. Moreover, the study is enhanced by a heterogeneous sample, including a broad spectrum of employees from different state-owned enterprises. The presence of many perspectives guarantees a comprehensive comprehension of governance methods across various organisational settings, hence enhancing the study's findings in terms of both scope and depth.

Limitations of the study

Although the study has notable features, it also has certain shortcomings. The cross-sectional methodology of the study hinders the capacity to observe the changing dynamics of board characterics and governance procedures over time. Moreover, limiting the analysis solely to Ghanaian state-owned enterprises (SOEs) implies that the results may not be readily transferable to organisations operating in distinct geopolitical contexts or the private sector. Another constraint is the dependence on employee perspectives for data gathering, which introduces potential subjectivity. The presence of subjective biases in responses has the potential to impact the outcomes, hence influencing the overall perception of the study's conclusions.

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Informed Consent Statement: Informed consent was obtained from all subjects involved in the study. Participants were given the freedom to opt in or out of the data collection process at any time without fear of negative consequences or repercussions for their decision. Participants were provided with all the necessary information to make an informed decision about their participation in the data collection process. This information included details about the study, its potential benefits and risks, as well as its funding sources. With this knowledge, participants were able to make a well-considered decision to either opt in or opt out of the data collection process without any negative consequences or repercussions. To safeguard the personality of participants, items that can be used to identify them were kept hidden from everyone. Deliberate measures were taken to ensure that participants could not be linked to their data. The researcher was certain that the data collected did not contain personal information that could be used to identify respondents elsewhere. This level of anonymity protects their interests and personalities.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The data are not publicly available due to restrictions.

Conflicts of Interest: The authors declare no conflict of interest. In the interest of full transparency, the authors of this study declare that there are no competing interests, either financial, personal, or professional, that might be perceived to have influenced the research. This declaration covers potential conflicts such as financial stakes in entities involved in the study, advisory roles, personal relationships, or affiliations that could be seen to affect the objectivity of the research. This study was conducted independently, with no external funding or influence that could have swayed the outcomes, hence influencing the overall perception of the study's conclusions.

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The role of the board when managing risk].


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