KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF HUMANITIES AND SOCIAL SCIENCES

KNUST BUSINESS SCHOOL

THE EFFECT OF OWNERSHIP STRUCTURE, AUDIT QUALITY, AUDIT COMMITTEE CHARACTERISTICS AND THE PERFORMANCE OF LISTED FIRMS IN GHANA

BY

CHRISTOPHER ASSIEM

JUNE, 2023

THE EFFECT OF OWNERSHIP STRUCTURE, AUDIT QUALITY, AUDIT COMMITTEE CHARACTERISTICS AND THE PERFORMANCE OF LISTED FIRMS IN GHANA

BY

CHRISTOPHER ASSIEM

(PG4414618)

THESIS SUBMITTED TO THE

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF MASTER OF SCIENCE IN BUSINESS ADMINISTRATION (ACCOUNTING OPTION)

JUNE, 2023

DECLARATION

I hereby certify that this project is the result from my own research undertaken under the supervision of the undersigned and that all works consulted have been acknowledged.

Christopher Assiem	……………………..…	………….……….…
(PG4414618)	Signature	Date

Certified by:

Dr. Beatrice Sarpong-Danquah	……………………..…	………….……….…
(Supervisor)	Signature	Date

Certified by:

Dr. Michael Adusei	……….……………..	……..…..………..…
(Head of Department)	Signature	Date

ABSTRACT

This study considered the relationship between audit quality, ownership structure and audit committee characteristics on firms' financial performance listed on Ghana Stock Exchange (GSE). Generally, the study sort to examine the relationship between ownership structure and firm performance; identify the effect of audit quality on firm performance; and examine the impact of audit committee characteristics on the performance of firms. Fifteen (15) listed firms on the GSE were studied, using data from their annual reports. OLS panel regression model was employed with firm performance as the dependent variable and audit quality, audit committee characteristics and ownership structure as the independent variables. Results of the study revealed that audit quality has an insignificant inverse relationship with firm performance, except for TBQ which showed a positive relationship. Also, audit committee size had an insignificant positive relationship with ROE and ROA, but has a negative association with TBQ. For audit committee independence, it was revealed to have an insignificant relationship with the performance of listed firms in Ghana but has a significant positive relation with TBQ. Based on the major outcomes of the study, it is recommended that corporate entities ought to reconsider institutional ownership since it does not have any significant relationship on the performance of a firm. Again, shareholders and board members ought to consider hiring the services of non-Big 4 firms as audit quality had an inverse relationship with ROE and ROA but positive relations with TBQ.

Keywords*: Ownership structure, Firm's performance, Audit quality, Return on Assets, Return on Equity, Tobin Q etc.*

DEDICATION

This work is dedicated to God Almighty for granting me success in this academic endeavour.

ACKNOWLEDGEMENT

I wish to express my heartfelt appreciation to God Almighty and to everyone who has been part in conducting this research and for successful completion of my Master's Degree. I am particularly grateful to my supervisor, Dr. Beatrice Sarpong-Danquah for her selflessness and dedication in guiding me throughout this research. Also, my deepest appreciation goes to my entire family particularly my wife Mrs. Vivian Assiem, for their prayers and pertinent support. Finally, to Mr. Charles E. Baidoo, Mr. Yaw A. Antwi, Mr. Emmanuel Sunfra, and Mr. Kwaku Yeboah Konadu, for your motivation, words of encouragement and other support to see me through this academic journey. God richly bless you everyone.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

ROA	Return on Asset
ROE	Return on Equity
TBQ	Tobin Q

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Every organization or company's ownership structure is seen as an organized and effective solution to the problems relating to incentive and risk sharing (Kumala and Siregar, 2021). According to Aliyu (2019), the internal structures and mechanisms of corporate governance as well as corporate finance constitute one of the important business ownership framework. Thus, previous studies have looked at the various ownership structures in various states and nations, focusing in particular on institutional, managerial, individual, and foreign and domestic shareholders (e.g. Elvin and Hamid, 2016; Kumala and Siregar, 2021; Bruton et al. 2010). An auditor is tasked with the core duties of averting, reporting and revealing illegal activity as well as fraud in a company. The debate on these tasks has dominated discourse worldwide as both larger and smaller firms are seen failing on the back of this internal mechanism (Martinez and Reguejo, 2019). According to Martinez and Reguejo (2019), the independence of the auditor remains key to guarantee that the quality of financial reporting is improved by accelerating the efficiency and the effectiveness of the auditing process as well as ensuring that the auditor's integrity is not jeopardized by a close relationship with the client. Tobi et al. (2016) added that, when auditors are independent, users typically have faith in the audited financial statements.

Previous studies have shown that, all things being equal, ownership structures may either negatively or positively affect a firm's financial performance depending on the particular form of structure (e.g. Elewa and El-Haddad, 2019; Farooque et al. 2020; Matoke and Omwenga, 2016). A study by Al-Matari (2019) shows a significant and positive connection between a firm's Tobin Q and its ownership on listed companies in Oman. According to the study, large ownership structure enhances the monitoring of management activities which in turn helps prevent financial fraud in the firm. Similarly, Almajali et al. (2012) revealed a linear effect of ownership structure on investment and stockholders within a company which primarily constitute a factor of the performance of a firm with respect to finance. The study of Matoke and Omwenga (2016) also indicates an insignificant positive relationship between financial performance of a firm and audit quality. According to their study, the higher the independence of an audit, the higher the chance of a company making substantial marginal net profit. Audit quality as Elewa and El-Haddad (2019) postulates, has insignificant and positive effect on return on equity (ROE) of a firm likewise return on asset (ROA). Abdallah and Ismail (2017) in their study found out that ownership concentration has negative impact on performance as well as the governance structure of firms in the Golf Council Countries. Contrary to the study of Abdallah and Ismail (2017), Dalwai and Mohammadi (2020) found no significant relation between ownership structure and the performance of some listed financial firms in Oman. According to Jiang et al. (2011), ownership concentration defines the shares of the highest shareholder as influenced by absolute risk and monitoring cost (i.e. together factored by Herfindahl index) which indicates individual shareholding percentages. Puni and Anlesinya (2020) state in their study that foreign ownership is defined by shareholding that is controlled by investors from foreign countries reduced to total shares undischarged by a company at the close of its accounting period which are declared in percentages.

Good corporate governance is essential for developing potential investor confidence and financial resources within an economy (Queiri et al. 2021; La Porta, 2000). Again, corporate governance mechanisms mainly ownership structure, aims to address the difference between managers and shareholder interests, and this conflict-of-interest would mitigate the costs associated with the differences (Alareeni, 2018; Gillan and Starks, 2003). Mudi (2017) cites that when there exists a varying interest between business managers and shareholders, the firm's assets and potential stakes may permit managers of businesses the chance to undertake self-interest goals without fear of requital. Moreover, audit quality is crucial in accentuating the certainty and the credibility of financial records that remain key in increasing financial performance (Farouk and Hassan, 2014). In addition, the quality of the audit instigates users' confidence in the report on the audit where users dwell on report to make decisions on their investment. For managers and stakeholders of institutions, small, medium and large scale businesses to realize their business objectives and attain the going concern, auditing quality, and its functions must be practiced to avoid financial errors and shielding of the company's assets, for example, the case of Enron (Carson et al. 2013). Again, business investors prefer to invest in companies with which they are familiar, visible, and equipped with better credibility and accountability of resources.

Studying the impact of audit committee characteristics on firm performance, Farooque et al. (2020) observed that audit committee independence causes an increase in the performance of the firm's finances. According to them, an independent audit committee is able to effectively review financial report of the firm, ensure quality auditing and monitor effectively activities of management, which are all in the interest of shareholders, thus enhance the monitoring role of the company's Board and consequently affect the performance of the firm. Further, the number of times the audit committee meets have positive impact on the performance of the firm. According to Azam et al. (2010), when the audit committee meet regularly, they are able to scrutinize the financial reports and apply the firm's financial policies which help executives to better their performance. More meetings by the audit committee reduces fraud as they are able to detect fraudulent activities on time to act on them thus, protecting shareholders interest, and improves earnings quality (Rahman et al. 2019).

Also, the audit committee size constitutes a factor to firm performance as some scholars such as Endrawes et al (2020) opine positive relationship between the these variables. Further, the expertise of the audit committee affects the interpretation and implementation of accounting standards. Experts with higher degree in accounting and finance on the committee improves its financial statement comparability to affect performance the firm (Amin et al. 2018; Endrawes et al. 2020). The involvement of auditors in a business is of significant importance, thus, auditors are likely to deliver a worthier assurance of the integrity of accounting figures generated by the auditees. Implementing measures to enhance and contribute to audit quality would provide reasonable assurance and trust about the accuracy of reported accruals and other financial reporting in an organization (Francis and Liaw, 2011).

1.2 Problem Statement

The failure of firms in the corporate world has drawn the attention of many in Ghana especially people in the academia. A typical example of the situation is the revocation of the license of prominent commercial banks in 2017 by the Bank of Ghana -that is, Capital Bank and UT Bank. Again, another five commercial banks collapsed after the first eight months in

2018. Prior to this, another bank was established to take over the assets and liabilities of the stated five defunct banks through the Government of Ghana initiatives (Bank of Ghana, 2018). Per the report of the Bank of Ghana, the state incurred about 2.2 billion dollars on these measures (Ministry of Finance, 2018). Many investors and members of the general populace are said to have been shocked by these developments as nothing from the banks audited financial reports did signal about the poor states of the banks. Moreover, even though several other factors have been proxy for this, it postulates an obvious audit quality and irresponsibility of their audit committee as they seem to have failed to perform effectively, their supervisory roles.

There is a debate going on in literature on corporate finance which focuses on the impact of a firm’s ownership structure against its performance. Authors like Dalwai and Mohammadi (2020) showed that shareholdings negatively affect a firm’s performance, as others like Udin et al. (2017) revealed that a significant and positive impact of ownership structure on firms performance. To elaborate further, ownership structure of a firm affects a firm’s performance including maximizing shareholders’ profit whether diffuse or concentrated.

Studies on characteristics of the audit committee as well as firm’s performance also remain inconclusive on the relationship between the two. Some authors believe audit committee characteristics such as their size positively relates to firm performance (Rahman et al. 2019; Endrawes et al. 2020) while other opine a neutral and negative impact between audit committee size and performance (Amin et al. 2018; Farooque et al. 2020).

In addition, studies clearly show distinct findings on the impact of audit quality, ownership structure, and audit committee characteristics on firm performance. However, studies on whether or not ownership structure indigeneity has effect on firm performance has not been adequately discussed. Again, there is the need to establish the link between audit quality, audit committee characteristics, and ownership structure on a firm's performance. Institutional shareholders in particular demand for strong corporate governance from the firms that they invest in. As such, ownership structure be it institutional or individual will influence the kind of audit quality that shareholders will require from their firms. This in turn will affect the performance of firms as audit quality and some audit committee characteristics have been established to improve the performance of firms (Rahman et al. 2019; Endrawes et al. 2020; Matoke and Omwenga, 2016).

The current study therefore examines the interacting influence of ownership structure, audit quality, as well as characteristics of the audit committee on performance of some listed companies in Ghana. The study contributes to the knowledge of stakeholders on various audit quality policies, audit committee structure and ownership policies to be adopted and the enhancement of existing literature on characteristics of the audit committee, audit quality, as well as ownership structure on performance.

1.3 Research Objectives

The main objective is to examine the relationship between ownership structure, audit committee characteristics, and audit quality on financial performance of listed firms on the Ghana Stock Exchange (GSE). Specifically, the study sought after the subsequent objectives;

1. To examine the relationship between ownership structure and firm performance.

2. To identify the effect of audit quality on firm performance.

3. To examine the effect of audit committee characteristics on firm performance.

1.4 Research Questions

1. What is the relationship between ownership structure and firm performance?

2. What is the effect of audit quality on firm performance?

3. What is the effect of audit committee on firm performance?

1.5 Significance of the Study

Companies all over the world have long noted for a fact that efficient and suitable governance results in positive returns to firms and enhances loyalty and confidence (Miller and Le Breton-Miller, 2005). Assessing the effect of a firm's ownership structure on its performance will be of great advantage for business investors, owners, policymakers, and stakeholders of businesses as well as academics in the field of finance and accounting (Tornyeva and Wereko, 2012). Also, the benefits associated with audit quality and audit committees such as monitoring and evaluating business operations in support of the board would serve as an eye-opener to financial managers, venture capitalists, stockbrokers, and investors. Investors and stakeholders and particularly managers must be fully aware of the day-to-day operation of firms, therefore this study would serve as a reference manual to them on the ownership structure of a business. It will be somehow relevant for the Ghana Employers Association and the Government, Securities Exchange Commission of Ghana on the criteria used in analyzing and maintaining the securities market basically for financial institutions and investors.

1.6 Summary of Methodology

This section provides a brief detail on the techniques and processes adopted to meet the study's objectives. The research type adopted in this work was explanatory studies and the strategy employ was a case study of the firms listed on the GSE. The research approach employed was purely quantitative since data was analyzed using secondary data from these firms on the exchange. The data used for the study sourced from audited financial statements and reports of listed companies on the GSE and also from their respective websites. This work employed a panel regression model where performance of the listed firms constituted the dependent variable and audit quality, characteristics of the audit committee, and ownership structure as the independent variables. The performance of the firms was proxied by return on equity (ROE), return on assets (ROA) and Tobin Q (TBQ), external auditor reputation as a measure of audit quality, size of the audit committee, frequency of meetings by the committee, and the committee's independence were used to measure audit committee characteristics, institutional, managerial, government and foreign ownerships as a measures of firms' ownership structure. Firm and board size served as the control variables. STATA 15.0 was used to estimates the effects, correlations and the descriptive statistics of the said variables.

1.7 Scope of the Study

The research focused on assessing the effect of characteristics of a firm's audit committee, ownership structure of the firm, as well as audit quality on firm performance. The study was conducted using a case study of 15 listed firms on the GSE. The data collected on the firms spanned between 2012 and 2018. Indicators of the dependent variables such as Tobin Q, return on equity, and return on asset, well ownership structure, audit quality and audit committee characteristics were critically examined for the period.

1.8 Organization of the Study

The chapter one, being the first chapter focused on introducing the topic of the study. It gives insight into the background, problem statement, research objectives, and research questions. It also provides in-depth knowledge on the study's significance, summary of methodology as well as highlights on the study's scope and lastly organization of the study. The chapter two reveals the literature review. This section describes the conceptual, theoretical as well as empirical reviews on audit committee characteristics, audit quality, and ownership structure on firm performance. The chapter three gives details on the method used by the study to achieve the set objectives of the study and also find answers to the research questions. Some key section covered in the chapter included the research design, the study's population, sampling and sample size, data collection method, tools adopted for data analysis inter alia. The chapter four discusses the data analysis and discussions of results presented by the study. Lastly, the chapter five conclude the study with a summary of the research findings and subsequent recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter represents a thorough assessment of studies related to the topic "the effect of audit quality, ownership structure, and audit committee characteristics on firms' performance in Ghana". The chapter is grouped under four different sections where the first section looked at conceptual review as it emphasizes on the basic definition and various concepts about the topic which helps to understand the background of the various terms in the topic. The second section deals with the theoretical review which provides a number of theories that serves as a basis to the evolution of the various terms in the topic. In the third section, an empirical review of the topic is undertaken to understand the relationships and answers among the research objectives proposed. The final section emphasizes on the conceptual framework or the diagrammatical representation of the relationships in the topic.

2.2 Conceptual Review

Under this section, discussions and definitions on the various concepts underlying the study are expounded to help understand the background of the various terms in the topic. Concepts reviewed under this section included the following:

2.2.1 Ownership structure

A firm's ownership structure defines the nature and extent of agency conflict in the firm in addition to the distribution of control and power (Jensen and Warner, 1988). Furthermore, it concerns the rights and obligations of individual investors and firms holding equitable interest in the firm. The cost of structuring ownership, monitoring and negotiating contracts are agency costs that are projected to line up with the interest of owners as well as managers.

From an Agency cost standpoint, the costs involved in every activity and operating system of the firm that is designed to line up with the actions as well as the interests of managers on behalf of the firm's owners Jensen and Warner (1988). Similarly, when the shareholdings of manager is less than 100%, then agency problem is likely to arise and agency cost also likely to be incurred and borne by these owners Ang et al. (2010). The ownership structure of the firm can be identified as either ownership concentration or dispersed ownership. It can be defined in terms of ownership concentration, institutional ownership, governmental ownership, family ownership, foreign ownership and insider ownership.

Ownership concentration is the ownership structure where many of the firm's shares are held in the hands of a few shareholders. Ownership concentration is evident when a single shareholder holds majority of these shares with the rest of the shares being distributed to all other shareholders (Khan et al. 2013). This creates majority (insiders) and minority shareholders where insiders play a key role in monitoring senior management of the firm. Concentrated ownership creates between majority and minority shareholders a conflict of interest as the former has the tendency to expropriate wealth and pursue their own agenda at the expense of the latter.

Dispersed ownership structure refers to the ownership structure where majority of the shareholders of the firm holds a small percentage of the shares of the firm. This type of ownership structure is common and adopted by firms in advanced countries like the United Kingdom (US) and the United States of America (USA). and the United Kingdom (UK). Kareem and Mohammed (2019) opine that when a firm's ownership structure is widely dispersed, shareholders are relaxed in the monitoring of management activities. It is argued that the cost of monitoring in this case becomes more than the gains of the individual investors.

Institutional ownership relates to the percentage of share that corporate institutions hold such as insurance firms, pension funds like SSNIT, banks and many others. Al-Saidi and Al-Shammari (2015) revealed that institutional ownership when increased can have significant effect on reducing the challenges related to agency relationship. To this, they argued that, the ownership structure of firms has positive and significant impact on their performance. Also, opines, institutional investors are incentivized to monitor the activities as their exit are always costly to the firm and because of the larger stakes they hold in the firm Chung and Zhang (2013).

Foreign ownership is evident when non-nationals, or other international investors own shares in the firm. The study of Watson and Head (2010) reveal that the ownership of shares in the UK stock market are accounted as two in every five shares on the stock market. The rise in the foreign ownership of firms are as a result of the increase in Foreign Direct Investment (FDI). Additionally, foreign investors suffer from information asymmetry and therefore there is an increased agency cost to align the interest of foreign investors and managers Phung and Le (2013). Foreign investors are usually efficient processors of information and therefore try to minimize the agency cost by investing in firms with low information asymmetry.

Insider ownership also known as managerial ownership identifies the shares held by managers in percentage terms of the firm. The study of Goergen (2012) and Arouri et al. (2014) show that when owners of a firm engaged actively in the firm's activities agency cost is reduced drastically. As a result, managerial ownership seeks to give managers the opportunity to own a proportion of the shares held while being involved actively in the day to day activities of the firm.

Family ownership which is another type of ownership where members of a family hold majority of the shares of the firm and control lies with the family. Today, family ownership of firms has become an important dimension of ownership structure in firms because of the immerse benefits it has brought to firms. The US Bureau of the Census has statistically stated that family-owned firms account for about half of the country's employment growth and its gross national product. In addition, it has been accounted that about ninety percent (90%) of firms in the USA are family-owned firms.

Lastly, government ownership also known as state ownership of shares is identified as the ownership of the shares of the firm by the central or local government as opposed to the ownership of private individuals, or institutions. The government supports the national budget through these profitable entities by buying a percentage of shares in these firms. Extant literature studies have suggested state owned firms have higher agency problems than private owned firms due to government's inability to monitor the daily activities of appointed managers of the firm. An empirical study has therefore revealed that state ownership has the tendency to increase earnings management by firms and therefore government needs to establish strong corporate governance codes to curb the crisis associated with the agency problems.

2.2.2 Audit quality

The call for external audit in a firm stem from the separation of ownership and control together with information asymmetry which comes up between management and owners. The actual reasons why investors normally call for external audit is that they want to verify the firm's financial statement in a fair manner which is a true reflection of all material aspects and the economic condition and operation of the firm. This appointment tends to add credibility to the financial statements and increases its reliability. According to the International Auditing and Assurance Standards Board (IAASB, 2011), audit quality is an important issue in the auditing world today and it is of significant interest to both internal and external stakeholders' groups. Although there is no universal definition for audit quality, however, Krishnan and Schauer (2000) in their study defined it as the degree to which the auditor performs his audit in conformance to the applicable auditing standards. In addition, audit quality can also be defined as the probability that the auditor is able to obtain sufficient audit evidence to detect and report on misstatements to ensure the accuracy of the audit report prepared by the auditor and increase stakeholder confidence. Farhan et al. (2018) opine that for audit quality, there is an accepted standards of auditing which is put in place to measure audit quality as the performance of the external auditor on the parameters of independence and competence. Audit quality indicators therefore may include the independence of the auditor, the size, technical expertise and auditor's experience, audit fees and the tenure of the audit partner.

Harjoto et al. (2015) find that CEOs who demand greater audit assurance pay higher audit fees to mitigate the probability of accounting errors and misstatements. They therefore posit in their study that higher audit quality is linked with higher audit fees as quality enhances the overall financial reporting. Anderson and Verma (2012) uses a probit model to support the assertion that audit tenure can be a good proxy for audit quality and concluded that audit firm rotation can be seen as a sign of promoting high audit quality. Thus, the longer it takes for a particular audit firm to work the company, the higher the probability of impairing the audit quality as there is familiarity between the staff and the audit firm and therefore there is the need to rotate audit firms to maintain audit independency. Finally, the independence of the auditor guarantees that report on the financial statements are objective, and imposes the needed trust and confidence in the various stakeholders and users of financial statements.

2.2.3 Audit committee characteristics

Audit committee is defined by the Institute of Internal Auditors as the governance body that is tasked to oversee the audit and control functions of the company. The committee is in charge of administering the process of the financial reporting to substantiate the credibility of the financial statements and to ensure timely release of report to external stakeholders (Bhuiyan and D'Costa, 2020). It is a subcommittee of the Board of Directors in charge of ensuring the effective processes of internal control as well as risk management, independence, performance of the internal audit units, performance and qualification of the external auditors, compliance to legal and regulatory requirements, business code, ethics and conduct, and ensure the reliability of the financial statement of the firm and financial disclosures (Rahman et al. 2019).

The existence and functioning audit committee improves firm performance through the enhancement of quality information (Al-Okaily and Naveihed, 2019). The audit committee is set to corroborate the integrity and accuracy of the report presented by the management to the stakeholders of the firm in order to curb or minimize information asymmetry level between the stakeholders and the managers of the firm.

The size, number of meetings and the independence of the audit committee are some of bespoke characteristics of audit committee. Audit committee size is the number of persons on the committee. As a general principle the membership range of the audit committee is between three (3) and six (6). This is to prevent social loathing arising from huge numbers as well as to get a perfect mix of professionals on the committee.

Moreover, the size of the audit committee boosts the effectiveness of the committee Farhan et al. (2018). They argue further that a larger audit committee produces greater firm results because few members on the committee may lack the expertise and information depth that the larger membership offers. The board membership affords the committee the opportunity to leverage on the skills, experience and expertise of the members to improve monitoring for the benefit of all shareholders of the firm. Also, Rahman et al. (2020) argue that, audit committee meeting constitutes an important factor in decision making as well as implementation of the firm on the requirements of the financial report. In the case of the United Kingdom, the Corporate Governance code mandate the committee to meet a minimum of three (3) times in the whole year (Sultana, 2015). This is to ensure that audit committee effectively perform its monitoring roles. According to Sultana (2015), there is a positive relationship between frequency of audit committee meetings and accounting conservatism.

The independence of the audit committee also constitute an important factor needed to influence the efficiency and effectiveness of the committee in overseeing financial reporting process. Members of the committee are referred to as independent on the basis of no financial or personal relationships with the firm including its executives (Mohammadi et al. 2020). Audit committee independence is said to enhance the effectiveness of the function of the committee such as auditing quality, compensation consideration, and independence in nomination process. The audit committee in particular which oversees executive activities as well as review financial reporting has effect on the successes of the firm's board. The ability of the committee to work independently ensures effective monitoring of the behaviour of the firm's executive. It suggests therefore that, the committee's independence results in enhanced monitoring function of the firm's board and thus leads to a better performance of the firm and the wealth accumulation of the shareholder (Al Farooque et al. 2020).

2.2.4 Firm performance

A firm's performance signifies how effectively the management of the firm has operated the firm and thereby enhancing the firm's value to its shareholders and other significant stakeholders Sulong et al. (2013). Many researchers have adopted diverse approaches in their definition as well as measurement of firm performance. Demsetz and Lehn (1985) uses the accounting definition as a measure for the performance of the firm while others researchers such as Krunic (2017) uses the market definition to measure performance. On the accounting definition, ratios such as Return on Assets, Return on Equity and Return on Sales are used while the marketing definition delves into the firm's market value by taking into consideration ratios such as the market capitalization, book value of the equity of the firm, earning per share and many others. Other indicators of firm performance also include increase in the value of the firm's market share, customer equity, growth, profitability, financial performance and can be referred to as the firm's ability to utilize its resources to offer value to its internal and external stakeholders while achieving its strategic objectives.

2.3 Theoretical Framework

This defines the subject that consist of concepts coupled with definitions, and extant theories supporting a particular research (Torraco, 1995). The essence of theoretical framework is that it is suppose to validate an understanding of the subject under discussions with relevant theories that position the study in its broader field of knowledge (Torraco, 1995). In selecting a theory to support a study, one ought to consider the easiness in applying the theory, its appropriateness, and explanatory power. Consequently, for the present study, the following theories were used to support our discussions: (i) Agency Theory; (ii) Theory of Inspired Confidence; (iii) Lending Credibility Theory; and (iv) Stakeholder Theory.

2.3.1 Agency theory

Agency theory is based on the relation between shareholders who are the principals and managers who are the agents in companies where there is separation between ownership and management. The agency theory notes that agents who have been delegated authority and given decision making responsibility have a duty to be accountable to the principals on how they have effectively utilized the resources of the firm. Auditors help to promote confidence and trust by reporting on the financial statements provided by managers. The agency problem postulates that agents (managers) are not trustworthy and therefore auditing helps to reinforce assurance and confidence in shareholders about the managers (agents). Also, shareholders are not able to effectively monitor their investment due to the problem of information asymmetry stemming from the agency problem Sarrens and Abdomohammadi (2007). In order for shareholders to reduce agency costs and minimize the agency problem, they adopt an independent audit of the financial information of the firm in order to monitor their investments. The accounting body in England and Wales support this claim by stating that auditing serves as impartial review of information and the work done by agents to ensure that confidence and trust are preserved. In addition, Zhang et al. (2007) mention that the board mitigates the agency problem by establishing a sub-committee known as the audit committee to monitor and supervise the independent auditing of the financial statements of the firm and to ensure that managers do not manipulate corporate earnings for their own benefit or to perform their own pet projects.

Again, there are different perspectives when considering the agency theory in relation to structure of ownership and its impact on the performance of firms. According to Bhasa (2004), due to high levels of investor security and good control by regulators of companies in well advanced countries, firms in such countries are characterized by an ownership structure that is highly liquid and widely held by a lot of investors. Agency cost in such economies increases because managers tend to make decisions and carry out activities in their own interests at the expense of the owners of the companies. According to Shleifer and Vishny (1986), the performance of a company can increase when there is concentrated ownership which will help to reduce the agency cost. Agency costs include bonding costs, residual costs and monitoring costs (Jensen and Meckling, 1976). The bonding costs refer to the costs incurred to make sure that managers make decisions that are helpful to the shareholders. Monitoring costs also are incurred to reduce the dishonest behavior of managers. The residual costs are incurred when the bonding and monitoring costs fail to change the behavior of managers. Jensen and Meckling (1976) also indicate how agency costs and the performance of a firm can be affected by share identity. The view of agency theory and empirical literature commonly use share identity as a key organizational process affecting the company's interest, particularly managerial ownership. According to the agency theory, ownership concentration and share identity help to upsurge the firm's efficiency by reducing agency costs. This was questioned for the first time by Demsetz (1983) who states that a company's ownership structure should be viewed as the results of decisions representing the effect of shareholders on the company's management to boost the performance of the firm. Demsetz (1983) further states that the ownership structure should not be related to firm performance since his study and Lehn (1985) showed no relations between ownership structure and firm performance.

2.3.2 Theory of inspired confidence

This theory postulates that auditors do not inspire confidence and trust in shareholders (principals) only, they moreover act as agents of confidence for the society. It is worthy to note that the independency of auditors has been seriously questioned in a number of investigations in recent years and it is therefore estimated that auditors undertake their work in a way that reinstates the confidence society may have in them. After the accounting scandals of Enron and other big firms, the public confidence that auditors used to enjoy in the 19th and

20th Century has gradually eroded. Limperg (1932) argues that the auditor performs his responsibility for the welfare of society by producing an impartial view on the financial statements after an independent examination of the relevant documents of the firm. He adds that if the auditor underperforms or does not work to fulfill the company's expectations, the trust that the society ha may be undermined. He adds that the confidence that the society has can be betrayed if the auditor under-performs or does not perform to meet the expectations of the society. The theory of inspired confidence therefore recommends that the external auditor and the audit committee established by the board should therefore act in such a way that they do not betray these expectations of the society and various stakeholders. However, the theory does not intend to teach that the auditor should raise the expectations of the society higher through his report and procedures than his examination requires and justifies. Therefore, the auditor should be independent and perform his work to meet the requirements of the public and inspire confidence in stakeholders about the quality of their audits so that stakeholder investment in the firm can be assuredly monitored.

2.3.3 Lending credibility theory

This theory suggests that the primary role of an audit is to give the financial statements credibility. A firm's audited financial statements are used by managers to improve the confidence of stakeholders in the stewardship and usage of resources by management. Audited financial statements have features that boost users' trust in the information presented and claims made by management. The users of financial statements therefore enjoy an enhanced credibility as they are able to make quality investment decisions based on the company's audited financial statements (Hayes et al. 1999).

2.3.4 Stakeholder theory

This theory postulates that there are other stakeholders who have varying interests in the performance of the firm. These varied interested stakes can affect and/or is affected by the well-being of the organization. The stakes include shareholders of the firm, management, employees, customers, governments and the communities in which firms are established. The stakeholder theory suggests that, management of the firm should focus its attention on satisfying the primary stakeholders which include the ownership of the firm. It emphasize a system that considers the welfare of stakeholders which are in tandem the firm's needs. Thus, management of the firm see to the needs of these stakeholders by employing and ensuring a high quality of audit to portray a true reflection of the performance of the firm. In so doing, the firm does not only satisfy the ownership in terms of dividends distribution, but also the other stakeholders including potential investors who may decide to invest in the firm based on its performance through the audit report (Matoke and Omwenga, 2016).

2.4 Empirical Review

2.4.1 Ownership structure and firm performance

In Oman, Al-Matari et al. (2017) analyzed the relationship between a firm's ownership structure and their performance. Using 81 companies listed on the country's stock trade between 2012 and 2014, the study with these secondary data categorized ownership structure under institutional, foreign, and governmental ownership and again used ROA to examine firm's performance. Results of the study proved that there is a positive and significant impact o foreign and governmental ownership on firm's performance. Similarly, it was revealed that the relationship between a firm's performance and their institutional structure is positive but not significant.

In Nigeria, Tsegba and Ezi-Herbert (2011) examines the relationship between 73 listed firms performance and how their ownership is structured. Their study to into consideration share price and earnings per share as indicators of performance and classified ownership structure under dominant, insider, foreign, and concentrated ownerships. Tsegba and Ezi-Herbert (2011) adopted the ordinary least squares for the examination of relationship. The study revealed that the relationship between the aforementioned variables is insignificant, that is ownership structure had no substantial impact on the general performance of a firm. Tsegba and Ezi-Herbert (2011) in addition observed insider ownership structure to have negative impact on firm's performance. Their study recommended that firms, particularly administrative bodies ought to reconsider the concentrated, dominant, and foreign ownership structures for their system of governance as these structures have no significant impact on firm's performance. The study further suggested that shareholders must have monitoring committee to oversee management of the firm in situations where the company is characterized solely by the insider ownership structure.

In Kenya, Ongore (2011) investigated the relationship between a company's performance and the structure of its ownership. The study focused on 54 listed firms in Kenya out of which 42 were selected. After rigorous analysis, results of the research shows that the relationship between said corporate variables is negative. That is, ownership structure was revealed to have negative impact on performance. According to Ongore (2011), because of nepotism, tribalism, favouritism, unnecessary bureaucracy among other, state-owned enterprises turned to poorly affect firm's performance. Nevertheless, insider, foreign, and corporate ownerships relate positively with company's performance. The implication of the study is that firms should engage in dispersed ownership instead of concentrated ownership as it would ensure minimizing the pressure that major shareholders exert on managers. Ongore (2011) therefore recommended that companies should consider the insider ownership as it ensures managers get committed to the company more than the other form of ownership. Also, he suggested that the Kenyan government ought to push for partnering with the institutions and private persons so they could become part owners of state-owned enterprises to boost performance.

Alipour (2013) additionally looks at the connection between a company's proprietorship structure and the performance recorded on the Tehran Stock Exchange. The exploration bases on 60 companies in the length of 2005 to 2009. The study groups ownership structure into concentrated, governmental, firm, family, individual and institutional ownership. The paper likewise looks at ROA, ROE and Tobin's Q as overall performance signs of the corporations. Alipour (2013) findings from the research uncover a positive relationship between ownership concentration and ROE but a negatively connected to Tobin's Q and ROA. Again, governmental, family and individual ownership structures have negative impact on the general performance. Nevertheless, institutional ownership and firm ownership related positively to companies' performance. The results of the study imply that firms with governmental ownership must transfer ownership to the private individuals or institutions since private owners employ more skillful, committed and accountable managers. This is because firms with governmental ownership are characterized by bureaucracy, lack of respect for rules and regulations and they tend to pursue their own political and social needs at the expense of maximizing the shareholder wealth. Alipour (2013) recommends that investors should take a critical look at the ownership structure of a business before making any investments and that they must make investments into organizations with institutional or firm ownership which have diffused ownership. The study further suggests that strategy formulators and corporate governance regulators should focus on diverse ownership structure since that helps to enhance to the performance an entity.

Fauzi and Locke (2012) examined the role and effect of board and ownership structures on the performance of firms in New Zealand. Their study indicated that there is a negative but significant relationship between block-holder ownership and performance of the studied firms. The study further indicated that the higher the block-holder ownership structure the lower the performance of the firm. On the other hand, managerial ownership showed a positive and a significant impact on performance which suggests the higher the performance, the higher the managerial ownership and vice versa.

Rashid (2020) also studied the connection between performance of a firm and its ownership structure using some firms listed on the Dhaka Stock Exchange between 2015 and 2017. From this study, the relationship between foreign ownership and market- and accounting-based firm’s performance was revealed to be positive and significant. However, the impact of director ownership as well as institutional ownership were significant on specific measures of performance.

Wahla et al. (2012) also conducted a study to examine the linkage between performance of non-financial firms and their ownership structures on the Stock Exchange of Karachi. The data used spanned between 2008 and 2010. The study employed the Panel Data Technique to examine the relationship. The results from the study revealed that there is a negative and significant relationship between managerial ownership and performance, whiles concentrated ownership related positively to firm's performance but was insubstantial.

2.4.2 Audit quality and firm performance

Ugwu et al. (2020) study on the effect of audit quality on firm's performance of banks indexed in Nigeria. Their research focuses on 15 banks during the period of 2011 to 2017. The findings from the analysis uncover that audit firm size have a positive connection to return on assets of a company. However, joint audit and audit fee are all negatively associated with return on assets. Overall, the findings show that the quality of an audit has no effect on firm's performance. Their study implies smaller audit firms should be motivated to engage in more audit assignments since deposit banks in Nigeria engage the services of large audit firms.

Lestari and Aeni (2019) additionally examine the effect of the quality of an audit has on the general performance of a company through earnings management. The study bases on 225 companies recorded on the Indonesia stock trade in the course of the duration of 2010 to 2015. The findings of their research uncover that earnings management of a company is not affected by the audit tenure of an audit firm. This implies that the range of years an audit firm spends auditing a client company whether short or long has no effect on the earnings management of that firm. Again, their research reveals that the audit tenure of the auditor has a tremendous impact on performance of the companies. The reason is that audit firms tend to improve in their services provided as they spend long periods with the client company.

Sayyar et al. (2015) also looks at the outcomes of a quality audit on the overall performance of companies indexed in Malaysia. Their research analyzed the data of 542 firms during the period of 2003 to 2012. The findings therefore uncover that audit fees had a negative impact on return on assets and this effect is very significant, however, it is positively associated with Tobin's Q. This is because organizations that spend much for better auditing services signal to the market that their company is being audited in the highest quality which in turn helps to increase their market value. Their study also brings to light that there is an insignificant connection between the rotation of an audit firm and the performance of a company that is being audited.

Tanko and Polycarp (2019) study on political relations, audit quality and investor security and how these variables influence the overall performance of Nigerian firms. Their study employs secondary data which are produced from 25 selected companies listed on the country's Stock Exchange annual report and accounts during the period of 2008 to 2017. In their study, company performance is estimated using ROA of a company and the Big four (4) accounting firms are used to measure audit quality. Results of the study proved that the performance of a firm is not affected by it being audited by the Big 4.

Sattar et al. (2020) investigated the connection between the audit quality and firm performance with the moderating role of product market competition with data from the manufacturing sector of Pakistan from 2008 to 2017. The findings of the study suggested that there was a positive connection between the audit quality and firm performance with the interaction of the High Product Market Competition but a negative relationship with the interaction of Lower Product Market Competition. However, the overall findings of the study revealed a positive association between audit quality and firm performance.

Sampling 124 firms in Pakistan between 2004 and 2011, Afza and Nazir (2013) studied the relationship between Audit Quality and Firm Value. Results from the study illustrated that quality of external audit has positive and significant impact on performance. Quality of external audit revealed that investors perceive company have high-quality reporting and fair disclosure of its financial information, which entails them to keep that company into their good books. Khanh and Khuong (2018) also examines the effect of audit quality and firm characteristics on real earnings management of listed companies in Vietnam. From their study there was no difference between Big N and non-big N in mitigating or eliminating real earnings management.

2.4.3 Audit committee characteristics and firm performance

Dakhlallh et al. (2020) examine the relationship between audit committee and the performance of Jordanian companies. Their research uses a sample of 180 companies during the years of 2009 to 2017. The study measures audit committee by its size, financial proficiency, independence and the shares owned by members of the audit committee. The results of the findings reveal that the independence of the audit committee, its size, financial proficiency is all had positive relationship with firm's performance. They further show that the relationship between the shares owned by members of the audit committee and firm performance is negative.

Alqatamin (2018) investigates the effect of the audit committee on the firm performance of firms listed on the Amman stock exchange. The research analyzes 165 firms during the years of 2014 to 2016. The results demonstrate that the size of the audit committee, its independence and diversity in gender positively affect the performance of firms. However, the number of times the committee meets and the experience of the audit committee do not have any significant influence on the performance of the firms.

Kallamu and Saat (2015) study on audit committee characteristics and their influence on financial firms' performance in Malaysia. The research adopts a sample of 37companies between the period 2007 and 2011. The results of the research reveal that the independence of the committee is positively associated with the profitability of the firm. The findings also reveal that the dual membership of the committee members serving also on the nominations committee negatively affected the profitability of the company.

Afza and Nazir (2013) studied the connection between audit committee characteristics, audit quality of 124 companies in Pakistan between 2004 and 2011 and identified a positive and a significant impact of audit committee size on performance. Nevertheless, they found out that the relationship between audit committee activities and audit committee independence on performance of a firm.

2.4.4 Ownership structure and firm performance

Al-Saidi and Al-Shammari (2015) in their study identified no significant relationship between performance and ownership concentration for some listed companies in Kuwait. In the study, it was revealed that performance of the firms is induced by shareholder type (i.e. families ownership, government ownership, institutional ownership inter alia). A study Abdallah and Ismail (2017) also shows that ownership concentration provides better monitoring which in turn enhances firm performance. This is because the principal-agent model stipulates that managers are less likely to engage in shareholder wealth maximization objectives in the absence of proper monitoring procedures by shareholders. They therefore find that ownership concentration provides better monitoring initiatives and hence improved firm performance for owner-controlled firms other than manager-controlled firm. As the stake of majority stakeholders increases, they are able to obtain better incentives to enhance performance and to also monitor the activities and behavior of management.

However, one opposing argument against concentrated ownership structure is that it gives the stock block holders (larger shareholders) excessive discretionary powers of employing the resources of the firm in ways that are detrimental to other shareholders' interest (Bai et al. 2005). Pivovarsky (2003) additionally argues that higher concentration of a firm's shares in the hands of the minority shareholders (concentrated ownership) have the tendency to monitor and put enough pressure on managers to engage in certain activities or act in a manner where the value of the firm would be maximized.

On the contrary, Fazlzadeh et al. (2011) finds that dispersed ownership structure substantiates agency conflict in firms as the ability of the shareholders to monitor management will be weakened. Thus, monitoring cost becomes high as compared to a concentrated ownership structure (Khan et al. 2013). This is because shareholders are owners of the firm but they have no control over the company as their interest in the firm is little. Consequently, shareholders will under normal circumstance invest in these companies so that they can diversify risk on their shares and thus focus on investment for the dividend to earn in future instead of an investment in the long term growth and performance of the firm.

According to Tsegba and Ezi-Herbert (2011) the study on foreign ownership structure which is understood as partaking in the ownership structure of the company by foreigners, is not immense. Studies such as Alfaraih et al. (2013) shows that companies that are owned by non-national executives happens to be dynamic in the style of management and thus perform better than other locally-owned firms.

Insider ownership of shares which is an ownership structure where managers are allocated a percentage of the shares or ownership of the firm can influence both positively and negatively the performance of the firm. Thus, insider ownership of shares can be a double-edged sword that can influence the performance of the firm from any direction. Driffield et al. (2006) also argue that a firm's value will decrease when managerial ownership increases because of entrenchment effects. Jensen (2017) adds that when managers have some form of interest in the ownership of the firm, the conflicts of interest between managers and shareholders including the disbursement of the free-cash flows of the firm would be minimized. The goals of management tend to be directed towards maximizing the value of the firm rather than building corporate empires.

2.4.5 Audit quality and firm performance

While the structure of ownership has direct influence on performance, the ability of owners to appoint competent board members who can ensure financial reporting quality is also key to achieve the success of the firm. Reddy et al. (2010) claim that audit committee presence in a company has the tendency to reduce agency cost. According to Abidin et al. (2013), the quality of an audit is tied to a number of factors which include the independence as well as the expertise and experience of an auditing firm and it is therefore projected to limit opportunistic cost and also mitigate the risk and oversights in misstating financial reports. They continue further to argue that higher audit fees rewarded to external auditors strengthens management's relationship with the auditing firm and that can damage the independence of the auditor.

In addition, an increased quality of audit requires high audit fees which can improve the level of corporate governance structures and quality and also improve financial statements as well as performance of the firm. According to Jusoh et al. (2013), extra audit hours and audit staff with specialized skills are required for a thorough investigation into the financial statements of the firm, which will require higher audit fees. Therefore, it can be deduced that higher audit fees can serve as a proxy for a high-quality audit, as further audit procedures is always essential to ensure the financial reports presented by managements are devoid of material misstatement and pertain to the entity.

However, because audit quality is inherently unobservable, a single characteristic cannot be used against audit quality. Moreover, the ability of the auditor to monitor and the reputation of the auditor are perceived attributes of audit quality as the monitoring strength will influence the financial statement quality and the reputation will tell stakeholders how credible the audited financial statement is (Watkins et al. 2014). An independent audit as a measure of audit quality serves as a monitoring device which is designed to improve information dissemination about the performance of the firm and reduce information asymmetry (Jusoh et al. 2013). An independent quality audit reinforces assurance in the integrity and credibility of the statements which are key to the well-functioning of markets and improves financial performance of the firm.

2.4.6 Audit committee characteristics and firm performance

As audit quality and ownership structure influence the performance of a firm, so do audit committee. Zhou et al. (2018) studied the relationship between cost of debt financing and characteristics of audit committee. Their study shows that cost of debt financing is significantly influenced by characteristics of audit committee, thus monitoring of financial accounting by the committee remains important especially to creditors and the entire firm's performance. Tornyeva and Wereko (2012) revealed that the independence of the audit committee has significant and positive impact on performance. Othman et al. (2014) also indicate that fraud firm usually had less audit committee independence than non-fraud companies, which in effect negatively affects their performance. Thus, when it happens that the committee functions independent of the firm, overseeing and reviewing financial reporting would be done effectively and this would lead to enhancing the performance of the firm. Also, regular meetings by the committee with both internal and external auditors enhances the committee's assessment of all financial reports including the practice of the firm's executives. This results in an enhanced monitoring system of the firm which influence the executives of the firm to perform effectively their assigned duties. Consequentially, regular meetings by the committee leads to improving the performance of the firm as Afza and Nazir (2014) argues. Again, a study by Aanu et al. (2014) shows that meetings of audit committee has the tendency tor improve the quality of the audit and thereby improving auditor's role of protecting the benefits of shareholders and also increase performance. The study further report that audit committee having at least two time meetings in a year would help in reducing fraud in the company. From the preceding studies, it can be observed that, the debate on the size of the committee and performance remain inconclusive. While scholars like Tornyeva and Wereko, Aanu et al. (2014), and Othman et al. (2014) observe a positive impact of audit committee characteristics on performance, others such as Romano et al. (2012) and Al-Matari et al. (2012) hold the opposing view.

2.5 Conceptual Framework

Base on the above reviewed literature conducted, this framework outlines the effect of audit quality, ownership structure and audit committee characteristics on performance of firms. Firm performance as the dependent variable was presented by ROE, Tobin Q, and ROA. The independent variables; ownership structure was presented by institutional, managerial, government, and foreign ownerships. Audit quality was measured by external auditor's reputation, and audit committee was also measured by the size, independence, and meetings of the audit committee. The control variables employed which could also affect firm performance are firm size and board size.

Firm performance is crucial to all the firm's stakeholders be it shareholders, customers, regulators, employees etc. in view of this, it is necessary to ensure that the firm is monitored effectively to ensure it sustainability and performance. As such, ownership structure, audit committee and audit quality have the overarching motive of monitoring the efficacy of the firm to ensure the continual positive performance of the company.

Ownership structure of the company describes who owns the company as well as the kind of individuals who own the firm contributes to its performance. There is a growing perception of non-performance of firms owned by the government, especially in Ghana. Further, foreign firms are noted for higher performance in Ghana. Firms which have institutions owning part of it usually performs well, same for managerial ownership. This is because it is assumed that managers, having interest in the company will manage the firm well to increase its performance. This calls for the need to proxy foreign, government, managerial and institutional ownerships for ownership structure to determine its impact on the company's performance.

Audit quality is the degree to which an appointed external auditor is able to duly perform his duties to the benefit of all the stakeholders of the company as such, the credibility of the auditor is significant to a firm's performance. In view of this, external auditor's reputation is selected as proxy for audit quality. A well-established external auditor with its high reputation will be able to canvass all the needed evidence for a quality audit to boost the firm's performance.

Audit committee characteristics such as number of meetings, independence, and size also contribute to performance. An independent committee as well as a relatively larger committee size are able to bring onboard all the required expertise to effectively perform its monitoring role devoid of any interference. The number of times a committee meets is also necessary. An audit committee which frequently meet is able to detect and resolve all issues which may negatively impact the performance, on time. It is in light of this that audit committee independence, audit committee size and audit committee meetings are used as audit committee characteristics.

The firm and board sizes are used as control variables used to explain the relationship between the dependent and the independent variables. For instance, a larger firm which has a small

Board member size may end up appointing relatively small audit committee members who may be unable to effectively oversee the firm and so have negative impact on the company.

Firm performance is estimated using ROE, Tobin Q, and ROA. These are used to know the impact of the independent variables on both the book value and market values of the firm. These has been explained in the Figure 2.1.

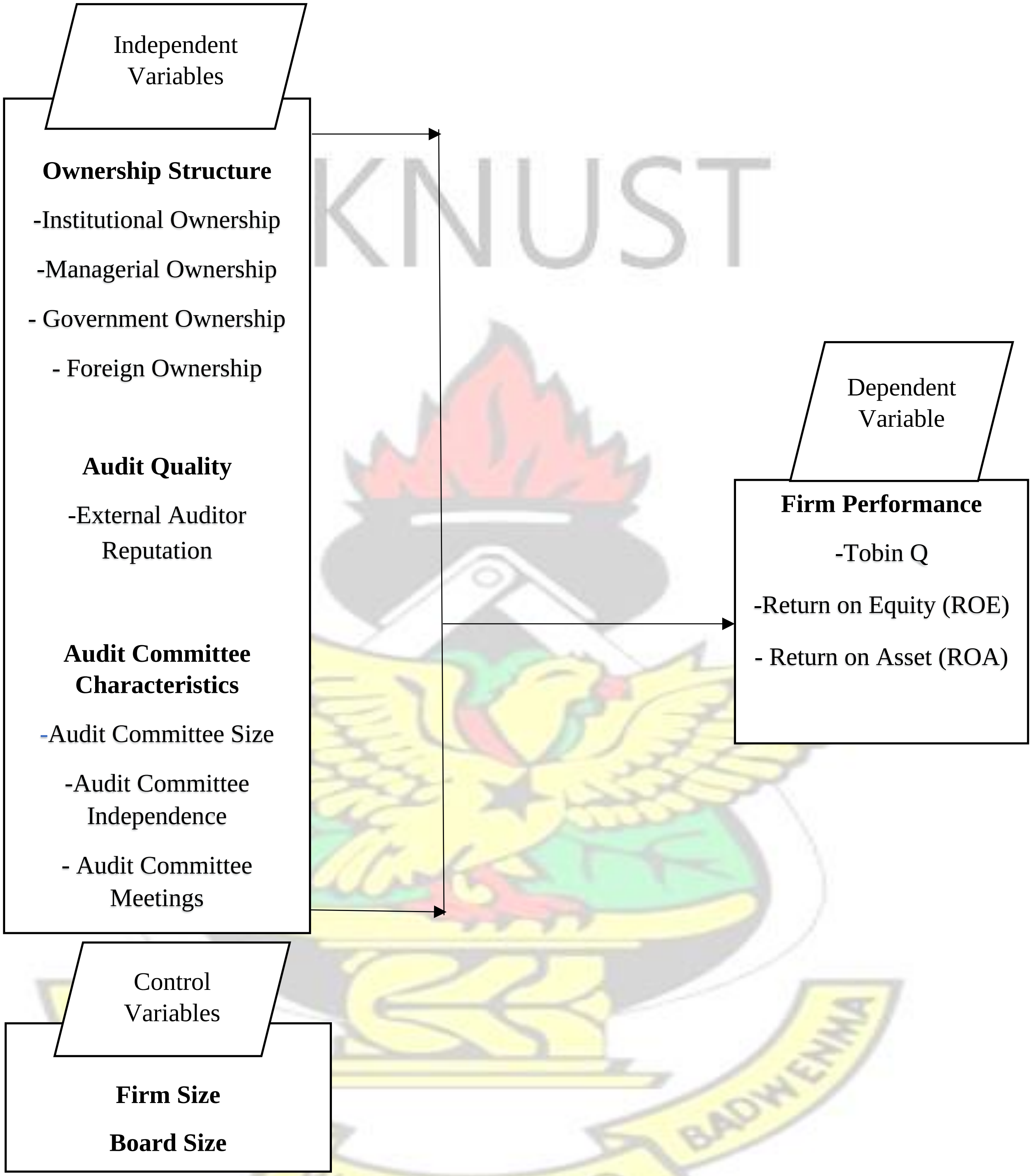

Figure 2.1 Illustration of the Impact of Ownership Structure, Audit Committee Characteristics, and Audit Quality on the Performance of a Firm (Source: Researcher's Own Construct)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section detailed the overall outline of the research methodology and the proposition of how the research was conducted. It also highlights on the research design, data collection techniques, sampling technique, method of data analysis. The main motive is to identify whether exist any significant relationship between audit quality, audit committee, and ownership structure (i.e. the independent variables) and Tobin Q, ROA, and ROE (i.e. the dependent variables). Similarly, the study's population, the sampling methods employed underpinning the study are discussed. Materials used were from published and unpublished works, journals, reports, magazine; as well as financial reports of the selected listed companies.

3.2 Research Design

Research design is defined as how a researcher can inculcate a research study to address a series of questions in a research and achieve the objectives Wills (2003). It functions as a structured plan detailing the project, the methodology of collection of participants, specifies of how the analysis should arrive at its logical conclusions and research limitations. The study used the quantitative research method to achieve its objectives. Hopkins (2008) contended that quantitative research approach implies application of numerical measures and inspires quantification and the kind of relationship that exists between variables. This study utilized panel research design to ascertain the impact of audit quality and ownership on firms' performance among listed firms on the GSE. Abor (2005) and Baltagi (2005) pointed out that this type of research design deals with the pooling of observations on a cross-section of units over a numerous period and usually outcomes provided are not easily measurable in pure time-series and cross-sections. The choice of panel data set over cross-sectional "data in this analysis is to make the research results more reliable as panel data helps lessen the degree of a key econometric issue that often happens in empirical studies, such as omitted variables related with explanatory" variables (Hsiao, 1986).

3.3 Population, Data and Sample

The study's population included all the firms listed on the GSE. For the target population, the study focused on the listed companies because of easy accessibility of data as these firms are public firms and thus they are authorized to publish their reports on annual basis as regulations demands so that the public and the firms' shareholders can access them. Also, purposive sampling was used for the selection of the firm base on the subsequent conditions:

1. Firms that have full annual report and also accessible to the author
2. Firms that have complete annual report but were not available during the study were excluded.
3. Firms that have no information on the variables used by the study for a particular year were exempted.

On the back of the preceding conditions, 15 firms were used. Data on the variables of the present study were accessed from the website which constitute a secondary data. An annual reports data from 2012 to 2018 was used by the study and they resulted in a total of 105 observations.

3.4 Description of Measurement Variables

3.4.1 Dependent variable

As indicated earlier, the dependent indicator which is firms' performance is proxied on Tobin Q, ROE and ROA (Aggarwal et al. 2011; Waheed and Malik, 2019; Maury, 2006). Table 3.1 gives detail description to the aforementioned variables (i.e. ROA, ROE and Tobin Q).

Table 3.1 Dependent Variable Description

PERFORMANCE	ACCRONYMS	DEFINITION	SOURCE
Return on Asset	ROA	ROA can estimate how much a firm can generate in terms of income using one unit of assets. With this, the firm can determine the results of decisions taken by management on the utilization of resources entrusted to them. ROA is calculated by dividing net income by total asset.	*Appiah et al. (2015); Hillier et al. (2010); and Krivogorsky (2006)*

Return on Equity	ROE	This variable examines a firm's earnings over a specific time period produced by shareholders equity - it is normally calculated on annual basis. ROE comes with three main tools which can be adopted to manage and maintain the firm's health (i.e. asset management, profitability, and flexibility in the firm's finances).	*Krivogorsky (2006); Hillier et al. (2010); and Mary (2006)*
Tobin's Q	TBQ	Tobin's Q is a market-based measure of performance defined as the book value of debt plus market value of common stock divided by the book value of assets. The total market value of the common stock is the product of outstanding shares of the company and years ending market prices of the shares. Tobin's Q efficiently estimates firms' performance from a forward-looking perspective showing	*Alipour (2013); Lestani and Aeni (2019); Sayyar et al. (2015); and Waheed and Malik (2019)*

		management's future achievements.	

3.4.2 Independent variables

Constituting the independent variables were audit committee, ownership structure and audit quality. For ownership structure, it was measured by managerial, institutional, government, and foreign ownerships. Also, for audit quality, it was proxied by the reputation of the external auditor and audit committee characteristics was also measured by meetings, independence, and size of the committee for the individual firms.

Table 3.2 Independent Variable Description

VARIABLES	ACCRONYMS	DEFINITIONS	SOURCE
Ownership Structure			
Institutional Ownership	INSOWN	Institutional Shareholding (percentage shown in the annual report)	*Krivogorsky (2006); Demsetz and Villalonga (2001)*
Managerial Ownership	MANOWN	Managerial Shareholding (percentage shown in the annual report)	*Krivogorsky (2006); Demsetz and Villalonga (2001)*
		Government Shareholding	

Government Ownership	GOVOWN	(percentage as given shown in the annual report)	
Foreign Ownership	FOROWN	Foreign Shareholding (percentage shown in the annual report)	
Audit Quality			
External Auditor Reputation	AUDQ	Measured by the external auditor's reputation where 1 if the company is audited by a Big 4 accounting companies and 0 otherwise	*Mohamed and Habib (2013); Nnadi et al. (2017); and Hoag et al. (2017)*
Audit Committee			
Audit Committee Size	ACSIZE	The audit committee size in terms of number	*Alzeban (2015); Zhang et al. (2007); and Oussii and Taktak (2018)*
Audit Committee Independence	ACIND	The ratio of non-executive or external	

		directors who serve on the audit committee	*Van der Zahn and Tower (2004); and Baxter (2010)*
Audit Committee Meetings	ACMEET	The number of time audit committee meet in a year	*Rahman et al. (2019); and Musallam (2020)*

Source: Author's construct

3.4.3 Control variables

The control variables employed which could also affect firm performance are firm size and board size. These variables ensured the model to be tested is not subject to bias which result from omitted variable. Again, board and firm sizes were used as the controls.

Table 3.3 Control Variable Descriptions

VARIABLES	ACCRONYMS	DEFINITIONS	SOURCE
Firm Size	FSIZE	Book value of total asset. It is calculated using the natural logarithm of the total assets of the firm.	*Renneboog (2000); Aggarwal et al. (2011); and Maury (2006)*

Board Size	BSIZE	This is the number of members on the firm's board which is the main corporate boards.	*Krishnan (2005)*

3.5 Data Analysis

Data used by the study which is secondary data was for a critical evaluation of the effect of ownership structure, audit committee characteristics, and audit quality on the performance of a firm. As cited in Afriyie and Akotey (2015), Sayrs (1998) defines panel data as the longitudinal data that captures observations of economic variables of a particular sample over a specific time period. Again, Hsiao (2003) stresses that this data constitute an effective data for assessing indicators econometrically. Hsia (2003) stated again that, among explanatory indicators, panel data reduces the level of collinearity. A number of studies have adopted akin method to evaluate the effect of some economic variables on performance of firms over time (Afriyie and Akotey, 2015; Akotey et al. 2013; Baldavoo and Nomlala, 2019). Thus, this method is considered appropriate for the present research.

3.6 Model Specification

The subsequent equation shows a model of a simple panel data regression.

$\mathbf{Y}_{it} = \boldsymbol{\alpha} + \boldsymbol{\beta}_1\mathbf{X1}_{it} + \boldsymbol{\beta}_2\mathbf{X2}_{it} + \boldsymbol{\mu}_{it}$…………………………………..…………………………. (a)

Where, *Y* = the dependent indicator of the companies listed on the GSE as 'i' at time 't'

α = the constant term

β_1 *and* β_2 = the coefficients of the independent indicators as well as the control variables in that order

$X1_{it}$, *and* $X2_{it}$ = the independent indicators as well as the control variable of companies as 'i' at time 't'

μ_{it} = the stochastic disturbance term

From equation (a) above, the following equations are used as models to achieve the research objectives as stated below:

1. To analyse the relationship between ownership structure and firm performance

$$ROA_{it} = \alpha + \beta_1 INSOWN_{it} + \beta_2 MANOWN_{it} + \beta_3 GOVOWN_{it} + \beta_4 FOROWN_{it} + \beta_5 FSIZE_{it} + \beta_6 BSIZE_{it} + \mu_{it} \qquad (1)$$

$$ROE_{it} = \alpha + \beta_1 INSOWN_{it} + \beta_2 MANOWN_{it} + \beta_3 GOVOWN_{it} + \beta_4 FOROWN_{it} + \beta_5 FSIZE_{it} + \beta_6 BSIZE_{it} + \mu_{it} \qquad (2)$$

$$TBQ = \alpha + \beta_1 INSOWN_{it} + \beta_2 MANOWN_{it} + \beta_3 GOVOWN_{it} + \beta_4 FOROWN_{it} + \beta_5 FSIZE_{it} + \beta_6 BSIZE_{it} + \mu_{it} \qquad (3)$$

2. To identify the effect of audit quality on firm performance

$$ROA_{it} = \alpha + \beta_1 AUDQ_{it} + \beta_2 FSIZE_{it} + \beta_3 BSIZE_{it} + \mu_{it} \qquad (4)$$

$$ROE_{it} = \alpha + \beta_1 AUD_{it} + \beta_2 FSIZE_{it} + \beta_3 BSIZE_{it} + \mu_{it} \qquad (5)$$

$$TBQ_{it} = \alpha + \beta_1 AUD_{it} + \beta_2 FSIZE_{it} + \beta_3 BSIZE_{it} + \mu_{it} \qquad (6)$$

3. To examine the effect of audit committee characteristics on firm performance

$ROA_{it} = \alpha + \beta_1 ACSIZE_{it} + \beta_2 ACIND_{it} + \beta_1 ACMEET_{it} + \beta_3 FSIZE_{it} + \beta_4 BSIZE_{it} + \mu_{it}$.. (7)

$ROE_{it} = \alpha + \beta_1 ACSIZE_{it} + \beta_2 ACIND_{it} + \beta_1 ACMEET_{it} + \beta_3 FSIZE_{it} + \beta_4 BSIZE_{it} + \mu_{it}$... (8)

$TBQ_{it} = \alpha + \beta_1 ACSIZE_{it} + \beta_2 ACIND_{it} + \beta_1 ACMEET_{it} + \beta_3 FSIZE_{it} + \beta_4 BSIZE_{it} + \mu_{it}$... (9)

Where;

ROA_{it} = Return on Assets of firm *i* at time *t*

ROE_{it} = Return on Equity of firm *i* at time *t*

TBQ_{it} = Tobin Q of firm *i* at time *t*

$INSOWN_{it}$ = Institutional Ownership of firm 'i' at time '*t*'

$MANOWN_{it}$ = Managerial Ownership of firm *i* at time *t*

$GOVOWN_{it}$ = Government Ownership of firm *i* at time *t*

$FOROWN_{it}$ = Foreign Ownership of firm *i* at time *t*

$ACIND_{it}$ = Audit Committee Independence of firm 'i' at time '*t*'

$AUDQ_{it}$ = Audit Quality of firm firm 'i' at time '*t*'

$ACMEET_{it}$ = Audit Committee Meetings of firm 'i' at time '*t*'

$ACSIZE_{it}$ = Audit Committee Size of firm 'i' at time '*t*'

$BSIZE_{it}$ = Board Size of firm 'i' at time '*t*'

$FSIZE_{it}$ = Firm Size of firm 'i' at time '*t*'

μ_{it} is also referred to as the residual and it has been attached to the equation to take care of the errors that may impact the calculations due to noisy financial data, human error, unobservable events and again the need to be penurious.

Akotey et al. (2013); Gelman (2010); and Kreft and de Leeuw (1998) posit that analysis of panel data comes in two main models that is random effect and fixed effect. Akotey et al. (2013) stated that the said models do not depend on each other. According to Gelman (2010), random effect model is used when invariant indicators are randomly interrelated. Also, the fixed effect model is adopted when a study assumes the effect that the invariant indicators might have on the independent indicator is constant. In deciding which model to use, the Durbin-Wu-Hausman (DWH) test is carried out. To enhance the testing, two research hypotheses were instituted as shown subsequently.

H_0 = *Random model is appropriate*

H_1 = *Fixed model is appropriate*

According to the thumb rule for testing, if the chi – square statistic (*p*-value) is greater than 5% significant level, the null hypothesis (H_0) is accepted which implies that the random effect model constitute the appropriate estimator for the data modelling. Conversely, if the chi – square statistic (*p*-value) is below 5% significant level, the alternative hypothesis (H_1) is acknowledged which means the fixed effect model would have to be adopted as Greene (2008) posits. STATA 15.0 was used to derive the estimators of the analysis.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND FINDINGS

4.1 Introduction

The chapter outlines the analysis of the secondary data collected for the study. As previous indicated, the data used by the study sourced from financial statements and annual reports of selected companies from the GSE. Presentation of analysis are organized in tabular form outlining the key contents. In the current chapter, the study presents result on the analysis carried out by study which included Hausman specification test, descriptive statistics, regression analysis, and correlation analysis. Again, the study corroborate the findings made with detailed discussions.

4.2 Descriptive Statistics

Table 4.1 Descriptive Statistics

Variable	Observations	Mean	Standard Deviation	Minimum Value	Maximum Value
ROE	105	0.19	0.29	-0.67	1.93
ROA	105	0.05	0.09	-0.14	0.55
TBQ	105	0.95	1.67	0.003	9.41
AUDQ	105	0.93	0.25	0	1
ACSIZE	105	3.88	0.87	3	6

ACIND	105	3.43	1.12	2	6
ACMEET	86	4.44	2.80	2	18
INSOWN	105	83.41	13.81	48	99.04
MANOWN	105	0.32	0.99	0	4.77
FOROWN	105	46.04	36.49	0	95.3
GOVOWN	105	18.44	20.92	0	62.62
BSIZE	105	9.4	1.98	5	15
FSIZE	105	8.97	0.61	7.79	10.03

Source: Research Data (2021)

Table 4.1 above shows the study depicting the number of observations, mean, standard deviations, maximum and minimum values of the various variables. It can be seen from the table that, there were a total of 105 observations with the exception of ACMEET which had 86. Over the 7-year period, it can be seen that the highest ROE is 1.93 which represent 193% returns of shareholders' funds which indicates a higher yield on shareholders' funds showing good performance of some listed firms. The minimum ROE is -0.67 representing a loss of 67% of shareholders' funds indicating the poor performance on the part of some firms on the return earned on the shareholders' contribution employed. The average ROE IS 0.19 indicating a 19% average returns on shareholders' funds. However, the 29% standard deviation indicate that a significant differences exist between non-performing and performing firms. The highest ROA is 0.55 indicating a 55% return on assets employed the by firms. Minimum ROA is -0.14 representing a 14% loss on assets used by the company. The results again shows that firms earned on the average 5% of returns on assets used in the time of consideration, and a 9% standard deviation indicate the marginal difference in terms of the best and the least performing firms. The minimum TBQ for the selected listed companies in Ghana is 0.003 which shows that the cost to replace assets of firms is greater than the value of its stock which make their stock undervalued. Other the other hand, the maximum rate of TBQ of 9.41 shows that share price of firm is more expensive than the cost to assets replacement which mean the stock price of some firms are overvalued. The average value of TBQ is 0.95 which show a near optimal valuation of firms listed on GSE.

Audit quality shows a maximum and minimum values of 1 and 0 respectively with 1 representing listed firms audited by the big four and 0 denoting firms audited by non-big four audit firms. The mean value for audit quality is 0.94 which indicates that listed firms on the average mostly employ the services of the big four firms for their audit.

The size of the committee is averaged with four committee members with a minimum and maximum member of 3 and 6 in that order. For the audit committee independence, the average is 4 committee members. It thus indicates that, on the average, the number of non-executive directors on the committee of listed firms in Ghana is about 4, with a maximum of 6 and a minimum of 2. On average, listed firms in Ghana hold about 4 meetings annually. The maximum number of meetings held is 18 while the minimum is 2.

Board size shows a maximum value of 17 indicating a relatively greater number of directors on the board of some listed firms in Ghana. The minimum number of directors on the board of listed firms in Ghana is 5, with an average number of about 10 board members.

Again, the size of the committee was averaged out with 4 committee members with a minimum and maximum of 2 and 6 in that order. The independent of audit committee is averaged with 4 members. This suggests that averagely there should be 4 external directors on the committee in the consideration period, with a minimum of 1 member and maximum of 9 members.

The highest institutional ownership was 99.04% and the least was 48%. Institutional shareholders have a large percentage ownership in listed firms in Ghana on the average during the period under consideration is a mean of 83.41%, and a standard deviation of 13.81%. The maximum value for management ownership is 4.77% and the minimum is 0%. On the average, the percentage of management ownership in listed firms in Ghana is low with the value of 0.32%. On the average, foreign ownership of listed firms in Ghana is 46.04% with the highest and the least values of 95.3% and 36.49% in that order. This means that, a chunk of firms listed on the Ghana Stock Exchange are foreign owned. The average government stake in listed firms is 18.44% with 20.92% and 62.62% being the minimum and maximum government ownership respectively.

Board size shows a maximum value of 15 indicating a relatively greater number of directors on the board of some listed firms in Ghana. The minimum number of directors on the board of listed firms in Ghana is 5, with an average number of about 9 board members. The maximum and minimum values for firm size are 10.03 and 7.79 respectively. Listed firms on the average have a firm size of about 9 (measured as the natural log of total asset).

4.2 Correlation Analysis

Correlation analysis actually estimates the strength and the nature of the relationship between two or more indicators. The analysis also determines the mutual relationship among indicators and the linear dependency between indicators. Nevertheless, correlation relationships do not suggest causality, that is if x impact y or the other way round.

Table 4.2 Correlation Matrix

	ROE	ROA	TBQ	AQ	ACS	ACI	ACM	IO	MO	FO	GO	BS	FS
ROE	1												
ROA	0.87*	1											
TBQ	0.21*	0.47*	1										
AQ	-0.23*	-0.23*	0.03	1									
ACS	0.29*	0.13	-0.06	-0.04	1								
ACI	0.17	0.02	-0.05	0.1	0.90*	1							
ACM	-0.24*	-0.27*	-0.25*	0.05	-0.14	-0.09	1						
IO	-0.11	-0.08	0.07	-0.03	-0.17	-0.24*	-0.11	1					
MO	-0.34*	-0.34*	-0.13	0.05	-0.28*	-0.15	-0.03	0.05	1				

FO	0.03	0.11	0.33*	0.29*	-0.03	-0.1	-0.22	0.67*	-0.33*	1		
GO	-0.09	-0.25*	-0.36*	-0.33*	0.50	0.14	0.29	-0.48*	0.43*	-0.69	1	
BS	0.16	-0.05	-0.18	0.05	0.47*	0.52*	-0.09	-0.40*	-0.11	-0.23	0.27*	1
FS	0.12*	-0.15	-0.47*	0.13	0.51*	0.51*	0.18	-0.27*	-0.27*	-0.15	0.15	0.56*	1

* *5%* Significant level

Table 4.2.1 presents results on the correlation analysis between TBQ, ROE and ROA of the independent indicators used by the study (i.e. managerial ownership, audit quality, institutional ownership, foreign ownership, government ownership, audit committee meeting, audit committee independence, and audit committee size) as well as the control indicators (i.e. firm and board sizes). Results from the study shows that, ROE is positively correlated audit committee independence, board size, foreign ownership, audit committee size and firm size. However, ROE is negatively correlated to audit quality, institutional ownership, audit committee meeting, government ownership, and managerial ownership.

ROA is negatively correlated with audit quality, audit committee meetings, institutional ownership, managerial ownership, government ownership, board size and firm size, but positively related with audit committee size, audit committee independence and foreign ownership.

TBQ is positively correlated with audit quality, institutional ownership, and foreign ownership while negatively correlated with managerial ownership, firm size, audit committee independence, managerial ownership, audit committee size, board size, audit committee meetings, and government ownership.

There is an insignificant correlation between the control indicators and the independent indicators. This suggest that there exist no significant interest of multicollinearity between the independent indicators.

4.3 Regression Analysis

Table 4.3 Hausman Specification Table

Prob > chi2	0. 8918

The Table 4.3 presents that the null hypothesis of the study cannot be disapproved which implies that the fixed effect model was not the right model. This is because the figure of the prob>chi2 which is 0.8918 is above 5% significant level. Thus, the study adopted the random effect model instead.

4.4 Empirical Results and Discussions

Tables 4.4 to 4.12 present the results of the empirical estimations of the respective relationships and discussed as follows.

4.4.1 Relationship between ownership structure and firm performance

Table 4.1 Relationship Between Ownership Structure and ROE

ROE	Coef.	Std. Err.	t	P>|t|	Ovr P-value	Ovr R-Sq	Ovr Adj R-Sq
INSOWN	.0282303	1.509464	0.02	0.985	0.0073	0.4688	0.3462
MANOWN	-.2347967	.0584287	-4.02	0.000			
GOVOWN	-.3639687	.1539466	-2.36	0.026			
FOROWN	-.0026661	.0832663	-0.03	0.975			
Fsize	-11.07094	3.006735	-3.68	0.001			
BSIZE	.7559695	.6151567	1.23	0.230			
_cons	21.44888	6.459833	3.32	0.003			

Table 4.5 Relationship Between Ownership Structure and ROA

ROA	Coef.	Std. Err.	t	P>|t|	Ovr P-value	Ovr R-Sq	Ovr Adj R-Sq
INSOWN	-1.022679	1.510657	-0.68	0.504	0.000	0.6855	0.6129
MANOWN	-.2285705	.0584749	-3.91	0.001			
GOVOWN	-.587573	.1540684	-3.81	0.001			
FOROWN	-.1950256	.0833322	-2.34	0.027			
Fsize	-13.23393	3.009113	-4.40	0.000			

BSIZE	.3317132	.6156431	0.54	0.595
_cons	31.58059	6.464941	4.88	0.000

Table 4.6 Relationship Between Ownership Structure and TBQ

TOBINQ	Coef.	Std. Err.	t	P>|t|	Ovr P-value	Ovr R-Sq	Ovr Adj R-Sq
INSOWN	1.390152	1.542917	0.90	0.375	0.0004	0.5596	0.4652
MANOWN	-.0566957	.0562661	-1.01	0.322			
GOVOWN	-.1698424	.1584453	-1.07	0.293			
FOROWN	-.3361387	.0854408	-3.93	0.001			
Fsize	-5.603373	3.043939	-1.84	0.076			
BSIZE	-1.53453	0.35760	-4.29	0.007			
_cons	5.978951	6.558017	0.91	0.370			

The results from the Tables 4.4, 4.5 and 4.6 indicate a negative relation between institutional ownership and all the measures of firm performance. From each of the tables, institutional ownership is inversely and insignificantly related to ROE, ROA and TBQ, indicating that, as more institutions own shares in a firm, the more positive it is for shareholders to yield more returns on their investment. These results imply that the presence of institutional investors does have statistical influence on the performance of listed firms in Ghana. Institutional investors exert pressure on a firm's management system with regards to monitoring and as such this enhances efforts of the executives to be innovative and imaginative and the end results is that management is able to contribute substantially to influence their firm's performance (Ongore, 2011). Tsegba and Ezi-herbert (2011) reported similar findings that there is substantial correlation between institutional ownership structure and the overall performance of firms listed on the Omani stock trade. The results support the findings of Ongore (2011) who found a negative relation between ownership structure and listed firm's performance in Kenya and other authors such as Driffield et al. (2006), Demsetz and Villalonga (2000), and Cheung and Wei (2006) who all have the view that there is a negative relationship institutional ownership and firm performance. Alipor (2013) also reported contradictory findings that institutional ownership is positively connected to the performance of companies listed on the Tehran Stock Exchange.

Management ownership is significant and inversely related with ROE and ROA (at 10% significance level), however, it is insignificantly positively related to TBQ. This means that there is statistical evidence to suggest that the board members who own shares have a positive impact on the ROE and ROA of listed firms in Ghana. This means that an increase in managerial shareholding will result in an increase in the performance of listed firms in Ghana. A unit rise in the ownership of board members will cause a decrease of 23% and 22% in the return on shareholders' funds and assets respectively for listed firms. Managers who own shares tend to be more concerned with increasing the size of the company since it will result in incentive benefits for them and in the process may overlook policies and strategies which will improve the performance of their firms and this result in poor firm's performance. This results agrees with the findings of Tsegba and Ezi-herbert (2011) that board ownership has negative relationship with a firm's overall performance in Nigeria. The work of Ongore (2011) reported similar findings where a negative relation was recorded between the performance of some selected firms and their ownership structure in Kenya. The managerial ownership coefficient for TBQ on the other hand deviates from the path of ROE and ROA and positively affect TBQ as firms' performance measure. This finding suggests that the higher the managerial ownership, the higher the firm performance which is similar to the work of Hossain et al. (2001), and Fauzi and Locke (2012). The result supports the agency model theory that higher managerial ownership should reduce agency costs and hence increases firm performance, and therefore it can be regarded as one of the effective mechanisms for mitigating agency problems and increasing the firm value.

Foreign ownership is positively and significantly related to all measures of firm performance except one which was insignificant. This means that, firms which are foreign owned or has part of its shareholders being foreigners performs better. This is because foreign owners play a monitoring role in the operations of the firm, thus management are on their toes to ensure that they act in the best interest of these foreign owners. Findings of the study concurs with Douma et al. (2006) who revealed a positive impact on performance of firms in India because of the monitoring role foreign shareholders in internal governance. Similarly, the findings share in the view of Huang and Shiu (2009) who found that the level of foreign ownership in Taiwanese firms has a positive impact on firm performance because foreign investors act as monitors. Likewise, Phung and Mishra (2015) also found a positive relationship between foreign ownership and firm performance.

Government ownership is positively but insignificantly related to ROE and ROA with coefficient of 0.002 and 0.0002 respectively. This suggests that there is some level of evidence, though not significant, to buttress government ownership of firms listed on the Ghana Stock Exchange. The positive influence of listed firm with government stake may allude to the fact that such firms are able to navigate their way through bureaucratic bottlenecks in terms of requirements and regulations which aid them to efficiently put to good use their assets and equity to yield better returns. The results are consistent with the findings of Firth et al. (2008) and Le and Buck (2011) who had a positive relationship between government ownership and firm performance. Using TBQ as a measure of performance, the study rather found a negative insignificant impact of government ownership on firm performance. This may be due to the misalignment of goals between the government and the ordinary shareholders. The government's goal in investing in listed firms may be for the firms to engage in socio-economic activities, as well the prevention of foreign ownership. On the other hand, ordinary shareholders goal is to maximize their wealth. These diverging goals may lead to an overvaluation or undervaluation of the firms' share price which ultimately affect the market valuation and eventually their performance. This part of the results is also consistent with the views of Capobianco and Christiansen (2011) and Gunasekarage et al. (2007) who established a negative relation between government ownership and performance.

For board size, it had an insignificant positive effect on ROE and TBQ but is insignificantly and negatively related with ROA. Whiles an increase in the size of the board of listed firms will result in an increase in their return on the equity, and market value, the changes in board size has a negative statistical influence on the return on asset employed. A rise in per unit of board size is expected to cause an increase of 0.001 per unit in the ROE and 0.038 per unit in the TBQ of listed firms in Ghana but cause a decline of 0.07% in ROA.

Firm size is significantly and inversely related with ROA (at 1% significance level) but insignificantly related to ROE and TBQ. This implies that for all measures of performance, there is a negative relation with firm size. This means that the performance of listed firms decreases as the firms expand in size. An increase in a unit of firm size will result in a corresponding decrease of 12.1%, 60.8% and 153.4% in ROE, ROA and TBQ respectively of listed firms in Ghana.

4.4.2 Effect of audit quality on firm performance

Table 4.7 Relationship Between Audit Quality and ROE

ROA	Coef.	Std. Err.	t	P>|t|	Ovr P-value	Ovr R-Sq	Ovr Adj R-Sq
AUDQ	-.0816901	.3304972	-0.25	0.805	0.0000	0.2687	0.2423
Fsize	-8.720837	1.694165	-5.15	0.000			
BSIZE	.604	0.202	2.99	0.003			
_cons	14.05756	3.145123	4.47	0.000			

Table 4.8 Relationship Between Audit Quality and ROA

ROE	Coef.	Std. Err.	t	P>|t|	Ovr P-value	Ovr R-Sq	Ovr Adj R-Sq
AUDQ	-.0576	.0231	-2.493	0.014	0.0106	0.574	0.532
Fsize	-2.7635	1.6751	-1.65	0.103			
BSIZE	1.2020	.50175	2.40	0.019			
_cons	0.604	0.202	2.99	0.003			

Table 4.9 Relationship Between Audit Quality and TBQ

TOBINQ	Coef.	Std. Err.	t	P>|t|	Ovr P-value	Ovr R-Sq	Ovr Adj R-Sq

AUDQ	-1.506	0.365	-4.13	0.009	0.0012	0.2373	0.213
Fsize	-11.39198	2.360463	-4.83	0.000			
BSIZE	.7280598	.7868298	0.93	0.357			
_cons	22.70713	4.383116	5.18	0.000			

The results from Tables 4.7, 4.8 and 4.9 reveal that audit quality has significant inverse relationship with ROE and TBQ. However, there is a significantly but negative relationship with ROA. This means that the auditing of listed firms by the big four audit firms will result in a decrease of about 5.76% in ROE, 150.6% in TBQ and of about 8.16% in ROA when the services of the big four are employed for listed firms in Ghana. Engaging a big 4 audit company for an audit by a listed company does not add any value to the listed firm as the cost involved may be more than the benefits obtained and this result in a decline to the returns on shareholders' funds and assets employed.

The results from the study also indicate an insignificant positive relationship between TBQ and the employment of the big four which is consistent with Sayyar et al. (2015) findings. According to Sayyar et al. (2015), audit quality insignificantly affect positively the performance of companies indexed in Malaysia. This result is plausible because the audit quality improves the effectiveness of financial statements and agency cost that result from managerial exploitation. Consequently, their individual interest is minimized likewise information asymmetry. Also, assurance to stakeholders in the firm are provided from quality auditing and also offer treasured advice to firms which improved their performance at the end. This confirms with the findings of Hassan and Farouk (2014), Smii (2016), Zureigat (2011), and Matoke and Omwenga (2016), who postulated that audit quality increases the performance of a firm. However, the studies of Tanko and Polycarp (2019), and Ugwu et al

(2020) reported contradictory findings that there is no connection between audit quality and ROA of firms in Nigeria.

Board size and firm size have insignificant positive and negative relationships respectively with firm performance (across all units of measurement). These findings indicate that, as board size increase, the employment of a big 4 audit company increases their performance, however on the other hand, as firm size increases, employing the services of the big four decreases its performance.

4.4.3 Effect of audit committee characteristics on firm performance

Table 4.10 Relationship Between Audit committee characteristics and ROE

ROE	Coef.	Std. Err.	t	P>|t|	Ovr P-value	Ovr R-Sq	Ovr Adj R-Sq
AUDITCOMMSIZE	1.39178	.595975	2.33	0.012	0.01957	0.574	0.345
AUDITCOMMIND	-.8389082	.5755145	-1.46	0.149			
AUDITCOMMMEET	-0.162	0.079	-2.06	0.039			
Fsize	-2.672374	1.774494	-1.51	0.136			
BSIZE	.9267497	.530637	1.75	0.085			
_cons	1.493	0.651	2.29	0.022			

Table 4.11 Relationship Between Audit Committee Characteristics and ROA

ROA	Coef.	Std. Err.	t	P>|t|	Ovr P-value	Ovr R-Sq	Ovr Adj R-Sq
AUDITCOMMSIZE	1.335937	.8246952	1.62	0.110	0.0025	0.2843	0.1689
AUDITCOMMIND	-1.125706	.529729	-2.13	0.037			
AUDITCOMMMEET	-.7807112	.2172885	-3.59	0.001			

Fsize	-7.613541	1.633323	-4.66	0.000
BSIZE	.5127234	.4884219	1.05	0.297
_cons	13.22427	3.153216	4.19	0.000

Table 4.12 Relationship Between Audit Committee Characteristics and TBQ

TOBINQ	Coef.	Std. Err.	t	P>|t|	Ovr P-value	Ovr R-Sq	Ovr Adj R-Sq
AUDITCOMMSIZE	.6568962	.8224305	0.80	0.427	0.0002	0.5205	0.4512
AUDITCOMMIND	-.6268145	.223628	- 2.80	0.002			
AUDITCOMMMEET	-.8778727	.2062836	-4.26	0.000			
Fsize	-14.18403	1.640328	-8.65	0.000			
BSIZE	.0496424	.4942015	0.10	0.920			
_cons	31.46856	3.168782	9.93	0.000			

The results from Tables 4.10, 4.11 and 4.12 show that audit committee size has a significant positive relationship with ROE, ROA, and as well as TBQ. The findings imply that as the size of audit committee increases, there will be a resultant increase in the return on shareholder’s funds and assets employed of listed firms in Ghana. A per unit rise in audit committee size is associated with a 139.1% increase in the ROE, 133.5% increase in ROA and as well as 65.7% increase in TBQ of listed firms in Ghana. A large audit committee size with a suitable balance of expertise, experience and skills allows for in-depth and more meaningful deliberations on ways to curb internal control weakness in relation to financial, operational and compliance matters, and to review the adequacy of financial controls and provide measures to improve weakness in these controls and this improves performance (Al Farooque et al. 2019).

Dakhlallh et al. (2020) reported similar findings that audit committee size is positively connected to the performance of Jordanian companies. The results also agree with the findings of Alqatamin (2018) that audit committee size positively affects the performance of firms listed on the Amman stock exchange. Using TBQ as a measure of performance, audit committee size leads to a decrease in the value of the firm.

Audit committee independence has an insignificant negative link with ROE and a significant negative link with ROA and TBQ. The implication of this results is that the presence of non-executive directors on the audit committee of listed firms in Ghana do not really have any impact on their performance in terms of ROE, ROA and TBQ. Non-executive directors serving on the audit committee may also be on other committees such as the nomination committee and this prevent them from making substantial contributions to the audit committee in their bid to improve the performance of the firms (Kallamu and Saat, 2015). Dakhlallh et al. (2020) reported contradictory findings that audit committee independence is positively connected to the performance of Jordanian companies. Audit committee independence rather has a significant positive impact on TBQ. This can be explained that, majority of audit committee members being non-executive may lead to a true transparent reflection of the firm because of their unbiased nature and thus will increase the trust of investors to invest in the firm and in so doing, increase its value. The results also resonate with the findings of Alqatamin (2018) that audit committee independence has a positive relationship with the performance of firms listed on the Amman stock exchange.

The results from the study show that there is an insignificant inverse relationship between audit committee meetings and firm performance (across all units of measurement). This means that, the number of times audit committees meet in a year has a negative impact on the performance of listed firms in Ghana. It is interesting to note that, the mere frequency of audit committee meeting does not necessarily increase the performance of the firm as the quality of the meetings must also be ensured. Therefore, what actually matter to the performance of firms is the effectiveness of the meetings and not just the frequency. This result is consistent with the findings of Rahman et al. (2019) who found a negative association between audit committee meetings and firm performance. Similarly, Hsu and Petchsakulwong (2010), and Lin and Wang (2010) are also of a similar view that the frequency of audit committee meeting causes a negative effect on firm performance.

Board size has an insignificant inverse association with TBQ, but an insignificant positive relationship with ROE and ROA. The implication is that the higher the number of directors on the board, the higher the yield on shareholders' funds and assets employed by listed firms in Ghana. However, changes in board size does causes an insignificant detriment to the value of a listed firm. For firm size, it was revealed that it is significantly and inversely related with firm performance as all the measures indicate negative relations. Thus, in the face of audit committee characteristics, as firm increases in size, its performance reduces.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Introduction

The current chapter presents a summary of the study's findings discussed in the chapter four of this document. The chapter five again presents final conclusion to the study, pertinent recommendations, and limitations of the study based on the results presented in the preceding chapter. Whereas the summary highlights the key findings relating to the study's objectives, the conclusion outlines the inferences the study made from its findings. The recommendation on the other hand was tied to the conclusions made by the study and underpinned by key findings. Also, recommendations were made for future research, for the regulator, stakeholders of the various companies employed.

5.2 Summary of Key Findings

The main objective was to examine the relationship between ownership structure, characteristics of the audit committee, and audit quality on financial performance of some listed firms on GSE. Specifically, the study sought to examine the relationship between ownership structure and firm performance; identify the effect of audit quality on firm performance; and examine the effect of audit committee characteristics on firm performance. On these objectives, the study has the following findings:

5.2.1 Effect of ownership structure on firm performance

It was revealed by the study that institutional ownership has an insignificant influence on performance of listed companies in Ghana. Management ownership is significantly and inversely related with ROE and ROA, but has positive but insignificantly related to TBQ. Foreign ownership is positively but insignificantly related to ROA and ROE. Government ownership is positive but insignificantly related to ROE and ROA but negatively related to TBQ. Board size is positively insignificantly related to ROE and TBQ but negatively related to ROA. Firm size has a negative impact on firm performance. It is however significantly related to ROA but insignificantly with ROE and TBQ.

5.2.2 Effect of audit quality on firm performance

The results reveal that audit quality has an insignificant relationship with firm performance, however, it is positively related to TBQ but negatively with ROE and ROA. This means that engaging a big 4 audit company for an audit has relatively no significant impact on ROA and ROE. Board size is positively insignificantly related to ROA and ROE. Further, firm size is inversely related to ROA and ROE however, it is insignificant for listed firms in Ghana.

5.2.3 Effect of audit committee characteristics on firm performance

Audit committee size had positive but no significant impact on ROE and ROA, however had an insignificant negative link with TBQ of listed firms in Ghana. Audit committee independence has an insignificant positive link with ROA, insignificant negative link with ROE and a positive significant relationship with TBQ. Audit committee meetings had an insignificant negative impact on performance. Also, board size had positive insignificant relations with ROE and ROA but inversely related with TBQ. Firm size is inversely related with firm performance however, it is significantly related with ROE while insignificantly related with ROA and TBQ.

5.3 Conclusion

The study examines the effect of ownership structure, characteristics of the audit committee and audit quality on listed firms' performance in Ghana. The study uses annual panel data. Purposive sampling technique is used to select 15 listed firms for the period of 2012-2018. The study uses OLS panel regression methodology to estimate the models. The study revealed that institutional ownership has an insignificant negative relationship with firm's performance but a positive relationship with foreign ownership. Management and government ownerships partially relate positively with performance of firms listed on the Ghana Stock Exchange. The results revealed that audit quality has an insignificant inverse relationship with firm performance, except for TBQ which showed a positive relation. Also, audit committee size has an insignificant positive relationship with ROE and ROA, but has a negative association with TBQ. For audit committee independence, it has no significant effect on the firms' performance as listed on the GSE. However, the committee independence had a significant positive relation with TBQ. Finally, the study showed that there is an insignificant negative relationship between audit committee meeting and firm performance.

5.4 Recommendations

From the conclusions drawn as well as the summary of findings made, the following recommendations have been outlined:

There is the need for firms to diversify their shareholdings in order to attract expertise and skills among its shareholders which can be a stepping stone to improve its performance. The researcher therefore suggests that corporate entities should reconsider institutional ownership since it did not have any significant effect on firm's performance. Institutional investors should consider critically before they invest in firms with board ownership and increase their monitoring measures in the situation where the firm is characterized by board ownership since management ownership has a significant inverse relationship with ROE of listed firms in Ghana. Further, firms in Ghana should also consider active foreign participation in ownership since it increases their value, returns on shareholders' funds as well as assets employed.

Also, shareholders and board members should consider hiring the services of non-Big 4 firms, because engaging the services of such firms is not justified financially since audit quality has an inverse relationship with ROE and ROA but positive relations with TBQ. All audit firms basically perform the same duty therefore given the need information and resources, the non-big four firms will live to the task. Additionally, listed firms should have an adequate audit committee size with a balance of expertise, skills and experience to carry out their duties effectively as this will improve the performance of firms as audit committee size is positively connected with firm's performance. Also, audit committees should hold as minimal meetings as possible as numerous meetings add no value to the firms.

5.5 Limitations of the Study

First, the aim of the study was to assess the effect of ownership structure, audit quality and audit committee characteristics on firm performance in Ghana. This implies that findings may not be applicable to listed firms in other countries. Secondly, due to differences in regulatory requirements, the findings may be restricted to only listed firms in Ghana and cannot be generalized for non-listed firms. Moreover, due to the problem of availability of data and time limitations, although the study aimed to use all listed firms, only 15 firms were actually used. This implies that, findings may be limited to listed firms used and not all listed firms in Ghana. Finally, not all the characteristics of ownership structure, audit quality and audit committee were employed in the study and can limit the findings of the study.

5.6 Further Research

Based on the outlined limitations on the study, the researcher recommends that future research that can examine the effect of ownership structure, audit quality and audit committee characteristics in other countries, specifically in Africa to improve the understanding of the topic by various stakeholders. Again, a comparative research can be conducted on the impact of audit quality, ownership structure, and audit committee characteristics between listed and non-listed firms in Ghana. Thirdly, where time and data are available, all listed firms should be employed. In addition, other ownership structure factors, audit quality measures, audit committee characteristics as well as performance measures should be explored in future studies like audit committee tenure, external auditor fees, external auditor tenure, family and individual ownership.

REFERENCES

Abdallah, A. A. N. and Ismail, A. K. (2017). Corporate governance practices, ownership structure, and corporate performance in the GCC countries. Journal of International Financial Markets, Institutions and Money, 46, 98-115.

Abdullah, M. I., Sarfraz, M., Qun, W. and Chaudhary, M. (2019). Ownership concentration impact on firm financial performance. *Log Forum*, *15*(1).

Abor, J. (2005). The effect of capital structure on profitability: an empirical analysis of listed firms in Ghana. *The Journal of Risk Finance, 6(5*), 438-445.

Aggarwal, R., Erel, I., Ferreira, M. and Matos, P. (2011). Does governance travel around the world? Evidence from institutional investors. *Journal of Financial Economics*, 100: 154-181.

Akotey, J.O., Sackey, F.G., Amoah, L. and Manso, R.F. (2013). The financial performance of life insurance companies in Ghana. *Journal of Risk Finance, 14(3), 286-302.*

Alabdullah, T.T.Y. (2018). The relationship between ownership structure and firm financial performance. *Benchmarking: An International Journal*.

Alareeni, B. (2018). Does corporate governance influence earnings management in listed companies in Bahrain bourse?. Journal of Asia Business Studies, 12(4), 551-570.

Aliyu, U. S. (2019). Board characteristic and corporate environmental reporting in Nigeria. Asian Journal of Accounting Research, 4(1), 2-17.

Almajali, A. Y., Alamro, S. A. and Al-Soub, Y. Z. (2012). Factors affecting the financial performance of Jordanian insurance companies listed at Amman Stock Exchange. *Journal of Management research*, *4*(2), 266.

Al-Matari, E. M. (2019). Do characteristics of the board of directors and top executives have an effect on corporate performance among the financial sector? Evidence using stock. Corporate Governance: The International Journal of Business in Society, 20(1), 16-43.

Alzeban, A. (2015). Influence of Audit Committees on Internal Audit Conformance with Internal Audit Standards. *Managerial Auditing Journal*, *30*(6/7), 539-559.

Al-matari, E. M., Al-matari, Y. A. and Saif, S. A. (2017). Association Between Ownership Structure Characteristics And Firm Performance , 21(1), pp. 1–10.

Al-Thuneibat, A. A., Al Issa, R. T. I. and Baker, R. A. A. (2011). Do audit tenure and firm size contribute to audit quality? *Managerial Auditing Journal*.

Alipour, M. (2013). An investigation of the association between ownership structure and corporate performance Empirical evidence from Tehran Stock , 36(11), pp. 1137–1166.

Alqatamin, R. M. (2018). Audit Committee Effectiveness and Company Performance : Evidence from Jordan, 7(2).

Amin, A., Lukviarman, N., Suhardjanto, D., & Setiany, E. (2018). Audit committee characteristics and audit-earnings quality: Empirical evidence of the company with concentrated ownership. *Review of Integrative Business and Economics Research*, *7*, 18-33.

Appiah, O. K., Asamoah, A. L. and Narkotey, Z. (2015). Determinants of performance of rural banks in Ghana. *African J. Accounting, Auditing and Finance. 4*(4) pp. 345-359.

Azam, M., Khalid, M. U., & Zia, S. Z. (2019). Board diversity and corporate social responsibility: the moderating role of Shariah compliance. *Corporate Governance: The International Journal of Business in Society*.

Bai, C., Liu, Q., Lu, J., Song, F. M. and Zhang, J. (2005). An Empirical Study of Corporate Governance and Market Valuation in China, *Economic Research Journal,* 2, pp. 84-110.

Baldavoo, K. and Nomlala, B.C. (2019). Audit Quality and Corporate Governance as Determinants of Banks' Performance in Ghana. *Acta Universitatis Danubius. Œconomica*, *15*(7).

Bank of Ghana. (2018). Press release: Bank of Ghana appoints official administrator for Unibank.

Berle, A. and Means, G. (1932). The Modern Corporation and Private Property. The Macmillan Company, New York.

Bhasa, M. P. (2004). Understanding the corporate governance quadrilateral, *Corporate Governance, 4(4): 7-18.*

Bokpin, G.A. (2011). Ownership structure, corporate governance and dividend performance of the Ghana Stock Exchange. *Journal of Applied Accounting Research*.

Bruton, G. D., Filatotchev, I., Chahine, S. and Wright, M. (2010). Governance, ownership structure, and performance of IPO firms: The impact of different types of private equity investors and institutional environments. *Strategic management journal*, *31*(5), 491-509.

Canavan, J., Coen, L., Dolan, P. and Whyte, L. (2009) *Privileging Practice: Facing the Challenge of Integrated Working for Outcomes for Children*. Children and Society, 23, pp 377-388.

Carson, E., Fargher, N. L., Geiger, M. A., Lennox, C. S., Raghunandan, K., and Willekens, M. (2013). Audit reporting for going-concern uncertainty: A research synthesis. *Auditing: A Journal of Practice & Theory, 32*(sp1), 353-384.

Cheng, Y. S. Chen, Y. S. and Chen, Y. C. (2013). Direct and Mediating Effects of Auditor Quality on Auditor Size and Performance. *International Business Research, 6(1), pp. 134-148.*

Chrisman, J., Chua, J. and Litz, R (2004). Comparing the Agency Costs of Family and Non Family Firms: Conceptual Issues and Exploratory Evidence," *Entrepreneurship Theory & Practice.*

Chung, K and H. Zhang (2011). Corporate Governance and Institutional Ownership, *Journal of Financial and Quantitative Analysis. pp227.*

Dakhlallh, M. M. (2020). Audit Committee and Tobin ' s Q As A Measure of Firm Performance among Jordanian Companies, 12(1), pp. 28–41.

Dalwai, T., & Mohammadi, S. S. (2020). Intellectual capital and corporate governance: an evaluation of Oman's financial sector companies. *Journal of Intellectual Capital*, *21*(6), 1125-1152.

De Angelo, L. (1981). Auditor size and audit quality. *Journal of Accounting and Economics*, 2(1).

Demsetz, H, (1983). The structure of corporate ownership and the theory of the firm', *Journal of Law and Economics. 26 (2), 375-90.*

Demsetz, H. and Lehn, K. (1985). The structure of corporate ownership: Causes and consequences', *Journal of Political Economy*, *93*, (*6)*. 1155-1177.

Demsetz, H., Villanonga, B. (2001). Ownership structure and corporate performance. Journal of corporate Finance, 7, 209-233.

Doan, A. T., and Kang, H. G. (2020). Institutional environment, ownership structure and firm specific information: Evidence from a transitional economy. *Cogent Economics & Finance*, (00), 1774986.

Douma, S., George, R., and Kabir, R. (2006). Foreign and domestic ownership, business groups, and firm performance: Evidence from a large emerging market. *Strategic Management Journal*, *27*(7), 637-657.

Driffield, Mahambare, N. V., and Pal, S. (2006) How Does Ownership Structure Affect Capital Structure and Firm Performance? Recent Evidence from East Asia.

Ebrahim, A. (2001). Auditing quality, auditing tenure, client importance and earnings management. Paper presented at Rutgers University.

Eisenhart, C. (1947). The assumptions underlying the analysis of variance. *Biometrics* 3, 1-21.

Elewa, M. M. and El-Haddad, R. (2019). The effect of audit quality on firm performance: A panel data approach. International Journal of Accounting and Financial Reporting, 9(1), 229-244.

Elvin, P. and Hamid, N. I. N. B. A. (2016). Ownership structure, corporate governance and firm performance. International Journal of Economics and Financial Issues, 6(3), 99-108.

Endrawes, M., Feng, Z., Lu, M. and Shan, Y. (2020). Audit committee characteristics and financial statement comparability. *Accounting & Finance*, *60*(3), 2361-2395.

Fama, E.F., and Jensen, M.C. (1983) Separation of ownership and control, *Journal of Law and Economics*, 26, 301-325.

Farooque, O., Buachoom, W. and Sun, L. (2020). Board, audit committee, ownership and financial performance–emerging trends from Thailand. Pacific Accounting Review.

Farouk, M. A., and Hassan, S. U. (2014). Impact of audit quality and financial performance of quoted cement firms in Nigeria. *International Journal of Accounting and Taxation*, *2*(2), 1-22.

Fazlzadeh, A., Hendi, A. T., and Mahboubi, K. (2011). The examination of the effect of ownership structure on firm performance in listed firms of Tehran Stock Exchange based on the type of the industry. *International Journal of Business and Management*, 6(3).

García-Sánchez, A., and Rama, R. (2020). Foreign ownership and domestic cooperation for innovation during good and harsh economic times. *International Journal of Multinational Corporation Strategy*, *3*(1), 4-25.

Gelman, A. (2010). Analysis of variance- why it is more important than ever. *The Annals of Statistics* Vol 33, No. 1 pp. 1-53.

Gillan, S., and Starks, L. T. (2003). Corporate governance, corporate ownership, and the role of institutional investors: A global perspective. *Journal of applied Finance*, *13*(2).

Grossman, S., and Hart, O. (1980). Takeover Bids, the free-rider problem, and the theory of the corporation. *The Bell Journal of Economics* 11, 42-64.

Greene, W. H. (2008). *Econometrics Analysis*, 6th Edition, Upper saddle River, N.J: Prentice Hall.

Gul, F. A., Lynn, S. G., and Tsui, J. S. (2002). Audit quality, management ownership, and the informativeness of accounting earnings. *Journal of Accounting, Auditing & Finance*, *17*(1), 25-49.

Hassan, S. U. and Farouk, M. A. (2014). Audit Quality and Financial Performance of Quoted Cement firms in Nigeria. *European Journal of Business and Management*, 6(28), pp. 73-82.

Hausman, J. A. (1978). Specification tests in econometrics. *Econometrica* 46: 1251–1271.

Hayes, S. C. Strosahl, K. D. and Wilson, K. G. (1999) 'Acceptance and commitment therapy: An experiential approach to behavior change', *Guilford Press. Huang.*

Harjoto, M. A., Laksman, I. and Lee, R. (2015), "The impact of demographic characteristics of CEOs and directors on audit fees and audit delay", *Managerial Auditing Journal* Vol. 30, Pg. 89.

Hillier, D., Ross, S., Westerfield, R., Jaffe, J., and Jordan, B. (2010). *Corporate finance*. McGraw-Hill Higher Education.

Hsiao, C. (2003). *Analysis of Panel Data*, 2nd ed., University Press, Cambridge.

Hsiao, C. (1986). *Analysis of panel data, vol. 11 of econometric society monographs.* New York: Cambridge University Press.

Hu, H., Tam, O. and Tan, M (2009) "Internal Governance Mechanisms and Firm Performance in China,"*Asia Pacific Journal of Management*.

International Auditing and Assurance Standards Board. (2011). Audit Quality: An IAASB perspective. New York.

Jensen, M. C. and Meckling, W. H. (1976). Theory of the firm: managerial behavior agency costs and ownership structure. *Journal of Financial Economics* 3(4), 305-360.

Jensen, M.C and Aarner, J.B. (1988) 'The Distribution of power among corporate managers, Shareholders and directors', *Journal of Financial Economics,* 20 (1), 3-24.

Jerry W. Lin and Mark I. Hwang (2011). *Audit Quality, Corporate Governance, and Earnings Management: A Meta-Analysis.* International Journal of Auditing.

Jiang, H., Habib, A., and Hu, B. (2011). Ownership concentration, voluntary disclosures and information asymmetry in New Zealand. *The British Accounting Review*, *43*(1), 39-53.

Joh, S. W. (2003). Corporate governance and firm profitability: evidence from Korea before the economic crisis. *Journal of financial Economics*, *68*(2), 287-322.

Kallamu, B. S. and Saat, N. A. M. (2015) Audit committee attributes and firm performance : evidence from Malaysian finance companies, 23(3), pp. 206–231.

Kane, G. D., and Velury, U. (2004) The role of institutional ownership in the market for auditing services: an empirical investigation, *Journal of Business Research*, 57(9), 976–983.

Kim, B. (2011). Do foreign investors encourage value-enhancing corporate risk taking? *Emerging Markets Finance and Trade*, *47*(3), 88-110.

Khan, I. Chand, P. V., and Patel, A. (2013). The Impact of Ownership Structure on Voluntary Corporate Disclosure in Annual Reports: Evidence From Fiji. *Accounting and Taxation Journal*, 5(1) pp: 47-58.

Kombo, D. K. and Tromp, L. A. (2006). *Proposal and Thesis Writing: An introduction.* Nairobi: Pauline's Publication of Africa, p.77.

Kumasi Metropolitan Assembly (2020). The Composite Budget of the Kumasi Metropolitan Assembly for the 2013 Fiscal Year. Available at: www.mofep.gov.gh or www.ghana districts.com.

Kreft, I. and de Leeuw, J. (1998). *Introducing Multilevel Modeling*. Sage, London.

Krishnan, J. (2005). Audit committee and internal control: an empirical analysis. *The Accounting Review, 80*(2), pp. 649-675.

Krishnan J., P. C.Schauer 2000. The differentiation of quality among auditors. Evidence from the not-for-profit sector. Auditing 19(2) 9-25.

Krunic, M. (2017) 'The Relationship between Corporate Social Responsibility and Firm Performance.

Krivogorsky, V. (2006). Ownership, board structure, and performance in continental Europe. *The International Journal of Accounting*, 41: 176-197.

Kumala, R. and Siregar, S. V. (2021). Corporate social responsibility, family ownership and earnings management: the case of Indonesia. *Social Responsibility Journal*, *17*(1), 69-86.

Laing, D. and Weir, C. M. (1999) 'Governance Structures, Size and Corporate Performance in UK Firms', *Management Decision,* 37, pp. 457-464.

La Porta, R.(2000). Investor protection and corporate governance. *Journal of financial economics*, *58*(1-2), 3-27.

Le Breton-Miller, I. (2005). *Managing for the long run: Lessons in competitive advantage from great family businesses*. Harvard Business Press.

Lestari, N. and Aeni, N. (2019) The Effect of Audit Quality and Earnings Management on Firm Performance, 377(Icaess), pp. 36–41.

Leventis, S., Dimitropoulos, P., and Owusu-Ansah, S. (2013). Corporate governance and accounting conservatism: Evidence from the banking industry. *Corporate Governance: An International Review*, *21*(3), 264-286.

Limperg, T. (1932). The social Responsibility of the Auditor, Reproduced in Limperg Institute.

Luo, X. R. and Chung, C. N. (2013). Filling or abusing the institutional void? Ownership and management control of public family businesses in an emerging market. *Organization Science*, *24*(2), 591-613.

Matoke, N. V., and Omwenga, J. (2016). Audit quality and financial performance of companies listed in Nairobi securities exchange. *International Journal of Scientific and Research Publications, 6*(11), 2250-3153.

Maury, B. (2006). Family ownership and firm performance: empirical evidence from Western European corporations. *Journal of Corporate Finance,* 12: 321-341.

Miller, D., and Le Breton-Miller, I. (2005). *Managing for the long run: Lessons in competitive advantage from great family businesses*. Harvard Business Press.

Ministry of Finance, (2018). *The budget statement and economic policy of the Government of Ghana for the 2019 financial year.* Retrieved from: https://www.mofep.gov.gh/sites/default/files/budget-statements/2019-Budget-Statement- and-Economic-Policy_.pdf. (Accessed on 10th August, 2020. At 9:37pm).

Mudi, O. L. (2017). *Ownership Structure and Financial Performance of Firms Listed at the Nairobi Securities Exchange* (Doctoral dissertation, University of Nairobi.

O'Sullivan, N. and Diacon, S.R. (2002) The Impact of Ownership, Governance and Non-Audit Services on Audit Fees: Evidence from the Insurance Industry', *International Journal of Auditing* 6, 93-107

Oluwagbemiga, A. (2010). *The Role of Auditors in Fraud Detection, Prevention and Reporting in Nigeria.*

Ongore, V. O. (2011) The relationship between ownership structure and firm performance : An empirical analysis of listed companies in Kenya, 5(6), pp. 2120–2128.

Oussii, A. A., and Taktak, N. B. (2018). Audit committee effectiveness and financial reporting timeliness: The case of Tunisian listed companies. *African Journal of Economic and Management Studies, 9*(1), 34-55.

Phung, T. and Le, P. (2013) Foreign ownership, capital structure and Firm performance. Empirical evidence from Vietnamese Listed Firms. The IUP journal of Corporate Governance, 12(2), 40.

Puni, A. and Anlesinya, A. (2020). Corporate governance mechanisms and firm performance in a developing country. *International Journal of Law and Management*, *62*(2), 147-169.

Queiri, A., Madbouly, A., Reyad, S. and Dwaikat, N. (2021). Corporate governance, ownership structure and firms' financial performance: insights from Muscat securities market (MSM30). *Journal of Financial Reporting and Accounting*.

Rahimi, G. and Amini, S. M. (2015). The survey of the relationship between auditing quality and the profitability in the companies accepted in Tehran's Exchange Market. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, *5*(2), 100-115.

Rahman, M., Rodríguez-Serrano, M. Á. and Lambkin, M. (2019). Brand equity and firm performance: The complementary role of corporate social responsibility. *Journal of Brand Management*, *26*, 691-704.

Raji, I., 2012. *Effects of ownership structure on the performance of listed companies on the Ghana stock exchange* (University of Ghana; Doctoral dissertation).

Reddy, K., Locke, S. and Scrimgeour, F. (2010) 'The efficacy of principle-based corporate governance practices and firm financial performance', *International Journal of Managerial Finance, 6*, 190–216.

Sarrens, G. and Abdomohammadi, M. J. (2007) 'Agency Theory as a Predictor of the size of the internal audit function in Belgian Companies', *Annual Congress of European Accounting Association in Lisbon.*

Sayyar, H. *et al.* (2015) 'Akademia Baru The Impact of Audit Quality on Firm Performance : Evidence from Malaysia Akademia Baru', 10(1), pp. 1–19.

Sayrs, L. (1989). *Pooled Time Series Analysis*. New Bury Park, Ca:Sage, pp.10,32.

Shleifer, A. and Vishny, R.W. (1986) Large shareholders and corporate control, *Journal of Political Economy, 94: 461−488.*

Sheifer, A. and Vishny, R (1997) A Survey of Corporate Governance, *Journal of Finance*, Vol. 52, p. 737-783.

Smii, T. (2016). The impact of the Audit Quality on that of the Accounting Profits: The Case of Companies Listed on the TSE. *International Journal of Managing Value and Supply Chains*, 7(1), pp. 39-54.

Sulong, John C. Gardner, Amariah Hanum Hussin and Carl B. Macgowan (2013). Managerial ownership, leverage and audit quality impact on firm performance: Evidence from the Malaysian Ace Market. *Accounting and Taxation Jounal. Vol. 5(1) , pp. 59-70.*

Tsegba I. N. and Ezi-Herbert, W. (2011). The relationship between ownership structure and firm performance: Evidence from Nigeria. *African Journal of Accounting Economics, Finance and Banking Research*, 7(7).

Pedersen, T. and Thomsen, S. (1999). Economic and systemic explanations of ownership concentration among Europe's largest companies. *International Journal of the Economics of Business, 6*(3), 367-381.

Pivovarsky, A. (2003). Ownership concentration and performance in Ukraine's Privatized Enterprises. IMF Staff Papers.

Quartey, P. (2008). Financial sector development, savings mobilization and poverty reduction in Ghana. In *Financial development, institutions, growth and poverty reduction* (pp. 87-119). Palgrave Macmillan, London.

Rahimi, G. and Amini, S. M. (2015). The Survey of the Relationship between Auditing Quality and the Profitability in the Companies Accepted in Tehran's Exchange Market. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 5(2), pp. 100-115.

Reddy, K., Locke, S. and Scrimgeour, F. (2010). The efficacy of principle-based corporate governance practices and firm financial performance. *International Journal of Managerial Finance, 6*, 190–216.

Shayan-Nia, M., Sinnadurai, P., Mohd-Sanusi, Z. and Hermawan, A. N. A. (2017). How efficient ownership structure monitors income manipulation? Evidence of real earnings management among Malaysian firms. *Research in International Business and Finance*, *41*, 54-66.

Singh, M. and Davidson III, W. N. (2003). Agency costs, ownership structure and corporategovernance mechanisms. *Journal of Banking & Finance*, *27*(5), 793-816.

Stenberg, K., Elovainio, R., Chisholm, D., Fuhr, D., Perucic, A. M., Rekve, D. and Yurekli, A. (2010). Responding to the challenge of resource mobilization-mechanisms for raising additional domestic resources for health. *World health report*.

Tanko, U. M. and Polycarp, S. U. (2019). Audit Quality, Political Connection and Investors Protection and How They Affect Nigeria Firms Performance. *Journal of Internet Banking and Commerce 24(3), 1-20.*

Thomsen, S. and Pedersen, T. (2000). Ownership structure and economic performance in the largest European companies. *Strategic Management Journal*, *21*(6), 689-705.

Tornyeva, K. and Wereko, T. (2012). Corporate governance and firm performance: Evidence from the insurance sector of Ghana. *European Journal of Business and Management*, *95*.

Tobi, B. A., Osasrere, A. O. and Emmanuel, U. (2016). Auditor's Independence and Audit Quality: A Study of Selected Deposit Money Banks in Nigeria. *International Journal of Finance and Accounting*, *5*(1), 13-21.

Tornyeva, K., & Wereko, T. (2012). Corporate governance and firm performance: Evidence from the insurance sector of Ghana. *European Journal of Business and Management*, *4*(13).

Tsegba, I. N. and Ezi-herbert, W. (2011). The Relationship Between Ownership Structure

And Firm Performance : Evidence From Nigerian, 7(7).

Udin, S., Khan, M. A. and Javid, A. Y. (2017). The effects of ownership structure on likelihood of financial distress: an empirical evidence. *Corporate Governance: The international journal of business in society*.

Ugwu, Chukwuma C., Aikpitanyi, Lilian N. and Idemudia, S. (2020). The Effect of Audit Quality on Financial Performance of Deposit Money Banks (Evidence from Nigeria), *In: Journal of Economics and Business*, Vol.3, No.1, 270- 281.

Van der Zahn, M., and Tower, G. (2004). Audit committee features and earnings management: further evidence from Singapore. *International Journal of Business Governance and Ethics*, *1*(2/3), 233-57.

Watson, D. and Head, A. (2010). *Corporate Finance- Principles and Practice*, 4th ed. FT Prentice Hall, UK.

Wills, M. (2003). Communication and Education. *Psychology of Addictive Behavior*s, 17, 312-323.

Young, M., Peng, M., Ahlstrom, D., Bruton, G. and Jiang, Y. (2008). Corporate Governance in Emerging Economies: A Review of the Principal – Principal Perspective, *Journal of Management Studies*, Vol.45(1).

Zhang, Y., Zhou, J. and Zhou, N. (2007). Audit Committee Quality, Auditor Independence, and Internal Control Weaknesses, *Journal of Accounting and Public Policy*, pp 300-327.

Zureigat, Q. M. (2011). The effect of ownership structure on audit quality: Evidence from Jordan. *International Journal of Business and Social Science*, 2, pp. 23-34.