

THE EFFECT OF BOARD CHARACTERISTICS ON PERFORMANCE: EVIDENCE FROM LISTED FIRMS IN GHANA.

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Abstract

In a constantly changing world of business, corporate boards are very vital and important to the smooth and effective running of their organizations. The role of boards is very important and cannot be underestimated due to their roles in the monitoring of management to mitigate agency costs. The study sought to investigate the effect of board characteristics on the performance of firms listed on the stock exchange by further finding out the moderating role of board experience on the relationships. A quantitative approach was adopted for this study by utilising a survey method which is in line with the explanatory research design. A sample size of 450 management staffs and board members of Ghanaian listed firms were used. The simple random sampling method was used to obtain the respondents. The results showed that gender diversity of the board had a positive effect on the financial performance of firms listed on the GSE. It was also revealed that; educational qualification of the board also had a positive effect on the financial performance of firms listed on the GSE. For the moderation results, it was found that the working experience of the board positively moderates the positive effect of gender diversity on financial performance. Also, the working experience of the board positively moderates the positive effect of educational qualification of the board on financial performance. Further to the above, the study found that gender diversity of the board has a positive effect on the non-financial performance of firms listed on the GSE. Also, educational qualification of the board also had a positive effect on the non-financial performance of firms listed on the GSE. The findings also suggested that ownership structure also had a positive effect on non- performance of firms listed on the GSE and lastly, the working experience of the board positively moderates the effect of gender diversity on non- financial performance. The study among other implications recommended that members of the board should not be excessively large but rather comprise of qualified, educated and experienced members who have the cognitive skills to effectively steer the affairs of the organization.

Keywords: gender diversity, ownership structure, size of the board, board experience, educational qualification, performance.