THE IMPACT OF CORPORATE SUSTAINABILITY PRACTICE ON PERFORMANCE: THE MEDIATING ROLE OF BOARD DIVERSITY. A CASE STUDY OF SOME SELECTED CORPORATE INSTITUTIONS IN THE KUMASI METROPOLIS

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DECLARATION

I hereby declare that this submission is my own work towards the Master of Business Administration in Strategic Management and Consulting, and that, to the best of my knowledge, it contains no material previously published by another person or material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

This thesis is dedicated to my wife, Mrs. Paulina Mmireku and my children, Yaw OwusuAttobrah, Jayden KyeiAttobrah and Kwame AmoAttobrah.

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ABSTRACT

This study examined relationship between corporate sustainability practice and performance of corporate institutions using board diversity as a mediator in the Kumasi metropolis. The study used a total response of 150 from the total population. Regression models were adopted by the researcher to test for the relationship among the variables.The findings of the study reveal that corporate sustainability practices have no influence on an institution's performance. Businesses spend more money on sustainability activities, decreasing their net financial performance. As a result, if a company contributes to the economic, environmental, or social growth of a community, it will incur additional costs, hence raising its financial obligations. Corporate boards of directors play a crucial role in determining the organization's long-term strategic direction. As a result, companies with a diversified organizational structure are more likely to achieve operational transparency and innovation. Finally, the analysis reveals that the lack of clear CSP legislation and guidelines is the most significant factor influencing business sustainability practices.The researcher made the following recommendations; Governments and local authorities can explore ways in which an agency can use a certain amount of tax to conduct community-based initiatives, such as schools, energy, clean water, housing and income-generating activities. This may be in a form of tax exemptions given to these organizations.Also the local authorities are recommended to organize periodic seminars for various corporate institutions in other to clarify the various regulations and guidelines of corporate sustainability practice.Finally, the composition of board should be done to take care of some core aspect of diversity. As board diversity leads to better corporate governance and increase companies value.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

These day, global environmental disruption and social issues have become major concerns, and the world has started to consider what steps can be taken to resolve the problems that have arisen as a result of numerous business activities.Regulatory, legitimizing, legal, or competitive interventions have traditionally addressed issues such as climate change, toxic waste, water and air pollution, and human rights abuses.However, more recently, reasons to do so have emerged from an entrepreneurial perspective linked to the concept of sustainability (York &Venkataraman, 2010). As a result, organizations face a serious and continuing challenge in their quest for opportunities in terms of sustainability and entrepreneurship (Miles, 2009). As reported in the Brundtland Report (World Commission on Environment and Development (WCED), 1987), society must control its economic, social, and natural resources, which can be irreversibly depleted if action is not taken (Dyllick&Hockerts, 2002), establishing the requirements for the creation of more sustainable business models.

From a historical perspective, companies have regarded corporate sustainability as largely an expense or an obligation that slows down productivity and obstructs the creation of profitable growth.Over the last fifty years, however, business leaders have started to see corporate sustainability as an incentive rather than a requirement, redefining how companies view and generate value (Berthon, Abood& Lacy, 2010; Ludema, Laszlo & Lynch, 2012).Higher standards and requirements from various stakeholders regarding the degree of transparency of corporations' operating activities have fueled and encouraged this growth (Fischer &Sawczyn,

2013).Furthermore, the introduction of numerous corporate sustainability reporting standards (e.g., the Global Reporting Initiative, GRI) and tighter public regulations (e.g., Directive 2014/95/EU) are increasing the burden on companies to improve or extend their sustainability practices.

The firms' sustainability practices would make it easier to develop better internal management, decision-making, and cost-cutting processes (Adams, 2002). Companies would be able to gain long-term sustainable competitive advantage by effective resource management.Sustainability can be defined as a company's ability to meet the needs of its direct and indirect stakeholders without jeopardizing its ability to meet the needs of future stakeholders (Dyllick&Hockerts, 2002). Researchers will analyze the approaches used to generate value using the idea of sustainability as a starting point.Corporate sustainability practiceshave become a fundamental, multifaceted premise in today's world. Businesses of all shapes and sizes are focusing on business sustainability as a way to create long-term value for shareholders and manage the interests of other stakeholders.The concept of sustainability not only aims to ensure the organization's long-term viability and competitive advantage, but also to enhance the well-being of society's members.

Participating in CSR projects is one way that sustainability-minded entrepreneurs can be pushed to reduce the detrimental impact of their operations on society and the environment. CSR engagements have been used by a variety of businesses as a way of redressing certain corporate wrongdoings that have a detrimental effect on society and the environment.CSR has received a lot of attention in Ghana as a result of various governments' commitments to make the private sector the "driver" of growth, and as a result, businesses are given an environment that allows them to prosper and flourish, and they have become important players in the country's economic, social, and cultural development (Ansong, 2017).

An enhanced understanding of the relation between sustainability-oriented practices and organizational performance not only helps to recognize the value of these principles, but also adds to the understanding of how to measure sustainability-oriented activities.However, few empirical studies on specific organizational performance outcomes in relation to the implementation of sustainable practices have been conducted.Based on the above, the researcher aimed to elicit practical evidence that demonstrates that the implementation of sustainable practices does, in reality, have a substantial effect on the firm's overall performance, and not only from a theoretical perspective.

1.2 Problem Statement

Corporate institutions are becoming increasingly prone to incorporating societal expectations into their operations and strategies, not only to respond to growing demands from different stakeholders, but also to consider opportunities for competitive advantage.Various studies have found links between corporate sustainability practices and business performance. The findings of these studies on the relationship between them are contradictory (Kuckertz& Wagner, 2010).Dean and McMullen (2007) argue that an individual's environmental and sustainability issues unlock his entrepreneurial senses, enabling him to discover appropriate business opportunities that result in sustainable business activities.To support this positive relationship between sustainability practices and business performance, Criado-Gomis et al (2016) claim that entrepreneurial thinking about environmental and sustainability issues leads to the development of businesses that promote sustainability while also improving economic performance.

Again, studies of the relationship between corporate environment and organizational performance have been performed in developing countries, but they are not exhaustive, and the relationship between environmental practices and firm performance has are also few (McCarthy et al. 2017). Environmental sustainability has become an inevitable issue of industrial operation.Some companies have chosen a reactive approach that allows them to adhere to current environmental laws, while others have opted for constructive strategies that enable them to participate in voluntary activities aimed at reducing the environmental impact of their operations (Gonzalez-Benito, 2007).

The establishment of Operation Vanguard and the Inter-Ministerial Committee on Mining in Ghana was prompted by a clarion call from society (citizens) on the government to implement and regulate mining activities (especially illegal ones) due to the destruction of the forest and water bodies. The inter-ministerial committee on mining has established a new policy structure to ensure sustainable mining activities and avoid environmental degradation(https://www.atinkaonline.com/tv/government-lifts-ban-on-small-scale-mining/).

Research has so far focused on understanding why businesses are committed to sustainability in particular. However, Sharma and Henriques (2005) urge more research on the internal drivers, as researching these drivers will demonstrate how organizations grow and begin to understand sustainability. Boards of directors are the most powerful internal drivers and are the leading corporate decision-making body (Rao & Tilt, 2016). As such, they exercise tremendous power and responsibility in supervising companies, and, thus, have a significant impact on the company strategy, which, subsequently, affects their performance (Fama& Jensen, 1983). It is therefore of critical importance to determine the correct composition of board members. A prominent suggestion for improving the efficiency of the board concerns gender diversity.This current research seeks to fill the gap on the relationship of corporate sustainability practices and performance taking into account the role of board diversity.

1.3 ObjectiveoftheStudy

The main aim of the study is to assess the impact of corporate sustainability practice onperformance of some selected corporate institutions in the Kumasi Metropolis.

1.3.1 Specific Objectives

1. To assess the relationship between corporate sustainability practice and performance.

2. To examine the impact of Board diversity on performance.

3. To examine the mediating role of board diversity on the relationship between corporatesustainability practice and performance.

4. To identify the components that may affect the level of sustainability practices incorporate institutions.

1.4 Research Questions

The following are the research questions;

1. What is the relationship between corporate sustainability practice and performance?
2. What is the impact of board diversity on performance?
3. What is the mediating role of board diversity on the relationship between corporate sustainability practice and performance?
4. What are the components that may affect the level of sustainability practices in corporate institutions?

1.5 Significance of the Study

Firms' operations cannot be halted solely because of their detrimental effects on the economy, culture, and the community at large. This is due to the fact that they often produce products and services to meet the needs of society.Therefore, this study brings to bare how sustainability thinking of entrepreneurs and managers of corporate institutions can minimize the negative impact of their activities to achieve their expected business performance.To stay competitive, executives must figure out how to make their corporations more socially conscious, environmentally friendly, and economically viable (Ortitzky, Siegel & Waldman, 2011:7). This study will also augment the very literature by providing more evidence on the effect of corporate sustainability practices on performance which will help in the appropriate decision making by investors who need the information for their respective purposes. Finally, having established the relationship, recommendations will be made to assist various corporate institutions to effectively assess how their performance will be affected should their managers and others embark in sustainability practice initiatives.

1.6 Scope of the Study

The aim of the study is to collect data from all corporate institutions in Ghana's Kumasi metropolis. For the purposes of this analysis, the researcher selected 150 corporate respondents from this population who are currently working in their institutions, due to the availability of the various corporate institutions to respond to the questionnaire presented to them.

1.7 Overview of Research Methods

The methodology followed these pattern research paradigms, research purpose, population of the study, sample size, sampling technique, source of data, data collection instruments, data analysis, quality of the research and research ethics.The main data collection instruments used by the researcher was a structured questionnaire. Questionnaires that measure the various variables will be developed to find answers from keystakeholders such as owners and managers of these corporate institutions in the Metropolis will beengaged to find answers to the research questions asked.After the administration of the questionnaires the SPSS software will be used to assess therelationship between and among the various variables.

1.8 Limitations of the Study

The main limitation was associated with gathering the data.Though information was obtained from our field of study, the researcher encountered various challenges which came in the form of the bureaucratic process of the organization, lack of cooperation and delay on the part of employees in filling the administered questionnaires.

1.9 Organization of the Study

The research project work titled thesis will be broken down into five basic chapters. The First Chapter will contain the introduction, which will be divided into several parts.The literature review and theory as proposed by leading academic experts, as well as citations of scholarly journal articles relevant to the thesis subject, are presented in Chapter Two.Chapter Three recalls the methodology applied to the study which describes population, sample frame, sample size, modes of data collection and experimental, thus, materials and methods with profile of the case study. Forth Chapter analysis the presentation of findings and discussion of results with the Last

Chapter being chapter five summarizing findings of the study, conclusion of research and suggesting recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the conceptual, theoretical and empirical literature on the topic under study. Various literature on corporate sustainability practice (CSP), performance and relationship between board diversity and corporate sustainability practice were reviewed in this chapter.

2.1 Corporate Sustainability Practice (CSP)

Corporate sustainability practice (CSP) is the updated concept of corporate socialresponsibility (CSR), or sustainable development (Christofi, Christofi, &Sisaye, 2012).At first, the idea ofCSR was given by Howard R. Bowenin his famous book"The Social Responsibilities of Business Man" in 1953.He defined CSR as "the obligation of businessmen topursue those policies, to make those decisions, or tofollow those lines of action which are desirableregarding the objectives and values of our society". Sothat, he is called the 'Father of CSR' (Goyal& Rahman, 2014, p. 289*)*. The term sustainability has becomewidely accepted after the definition given by HarlemBrundtland former prime minister of Norway, whodefines sustainable development as "meeting the needsof the present without compromising the ability of futuregenerations to meet their own needs" (World Commission on EnvironmentandDevelopment, 1987, p.43).

The Commission of the European Communities (2001) defined CSP as the ability of a corporation tocontribute to the economic, environmental and socialdevelopment. Elkington (1999) has dubbed it as thetriple bottom line (TBL). The core objective of TBL is toconsider all stakeholders' interests rather than just theshareholders alone (Freeman, Harrison, Wicks, Parmar, & De Colle, 2010) that is opposite perception of agencytheory (Jensen &Meckling, 1976). Thus, CSP is a newthought which integrated the concept of the economic,environmental and social contribution of the firm toensure long-term financial success and survival of thecompany (Ioannou&Serafeim, 2012, 2016; Lopatta et al., 2016).

Before the 1990s, the word 'sustainability' was used to mean the ability of a firm to increase its profitgradually. Later, the term CSP incorporates threeaspects of business activities, namely economic, social,and environmental (Adams, Thornton, &Sepehri, 2012).Many firms initially credited for their contribution totechnological and economic developments but laterthey were blamed for creating social issues, such aspollution, toxic emission, hazardous waste, unhygienicproducts, and unhealthy workplace (Hussainey& Walker, 2009).The notion of corporate sustainabilitypractices refers to the way of living and working thatmeet and integrate the economic, environmental, andsocial needs without destroying the betterment of theupcoming generations (San, 2016).

2.1.1 Importance of Corporate Sustainability Practice

According to United Nations GlobalCompact Accenture study 2013, 93% of CEOs havereported that they consider CSP as the more essentialmeasure than just financial performance to the futuresuccess of their businesses. Organizations areachieving crucial benefits from integrating sustainabilityin the business including, enhanced risk management,greater innovativeness, a larger pool of new customers,secured license to operate, greater access to capital,improved productivity, cost optimization, enhancedbrand value, and reputation. CSP also has an active rolein reducing corporate scandals (Margolis & Walsh, 2003). Also, a good number of studies mostly agreedwith the argument that a higher level of CSP of firmsenhanced their financial performance (Margolis, Elfenbein, & Walsh, 2007; Wang, Dou, &Jia, 2016).

As pointed out by Young and Tilley (2006), business approach to sustainability has moved from pollution control to eco-efficiency and socio-efficiency. The underlying notions of these concepts are focused in the so-called win-win solutions, where economic benefits are aligned with environmental performance (e.g., reducing resource consumption and waste minimization) and social performance (e.g., minimization of negative social impacts or maximization of positive ones) (Young and Tilley, 2006). As discussed by Marcus and Fremeth (2009), businesses will not necessarily introduce sustainability practices because of the normative obligation, but because commitment to sustainable development coincides with their interest to satisfy key stakeholders and has an impact on the competitiveness and economic performance of an organization.

Heightened corporate attention to CSP has not been entirely voluntary inGhana. Many companies, especially those in the mining sector, awoke to it onlyafter being surprised by public responses to issues they had not previously thoughtwere part of business responsibilities. Advocacy organisations have also broughtpublic pressure to bear on many businesses especially those in the mining sector.The mining companies have long had a disputable reputation for social responsibilityand it is highly perceived that communitydevelopment has been inconsequentialto them. They have since come under increased pressure by environmentalgroups and even government officials to do more for their host communities.

2.1.2 Challenges faced by Corporate Institutions Operating in Ghana

The private sector has now increasingly assumed an influential role as a principalengine for development in many countries (Krugman, 1995). Corporate bodies havebeen gradually consolidating their positions as key components for the generationof progress and development in the absence of the state's ability to do so in manyplaces (Chang, 2004). Local communities now look up to these companies forsupport in view of the state's 'fragility' in many rural areas (Harrison, 2001; Lodge& Wilson, 2006). The on-going shift in power from the public to the private sector,has meant that many societies in Ghana now look up to the business sector to helpsolve social, environmental and economic problems that were once consideredsolely in the province of government.

These envisaged corporate contributions are most often discussed in terms ofcorporate social responsibility. Hence, CSP is enmeshed in the debate aboutGhana's development in view of the economic problems besieging the country.The multi-faceted problems of the country, i.e., lack of jobs, the state's inability topursue the developmental needs of the people, lack of resources on the part of somestate institutions like the police, make it absolutely imperative for companies tocome to the aid of the state in order to ensure the operations of some of theseinstitutions. As such, CSP has acquired a new resonance among companies in thecountry.

What currently pertains in Ghana, however, is that majority of corporate contributionshave remained dispersed and unfocused (Ofori& Hinson, 2007). The poorunderstanding and aphorism associated with CSR has led to a situation where'philanthropic CSR' has emerged, though its sustainability remains questionable.

Quite notably, there is also a corps of receiving communities who do not even havethe wherewithal to look after some facilities that have been handed over to them.These communities have been over-reliant on corporate bodies who, it seems, areready to accede to the demands of the community members in order to garner theirCSP credentials. The support that is offered oftenconsists of cash donations whichare given out to aid local community causes or universities,hospitals and nationalcharities in the hope of generating goodwill. Many of the projects that the companieshave helped with usually have their names emblazoned on them. This conceptionfalls in line with Klins, van Niekerk, and Smit’s (2010) assertion that thecreation of a positive corporate image is an important drive of CSR activities inAfrica.

2.2 Performance

The main motive for any investment in the business sector is to make a profit(Kyereboah&Coleman, 2007). One of the goals of the organization is to maximize shareholderwell-being and earn enough profits to continue operating and grow in the future. Businesses thatachieve their organizational goals are said to be performing well. Business organizations havevarious goals they seek to achieve different from the other. As a result, performance is measuredin three perspectives- financial, environmental and social performances. In this regard this workconsiders these dependent variables to be the expected outcomes of business activities.Company performance is influenced by several external and internal factors (Mirza andJaved, 2013). It is important to note that internal factors are specific to a company and externalfactors may be the same for all or most companies. External factors include market preferencesand perceptions, national rules and regulations, and the national economy (Mirza and Javed,2013).

2.2.1 Financial Performance

Financial performance is a subjective measure of a firm's ability to use its core business assetsand generate income (Gayan*et al*., 2019). The term is also used as a general measure of acompany's financial position over a period of time. In terms of financial performance, theacademic literature distinguishes many measures that can be divided into two main blocks:accounting and market-based measures (Garcia-Castro *et al*., 2010; Mas-Tur and Ribeiro-Soriano, 2014).The company has many stakeholders, including trade creditors, bondholders,investors, employees and management. Each group has its own interest in tracking the financialresults of the company.

The most common accounting tools include the two criteria used in thissurvey: return on assets (ROA) and return on equity (ROE). These two types of measures havebeen criticized. According to (Wu et al, 2006), accounting tools are better indicators than marketindicators, but they are easier to manipulate. In addition, while company behaviour can beexplained using market indicators, accounting data shows what is actually happening in thecompany (López; Garcia and Rodriguez, 2007). Market measures reflect expectations of futureprofitability, but many macroeconomic factors are known to affect them (Griffin and Mahon,1997). For this reason, there are studies that recommend the use of both types of measures todetermine the relationship between financial performance and corporate social performance(Margolis and Walsh, 2003).

Return on Assets (ROA) is a measure of a company's profitability relative to its total assets. AnROA gives a manager, investor, or analyst an idea of how an enterprise is effectively managedby using its assets to generate revenue (Hargrave*et al.*, 2019). The return on assets is displayedas a proportion. Hargrave (2019) continues to argue that corporations are primarily aboutproductivity (at least the ones that survive): making the most of limited capital. A usefuloperational method is to compare profit and revenue, but comparing them to the capital that thecompany has produced decreases the company's viability. The simplest of these market metricsis the return on assets (ROA). ROA is determined by dividing the net profits of a company bytotal assets. The return on equity (ROE) is a measure of the profitability of a company, alsoknown as net assets or assets less liabilities, in relation to equity. The ROE is a measure of howwell investments are used by a business to achieve profit growth. The ROE is a measure of thecapacity of management to monetize properties.

2.2.2 Environmental Performance

Environmental performance measures a company's success in reducing and minimizing itsenvironmental impact, usually compared to the industry average or a group of colleagues (forexample, Investor Responsibility Research Center, 1992). It includes all efforts to minimize thenegative environmental impact of the company's products throughout their life cycle. However,many managers consider environmental management to be in line with environmentalregulations that affect environmental and economic performance (Walley& Field, 1994). Inorder to improve the climate, external consequences, such as the cost of contaminated air, areredirected back to the business, increasing operational costs and affecting profitability (Bragdon& Marlin, 1972). Some anecdotal evidence, however, correlates high environmentalperformance with lower production costs, also minimizing waste (Allen, 1992; Schmidheiny,1992).

As described by Clarkson et al, the environmental success of a company "measures the impact ofa company on living and non-living natural systems, including air, land, water, and wholeecosystems. It refers to the good thing that a company uses best management practices to avoidenvironmental risks and seize environmental opportunities", This includes complicatedperformance metrics, such as information on energy used, CO_2 emissions, water and recycledwaste, and disputes regarding spills and contamination (ranked by Clarkson et al., 2008). Theoverall environmental score can therefore be regarded as a basically objective measure of theoverall environmental performance of an organization.

2.2.3 Social Performance

A company's social success, as defined by Friedman (1970), "measures a company's ability to generatetrust and loyalty with its workforce, customers and society, through the use of best managementpractices". It covers issues such as employee turnover, accidents, hours of training, donations andhealth and safety controversies. It also means meeting the needs of the various corporatestakeholders (Preston, 1997). According to (Wood, 1991), social performance consists of a set ofprinciples and processes of corporate social responsibility and observable policies, programs andexternalities that are applied to different interest groups. The social score is also predominantlycomposed of 'hard' performance indicators (as defined by Clarkson *et al.*, 2008), and is thusessentially an objective reflection of a company's social performance.

2.3 Board Diversity

Board diversity as explained by Gonzalez &Denisi refers to the differences between individuals on any personal attributes that determine how people perceive one another (JORGE A. G., 2009). While diversity research has progressed over the last 40 years (Lynn M. S.-H., 2009), scholars have suggested that intervening variables between board diversity and firm performance must be examined to uncover when and how diversity improves performance (Toyah &María, 2009). The effects of the concept diversity are studied in a variety of fields ranging from macroeconomics to social psychology (Mariassunta, 2019). Moreover, in most studies, evidence that board diversity benefits firms, however has been mixed (Stephanie, 2019), most of them on the other side however focus only on gender as a basis of studying and measuring the benefits of board diversity.

A company or organization without board diversity may face consequences that may result from un-innovative board members. The concept of transformational leadership was first introduced by James MacGregor Burns in 1978 (Bruce &Mokua, 2019), it must be acknowledged that transformative leaders spur to greater innovation and effective impact on decision making. (Price, 2019). The inherent assumption seems to be to be that when decisions are made about individuals such as hiring decisions (Lynn M. S.-H., 2009), diversity then plays it remarkably. Diversity in organizations is a factor contributing to success and prosperity. Some of the strategic roles of the board is to advice top management, ratify and review strategic decisions (Daniel, 2015). In the study of (Niclas L. E., 2003), it was mentioned that diversity follows dimensions of demographic that are observable such as gender, race and cognitive which is non-observable such as knowledge, education, values, in the end the study suggested that women and minorities who serve on boards of directors may be more effective decision makers.

2.4 Stakeholder Theory

The stakeholder theory is a strategic management theory which involvesorganisational management and ethics (Phillips et al., 2003). Much of theresearch in stakeholder theory has addressed the subject of whichstakeholders deserve or require management attention (Mitchell et al.,1997), referred to as stakeholder salience. Approaches to this questionhave focused on stakeholder-organisation relations based on powerdependencies, legitimacy claims and urgency (Donaldson and Preston,1995; Mitchell et al., 1997).

The stakeholder theory assumes that values are a part of doing businessand disputes the separation thesis (Freeman et al., 2004: 364), whichasserts that ethics, and for that matter CSR, and economics are mutuallyexclusive. Freeman’s (1984) stakeholder theory is essentially anormative theory with instrumental and descriptive dimensions. It tellsmanagers and organisations how totreat the interest of stakeholders in amoral and appropriate way.According to Freeman et al., (2004), the core of stakeholder theory iscommunicated in two main questions, that is,” what is the purpose of thefirm?” and “what responsibility does management have to stakeholders?”The first question induces managers to articulate the shared value createdand what brings its stakeholders together. The second question inducesthe managers to formulate what relationships they need to cultivate withthe stakeholders to accomplish their purpose (Freeman et al., 2004). The fundamental issues, central to the stakeholder theory is the assertion that“managers must develop relationships, inspire stakeholders and createcommunities where people strive to give their best to make good the onthe firm’s promises” (Freeman et al., 2004: 364).

Numerous theories have been propounded about the firm but thestakeholder theory is distinctive in that it is meant to “explain and guidethe structure and operation of the corporation” (Donaldson and Preston,1995: 70). The stakeholder theory views the firm as an entity throughwhich “diverse participants” achieve multiple goals (Donaldson andPreston, 1995: 70). As expected, there are and will be conflicts in stakeholder interests butthey must be resolved so that stakeholders do not exit the relationship (Freeman et al., 2004).

2.5 Institutional Theory

Institutional theory investigates the influence of external factors on organizational dynamics. Institutional theory emphasizes the role of social and social conflict on organizations in shaping organizational practices and structures (Scott, 1992). DiMaggio and Powell (1983) argue that the executives' choices, which make and scatter a traditional arrangement of qualities, standards, and rules to make comparative practices and frameworks in organizations that share a common organizational area, have a significant impact on three institutional instruments: approved, mimetic, and normative isomorphism. The entities that represent a perceived territory of institutional existence are known as organizational fields: main suppliers, asset and item customers, controllers, and other organizations that generate comparable administrations or merchandise. This unit of inquiry is important because it draws our attention to all of the related entertainers.

Systemic hypothesis was first used to explain how corporations apply environmental management methodologies by Jennings and Zandbergen (1995). They claim that regulations, particularly in the form of legislation and regulatory compliance, have been the primary catalyst for environmental management practices in all industries.In line with most institutional theorists, Jennings and Zandbergen (1995) propose that companies that occupy the same organizational field are similarly affected by the institutional forces that emanate from them. They mention examples such as how the three-mile island crisis tarnished the credibility of all U.S. nuclear power firms, how the discovery that chlorofluorocarbons (CFCs) deplete stratospheric ozone undermines the integrity of CFC development and usage, and how the establishment of the Montreal Prot Defense leads to structural problems. Other studies have studied how multiple institutional stresses are exposed to organizations working in different organizational areas. As a result, numerous activities are becoming prevalent.

While such studies look at dynamic and cross-sectoral systemic forces, they ignore the more basic question for strategic management: why do organizations adopt different strategies within the same organizational field in the face of institutional isomorphic strain? In other words, how could institutional forces within a sector be influenced by heterogeneity rather than homogeneity? Without the control of external limits, Hoffman (2001) claims that organizational conduct is neither a strict reaction to the pressure given by the field nor is it formed autonomously. Organizational and institutional dynamics are inextricably linked (Hoffman, 2001). This topic has begun to be empirically explored by some researchers (D'Aunno, Succi and Alexander, 2000; Levy and Rothenberg, 2002).

2.6 Resource Based Theory

For years, according to Barney (1991), learning how to create competitive advantage through capital has been a major research topic for strategic management scientists. The Resource Based View was used in this study to better understand the definition of CSP and its relation to competitive advantage. CSR can establish a defensible role for an entity in the RBV system, according to numerous studies (Hart, 1995; McWilliams & Siegel, 2001; Russo &Fouts, 1997). According to Barney (2001, 1991), there are four characteristics of services that can help businesses achieve a competitive edge. These characteristics include rareness, valuability, inimitability and non-substitutability. Research has shown that, the resource-based perspective can help explain reasons why organizations do CSR (Branco& Rodrigues, 2006). These activities help in obtaining support from stakeholders. Intangible assets such as technological know-how, reputation and corporate culture are resources that impact on financial performance of the organization.

The Resource Base View revolves around resources, which are unique assets that add value to an organization. When various resources are combined to gain a competitive advantage, value is created. Customers would favor goods and services from socially responsible companies because CSP supports the organization's products and services. From the above, the question to ask is whether the practice of CSP by organizations can be used as a resource that can create value. In so doing, the research seeks to investigate whether CSP activities could be valuable, rare, inimitable or and non-substitutable which could lead Ghanaian industries to gain competitive advantage (Barney, 2001; 1991).

2.7 Empirical Review

This section reviews previous literature in relation to this study.

2.7.1 Relationship between corporate sustainability practice and performance

Prior research has, both theoretically and empirically, tried to establish the relationship betweencorporate sustainability practice and performance.Thus, corporate sustainability practice (CSP) is the updated concept of corporate social responsibility (CSR), or sustainable development (Christofi, Christofi, &Sisaye, 2012). However, the results havebeen either inconclusive or inconsistent.

The study by Sandhu and Kapoor (2005) reveal the relationship of CSR and financial performance by using correlation and regression analysis of 20 leading companies in India for the period of 2000-03. They observed that there was no significant relationship between CSR and financial performance of these companies. Krishnan (2018) examined the interconnection between CSR and financial and non-financial performance of 500 BSE (Bombay Stock Exchange) listed companies for the year 2008-11. They adopted frequencies and percentile, Pearson coefficient correlation, one sample t-test, Cronbach's Alpha to conduct the study. They concluded that CSR had a positive influence on financial and non-financial performance of 500 BSE listed companies.

In their review of 82 studies,Allouche and Laroche (2005) find that 75 studies report a positive effect of CSP on CFP, but only 50 percent of these werestatistically significant. Similarly, Margolis, Elfenbein, and Walsh (2009) in their analyses of 251 prior CSP/CFP studiesobserve that 59 percent of studies reported a no significant relationship, 28 percent a positive relationship,and 2 percent anegative relationship between CSP and CFP.

H1: There is a positive relationship between corporate sustainability practice and performance.

2.7.2 Board Diversity and Performance

A bulk of prior literature on gender diversity on corporate boards has focussed on the impact ofboard diversity on firm performance. Carter et al. (2003) investigate US boards to study the impactof board diversity on firm value. The authors find a positive relation between the presence ofa woman director and firm performance as measured by Tobin's Q. Their findings prompteda series of studies to examine the evidence in various country settings. The results, however,remain inconsistent.Low et al. (2015) study firms in Hong Kong, South Korea, Malaysia, and Singapore. Controlling forpotential endogeneity between board gender diversity and firm performance, the authors find thatthe increasing numbers of women directors on the board have a positive effect onfirm performance.They also show that the country's attitude towards women-at-work moderatesthis relation.

Furthermore, research also recognizes and credits women's' participation; to firm performance (Tariah, 2019). Before looking at how women are more beneficial to firms, let's look at why they are necessary to be premiered on boards of firms. Indeed, it is surprising and more attractive that it is one of the principles ushered by United nations; government and investors acting to have diverse boards (Dicker, 2019); to increase gender equality in organizations. In Europe, publicly traded companies are required to have at least 40% of boards to be comprised by women (Creary, 2019).

H2: There is a positive relationship between board diversity and performance

2.7.3 Role of board diversity on the relationship between corporate sustainability practice and performance

Hafsi and Turgut (2013) find that gender-diverse US boards have a significant effect onCorporate Social Performance. Boulouta (2013) finds that due to the stronger “empathic caring”exhibited by women directors, more gender-diverse boards in the US exert a stronger influence onthe CorporateSocial Responsibility metrics that focus on negative business practices.Perrault (2015)investigates how women on US boards contribute toboard effectiveness by breaking up all-maledirectors’ networks. The author finds that womendirectors enhance perceptions of the board’s instrumental, relational, and moral legitimacythrough real and symbolic representations. This leads to increased perceptions of the board’strustworthiness, which in turn, fosters shareholders’ trust in the firm.

A research performed by Harjoto et al. (2014), use a multidimensional measure of board diversity (including gender, ethnicity, age, director experience, tenure, director power, andexpertise/education) to investigate its relationship with corporate sustainability performanceamong U.S. firms. The authors conclude that more diverse boards appear to more effectively meetthe demands of various stakeholders than less diverse boards. More specifically, the authors statethat gender, tenure, and expertise appear to be the driving forces of companies’ chosen level ofcorporate sustainability.However, the authors also stress that group diversity could potentiallyhave a negative impact on board effectiveness, resulting in a negative influence on the board’sability in overseeing the sustainability activities in the company. For instance, differentperspectives and priorities may lead to complicated decision-making processes, i.e., creatingdifficulties in reaching consensus (Harjoto et al., 2014).

H3: Board diversity has a positive influence on the relationship between corporate sustainability practice and performance.

2.8 Conceptual Framework

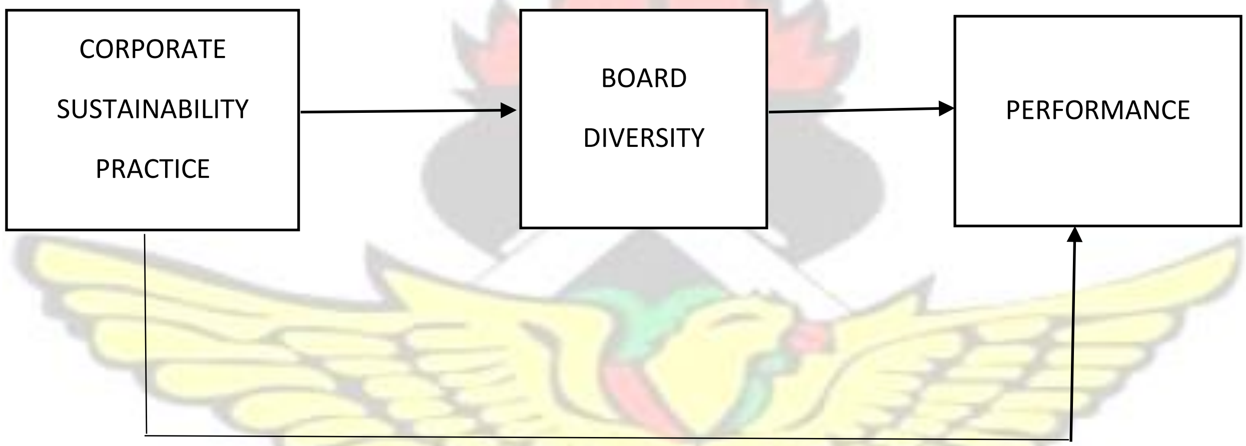

FIGURE 1.1 Conceptual Framework

Source: Authors own work 2021

CHAPTER THREE

RESEARCH MEHODOLOGY

3.1 Introduction

This chapter generally sought to provide the methodological framework around which the study was undertaken. It comprises of the research design, data collection procedure, research population, the sample size, sampling technique and the data analysis procedure.

3.2 Research Paradigms

Lincoln (2000), define paradigms as human constructions, which deal with first principles or ultimate indicating where the researcher is coming from so as to construct meaning embedded in data. Research paradigms can be either quantitative or qualitative. Qualitative research is research that addresses business objectives through techniques that allow a researcher to provide elaborate interpretations of market phenomena without depending on numerical measurement (Zikmund et al, 2010). It is conducted when the research problem requires exploring the concept and establishing relationships in raw and organizing these concepts and relationships into a theoretical explanatory scheme. On the other hand, quantitative research can be defined as business research that addresses research objectives through empirical assessments. that involve numerical measurement. In terms of research paradigm, the present study adopted a quantitative research method, this is because the study is based on collection and analysis of numerical data as well as statistical hypothesis testing which are consistent with the quantitative method.

3.3 Purpose of the study

Research purpose can be classified into explanatory research, descriptive research, exploratory research. Exploratory study guides the researcher in finding out what is happening, and to seek insight, as well as to assess a subject in a new light (Robson, 2012). It is mostly adopted in a study where the research seeks to know more about a particular phenomenon. Descriptive analysis aims to present a reliable profile of people, accidents or circumstances (Robson, 2002). The objective of explanatory research is to create causal links between variables (Saunders et al, 2009). With regards to this study, the bases or the emphasis is largely on trying to give explanation to events and situations or some problems so as to explain or give meaning to the relationship that exists between some variables. Therefore, this study adopted the explanatory research in accomplishing its objective. The aim of explanatory research is to create causal links of selected SMEs under study. Thus, the study adopts the explanatory approach as it seeks to establish the relationship between corporate sustainability practice and business performance. between variables (Saunders et al., 2009). For instance, the impact of CSP activities on the performance.

3.4 Sampling Procedures

This section will discuss the following:

3.4.1 The population and Sample

The population of a sample is the total number of items or units under study from which all other possible findings are derived (Kumekpor, 2002). The population for this study is made up of all SMEs in Ghana. Winter (2013) defined a sample as a small group of cases drawn from the population used to represent the large group or whole population under study. The sample demonstrates the specific number of respondents selected from a population to act as the population representative. Saunders et al. (2009), found out that it is primarily included in the selection of the sample size concerning the degree of confidence and the margin of error. The sample size chosen for the analysis was 100 based on the availability of SMEs to respond to the questionnaires for the study.

3.4.2 Sampling Technique

The research used purposive and convenient sampling methods concerning the selection of the respondents to perform the survey. Convenient sampling, also known as test sampling involves the random collection of respondent samples that are very straightforward to acquire for their survey, as the sample selection process continues until the required sample size has been chosen (Saunders et al 2009). This method has been followed in terms of selecting respondents who can theoretically provide the correct data for the study. By the way to find out how these impacts their business success in Ghana, the researcher will include owners and stakeholders of SMEs interested in corporate sustainability practices.

3.5 Data Collection Methods

Data collection sources refer to the process by which the researcher obtains data that is relevant to the study. Research data is any information that has been collected, observed, generated or created to validate original research findings.

3.5.1 Sources of Data

Data can be collected using either a primary source or a secondary source. The primary data is obtained directly from the individuals or works being researched; therefore, the information is raw and collected for the first time (Koziol& Arthur, 2012). Primary data is originated for the first time by the researcher through direct efforts and experience, specifically for the purpose of addressing his research problem. Also known as the first hand or raw data. Primary data collection is quite expensive, as the research is conducted by the organization or agency itself, which requires resources like investment and manpower. The data collection is under direct control and supervision of the researcher. The data can be collected through various methods like surveys, observations, physical testing, mailed questionnaires, questionnaire filled and sent by enumerators, personal interviews, telephonic interviews, focus groups, case studies, etc.

Secondary data implies second-hand information which is already collected and recorded by any person other than the user for a purpose, not relating to the current research problem. It is the readily available form of data collected from various sources like censuses, government publications, internal records of the organization, reports, books, journal articles, websites and so on. Secondary data offer several advantages as it is easily available, saves time and cost of the researcher. But there are some disadvantages associated with this, as the data is gathered for the purposes other than the problem in mind, so the usefulness of the data may be limited in a number of ways like relevance and accuracy.

3.5.2 Data Collection tool

This study employs Questionnaires as the method of data collection. Questionnaire is as an instrument for research, which consists of a list of questions, along with the choice of answers, printed or typed in a sequence on a form used for acquiring specific information from the respondents (Aryal, 2019). There are open-ended and closed-ended questions on the questionnaires. Respondents will be assisted in interpreting problems that presented challenges. After that, a week will be given to record the responses. This method will help alleviate the tension that comes with tense interview periods and packed schedules. They will be thoroughly tested and modified until the questionnaires were administered, after which they were sent to respondents. The questionnaire will be divided into two main sections. The first section was on the socio-demographic background of the respondents which included items such as gender, age, educational level, length of service and marital status of respondents. The second section of the questionnaire will focus on questions being asked under the various objectives of the study. This section will be divided into three main subsections; questions on corporate sustainability practice, performance and board diversity. Each of these sections contain items on a Likert-type scale. The Likert-type scale ranged from five categories and these were "Strongly Agree", "Agree", "Neutral", "Disagree" and "Strongly Disagree". Borg & Gall (1983) found it to be popular, easy to construct, administer and score. Questionnaires were employed because it upheld the confidentiality of the respondents and also it was employed in order to save time and to reduce biasing error. The instruments were dispersed to the respondents, who were given adequate time to respond. These are the adapted structured questionnaires the study used as a tool for data collection.

3.6 Data Analysis

Data analysis is the ability to break down data and to clarify the nature of the component parts and the relationship between them (Saunders et al, 2007). The analysis done was quantitative in nature. The data obtained was edited, coded and analyzed using the Statistical Package for Social Science (SPSS) software. Frequency tables, means, standard deviation as well as simple regression models were used to present the data. This regression models were used in order to help the researcher confirm or contrast with the objective set.

3.7 Quality of the research

The quality of a research is based on the reliability and the validity of the study. Reliability concerns the extent to which a measurement of a phenomenon provides a stable and consistent result (Carmines & Zeller, 1979). Testing for reliability is important as it refers to the consistency across the parts of a measuring instrument (Huck, 2007). Validity is the extent to which the scores from a measure represent the variables they are intended to (Mugenda, 1999). Validity basically means "measure what is intended to be measured" (Field, 2005). The most commonly used internal reliability measure is the Cronbach Alpha coefficient. It is viewed as the most appropriate measure of reliability when making use of Likert-scales (Whitley, 2002, Robinson, 2009). According to Cho and Kim (2015), construct with Cronbach's alpha value of 70% are deem fit to be considered for further analysis. Therefore, this study considered only construct item with Cronbach's alpha of 70%.

3.8 Research Ethics

In undertaking this study, the researcher ensured that the highest quality standards were upheld. These included, seeking informed consent of all participants of the research. Participants were encouraged to take part in the study voluntarily. The elements of confidentiality were highly respected and protected throughout the study. The study avoided harming the participants throughout the by asking sensitive questions. In that regard, data and information were collected based on expressed consent of the respondents. The purpose of the study was clearly defined to the respondents and they willingly participated in providing information. Additionally, respondents were made to understand that the research was for academic purposes and the information given will be held confidential.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 Introduction

The results of the data obtained for the study are analyzed and discussed in this chapter. This study's data analysis was descriptive. The results are presented in tables and charts to make it easier to analyze the data.

4.2 Demographic Information

The demographic characteristics of the respondents shows the various characteristics of the respondents sampled by the researcher. Demographic characteristics are utilized by researchers to determine how well the study results apply to the general population. The respondents in this study were 150 which contain 84 (56%) males and 66 (44%) females. In terms of the respondents ages, 83 (55.3%) were between 20-29 years, 45 (30%) were aged between 30-39 years whiles 17 (11.3%) of the respondents were aged between 40-49 years and 5 (3.3%) were aged above 50 years. Most of the respondents (56.7%) were managers of the organization where as 43.3% of the respondents are executives. In addition, majority (61.3%) of the respondents have hold their current position in the firm for 6-10 years, 33.3% have hold this position for between 1 to 5 years whiles 5.3% have hold this position for between 11 to 20 years. Among the corporate institutions who partook in the survey, majority (38.7%) of them were service organization, 32% of them were banking organization whiles 29.3% were in the manufacturing organizations. Among the corporate institutions involved in the study, 35.3% of the organizations have been in operations for between 1 to 5 years, 46.7% of the organizations have operated between 6 to 10 years and 18% of the organizations have operated between 11 to 20 years. With regard to the number of employees in the organizations, majority of the organizations (66.7%%) has between 31 to 99 employees, 17.3% have more than 100 employees whiles 16% has between 10 to 30 employees. This is shown in table 4.1 below.

Table 4.1 **Demographic Information**

Demographic Information	Category	Frequency	Percentage (%)
Gender	Male	84	56.0
	Female	66	44.0
Age	20-29 years	83	55.3
	30-39 years	45	30.0
	40-49 years	17	11.3
	50+ years	5	3.3
Current position in this firm	Executive	65	43.3
	Manager	85	56.7
Number of years that you have held your current position in this firm	1-5 years	50	33.3
	6-10 years	92	61.3
	11-20 years	8	5.3
This firm is mainly	Manufacturing Organization	44	29.3
	Service Organization	58	38.7
	Banking	48	32.0
How long has this firm existed/operated in the industry	1-5 years	53	35.3
	6-10 years	70	46.7
	11-20 years	27	18.0
Number of employees in the firm	10-30 employees	24	16.0
	31-99 employees	100	66.7
	100+ employees	26	17.3

Source: Field Survey 2021

4.3 Descriptive Summary of Variables

This section provide the descriptive statistics of the various variables involved in the study analysis.

4.3.1 Corporate Sustainability Practice

In this section, respondents were asked to indicate whether they "total disagree", "disagree", "indifferent", "agree", and "strongly agree" with their business corporate sustainability practices as they impact human and natural resources that will be needed in the future. Table 4.2 shows the descriptive statistic of the variables showing the mean and standard deviation.

The results from table 4.2 shows that, respondents on the average agreed with all the claims concerning the sustainability practices of the corporate institutions. The highest claim the respondents on the average agreed is "*The organization upgrades employees' current knowledge and skills based on examples of best practices in sustainability*" which recorded a mean of 4.42.

This is followed by the claims "*Adjustments are regularly made to existing products and services to reduce negative environmental and social impact*" and "*The organization makes improvements to radically reduce environmental impacts of products and services' life-cycles*" which obtained means of 4.34 and 4.20 respectively.

Also, claims of "*The organization undertakes regularly business process reengineering with a focus on green perspective*" and "*We acquire innovative environmental-friendly technologies and processes*" obtained means of 4.18 and 4.10 respectively. With the least claim being "*The organization continuously strengthens employees' knowledge and skills to improve efficiency of current sustainability practices*" which obtained a mean on the average of 4.08. The results are depicted in table 4.2 below.

Table 4.2 **Corporate Sustainability Practice**

Corporate Sustainability Practice	N	Minimum	Maximum	Mean	Std. Deviation
The organization upgrades employees' current knowledge and skills based on examples of best practices in sustainability.	150	4	5	4.42	.495
Adjustments are regularly made to existing products and services to reduce negative environmental and social impact.	150	3	5	4.34	.713
The organization makes improvements to radically reduce environmental impacts of products and services' life-cycles.	150	3	5	4.20	.613
The organization undertakes regularly business process reengineering with a focus on green perspective.	150	3	5	4.18	.532
We acquire innovative environmental-friendly technologies and processes.	150	3	5	4.10	.693
The organization continuously strengthens employees' knowledge and skills to improve efficiency of current sustainability practices.	150	2	5	4.08	.909
Valid N (listwise)	150				

Source: Field Survey 2021

4.3.2 Board Diversity

In this section, respondents were asked to indicate whether they "total disagree", "disagree", "indifferent", "agree", and "strongly agree" with some issues of board diversity. Table 4.3 shows the descriptive statistic of the variables showing the mean and standard deviation.

Findings from the table 4.3 shows that respondents agreed with all the claims except one which they were indifferent in their response. Specifically, respondents on the average agreed with claims such as "*Gender diverse boards send a positive message to shareholders and the public on company's values*", "*Gender diverse boards have a higher level of unity than homogenous boards*" and "*Gender diverse boards have a greater performance than homogenous boards*" with these claims recording means of 4.54, 4.41 and 4.39 respectively.

Also respondents agreed with the claims "*Gender diverse boards have healthier board room dynamics*" and "*Diverse boards add more organizational value through the quality of decision making*" having recorded means of 4.29 and 4.24 respectively.

However, respondents on the average were indifferent in their response to the claim "*An increased presence of women on company boards would bring economic benefit*" having recorded a mean of 3.92. This implies that, some respondents agreed with the claim whiles other respondent disagreed with this claim. The results are depicted in table 4.3 below.

Table 4.3 **Board Diversity**

Board Diversity	N	Minimum	Maximum	Mean	Std. Deviation
Gender diverse boards send a positive message to shareholders and the public on company's values	150	3	5	4.54	.563
Gender diverse boards have a higher level of unity than homogenous boards	150	3	5	4.41	.657
Gender diverse boards have a greater performance than homogenous boards	150	3	5	4.39	.703
Gender diverse boards have healthier board room dynamics	150	2	5	4.29	.885
Diverse boards add more organizational value through the quality of decision making	150	2	5	4.24	.841
An increased presence of women on company boards would bring economic benefit.	150	2	5	3.92	.966
Valid N (listwise)	150				

Source: Field Survey 2021

4.4 Correlation Matrix

To check whether the strength of relationship between the variables will affect further statistical analysis; a correlation statistical analysis was performed. The construct which include corporate sustainability practice, board diversity, financial performance, social performance and environmental performance was used to show if there exist a significant correlation among the construct. The sum the various constructs were added and the average was taken as proposed by Pallant (2005). The correlation matrix is presented in table 4.4 below.

Table 4.4 depicts the Pearson correlation matrix used in the study to test for the presence of multi-collinearity amongst the predictive variables. Results from table 4.4 suggest no collinearity in the set of data used for the study. The table displays both positive and negative association between the variables used for the study under the Pearson correlation matrix. The table recorded the highest correlations of 0.451. This is not above the level of tolerance of 0.8 for collinearity tests using correlation.

Table 4.4 **Pearson Correlation Matrix**

		CSP	BD	FP	EP	SP
CSP	Pearson Correlation	1	.251**	-.231**	.139	.044
	Sig. (2-tailed)		.002	.004	.090	.590
	N	150	150	150	150	150
BD	Pearson Correlation	.251**	1	-.165*	-.250**	.113
	Sig. (2-tailed)	.002		.044	.002	.167
	N	150	150	150	150	150
FP	Pearson Correlation	-.231**	-.165*	1	-.451**	.236**
	Sig. (2-tailed)	.004	.044		.000	.004
	N	150	150	150	150	150
EP	Pearson Correlation	.139	-.250**	-.451**	1	.092
	Sig. (2-tailed)	.090	.002	.000		.265
	N	150	150	150	150	150
SP	Pearson Correlation	.044	.113	.236**	.092	1
	Sig. (2-tailed)	.590	.167	.004	.265	
	N	150	150	150	150	150

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

FP= Financial Performance, EP= Environmental Performance, SP= Social Performance, CSP= Corporate Sustainability Practice, BD= Board Diversity

Source: Field Survey 2021

4.5 Relationship between corporate sustainability practice and performance

To determine the relationship between corporate sustainability practice and performance, a regression model was run with corporate sustainability practice as the independent variable and performance as the dependent variable. The result of the regression model is presented in table 4.5 below.

Table 4.5 **Regression model for objective one**

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	4.526	.277		16.340	.000
	CSP	-.057	.066	-.071	-.870	.386

a. Dependent Variable: PERFORMANCE

R-Squared = 0.163

Source: Field Survey 2021

The regression output suggest that the model is statistically insignificant ($p > 0.05$). From the results, corporate sustainability practice explains 16.3 percent of the variation in business performance (r squared = 0.163). The results show a negative insignificant relationship between corporate sustainability practice and institutions performance. Thus, findings suggest that incorporating sustainability practices cannot be a mechanism to enhance organizations performance. This is contrary to the study by Claudy et al., 2016, that sustainability practice is a powerful mechanism to enhance firm performance.

4.6 Relationship between board diversity and performance

To determine the relationship between board diversity and performance, a regression model was run with board diversity as the independent variable and performance as the dependent variable. The result of the regression model is presented in table 4.6 below.

Table 4.6 **Regression model for objective two**

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.886	.287		17.030	.000
	BD	-.140	.067	-.170	-2.096	.038

a. Dependent Variable: PERFORMANCE

NOTE: BD = Board Diversity

R-Squared=0.215

Source: Field Survey 2021

The regression output suggest that the model is statistically significant ($p < 0.05$). From the results, board diversity explains 21.5 percent of the variation in business performance (r squared = 0.215). The results shows a negative significant relationship between board diversity and institutions performance. This implies that, having a diversified board in corporate institutions impact significantly on firm performance.

4.7 Mediating role of board diversity on the relationship between corporate sustainability practice and performance

The test for mediation in this study follows Baron and Kenny (1986) four steps to test for mediation. Following Baron and Kenny (1986), if M mediates an X-Y causal relationship then:

1. X significantly predicts Y (path c is significant)

2. X significantly predicts M (path a is significant)

3. M significantly predicts Y in the presence of X (path b is significant)

4. When M is in the model, the effect of X and Y is reduced (c' is less than c). With complete mediation, path c' is zero.

From the steps, X will represent CSP, Y will represent performance whiles M will represent mediation (board diversity). The table 4.7 below presents the results conducted according to the conditions above.

Table 4.7 **Regression model for objective 3**

MODEL	PREDICTORS	DEPENDENT	R-SQUARED	BETA (UNSTANDARDIZED)	T	SIG
1	CSP	P	0.163	-0.057	-0.870	0.386
2	CSP	BD	0.063	0.244	3.160	0.002
3	CSP	P	0.231	-0.024	-0.364	0.716
	BD			-0.133	-1.932	0.055

Source: Field Survey 2021

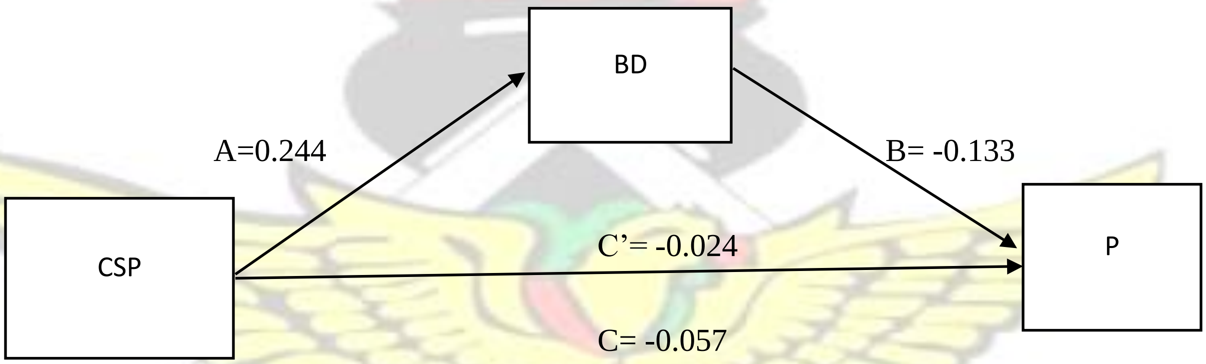

Figure 2 Mediation path analysis

In model 1, corporate sustainability practice (CSP) was regressed on performance (P). The results could not achieve a statistical significance as $p > 0.05$, meaning path c (shown in the diagram above) is not significant. The condition for step one was not satisfied.

In model 2, corporate sustainability practice (CSP) was regressed on board diversity (BD). The effect size was low (r squared = 0.063) and statistical significance was achieved ($p < 0.05$). The condition for step 2 was achieved

However, in model 3, controlling for the effect of corporate sustainability practice and board diversity significantly predict performance ($p = 0.05$) thus it equals 5% significant level. This means that path b is significant and thus condition for step 3 was achieved.

Finally, it can be seen from the diagram that c' (-0.024) is less than c (-0.057) and also statistical significance was achieved ($p = 0.05$). The proposed mediator board diversity (BD) does have significant effect on the dependent variable (Performance) in the presence of the independent variable (CSP). Condition 4 was satisfied and so the conclusion is board diversity does function as a mediator of the relationship between corporate sustainability practice and performance.

4.8 Components that may affect the level of sustainability practices in corporate institutions

This section discusses the factors that may affect the level of sustainability practices in corporate institutions. Respondents were asked to indicate whether they "total disagree", "disagree", "indifferent", "agree", and "strongly agree" with some issues of board diversity. Table 4.8 shows the descriptive statistic of the variables showing the mean and standard deviation.

Table 4.8 **Components that may affect the level of sustainability practices in corporate institutions**

Factors	N	Minimum	Maximum	Mean	Std. Deviation
No clear CSP regulations or guidelines	150	3	5	4.12	.802
Time constraints	150	2	5	3.65	1.112
The firm lack trust in CSP benefits	150	2	5	3.58	1.018
Lack of commitment from firm owner	150	2	5	3.44	1.084
Lack of financial resources	150	2	5	3.13	.957
Valid N (listwise)	150				

Source: Field Survey 2021

The results from the table 4.8 shows that, the predominant factor which respondents on the average agreed on is that of "No clear CSP regulations or guidelines" as it obtained a mean of 4.12 and a standard deviation of 0.802. This implies that, respondents on the average agreed that there are no clear regulations or guidelines on corporate sustainability practice (CSP) from the various district or municipal assemblies, the regional coordinating council or the government at large. The second and third component is the claim of "Time constraints" and "The firm lack trust in CSP benefits" which respondents on the average were indifferent in their response and recorded a mean of 3.65 and 3.58 respectively. Finally, respondents on the average neither agree or disagreed with the claims of "Lack of commitment from firm owner" and "Lack of financial resources" which also obtained a mean of 3.44 and 3.13 respectively.

4.9 Discussion of the Study

This section of the chapter presents the discussion of the study. It relates the results of the study to the objectives of the study.

Discussions about corporate sustainability are becoming increasingly relevant in this century's management literature (Asif et al., 2011). Organizations are faced with environmental and social issues when making decisions, not only to consider the moral and legal obligations that must be promoted (Takala and Pallab, 2000), but also to assure long-term economic success (Wagner, 2010; Koo et al., 2013).

4.9.1 Relationship between corporate sustainability practice and performance

This objective examines the relationship between corporate sustainability practice and performance. From the results in 4.5, it was seen that there is a negative insignificant relationship between corporate sustainability practice and performance. Corporations engaging in sustainability activities incur more costs, thus reducing their net financial performance. Thus, if a corporationcontribute to the economic, environmental and socialdevelopment of a community, there will be additional cost to the corporation and thus increasing its financial burdens.

However, some researchers argue that a firm which is more concern with environmental protection and individual social responsibility are more likely to perform well financially, socially and environmentally. Thus, as firms are found to be more concerned about the protection of the environment, their performance enhances in all aspect. Maleticet al. (2014) confirms the premise that sustainability practices positively influence the organization performance. Also, if a corporation manages its relationships with stakeholders properly the firm can improve its financial performance over time (Donaldson & Preston, 1995; Freeman, 1984).

Hence, this study results is in line with the study by Friedman (1970) who argues that corporations engaging in sustainability activities incur more costs, thus reducing their net financial performance. Since these additional costs and administrative burdens may affect the corporation's bottom line negatively it may potentially lead to competitive disadvantages for the firm (Friedman, 1970). Also, Sandhu and Kapoor (2005) studied the relationship of CSR and financial performance by using correlation and regression analysis of 20 leading companies in India for the period of 2000-03. They observed that there was no significant relationship between CSR and financial performance of these companies.

4.9.2 Relationship between board diversity and performance

This objective examines the relationship between board diversity and performance. From the results in 4.6, it was seen that there is a negative significant relationship between board diversity and performance. The boards of corporate institutions play a big strategic role in defining strategic directions for the organization to become successful. Thus firms that have diversity in their structure are more likely to achieve transparency and innovation in their operations. Findings from the study reveals that, as the diversify board helps to achieve transparency and innovation of the organization, it impacts negatively on the performance of the organization. As on the average, a ten percent increase in board diversity leads to 1.4 percent decrease in performance. This finding is in contrary to the study by Carter et al. (2003) who investigated US boards to study the impact of board diversity on firm value. The authors find a positive relation between the presence of a woman director and firm performance as measured by Tobin's Q. Same as the study by Low et al. (2015), as the authors find that the increasing numbers of women directors on the board have a positive effect on firm performance. Hence the study results is in line with the study by Francesca (2016) and Eisenstein (2019) who found out that the more the number women increases, return on assets too decreases diminishingly.

4.9.3 Mediating role of board diversity on the relationship between corporate sustainability practice and performance

The study results in table 4.7 finds board diversity function as a mediator of the relationship between corporate sustainability practice and performance. Thus, as corporate institutions have diversified traits on their boards and also ensuring environmental protection, it negatively affects their performance. The study results is in line with the study by Harjoto et al. (2014), as they conclude that more diverse boards appear to more effectively meet the demands of various stakeholders than less diverse boards. More specifically, the authors state that gender, tenure, and expertise appear to be the driving forces of companies' chosen level of corporate sustainability. However, the authors also stress that group diversity could potentially have a negative impact on board effectiveness, resulting in a negative influence on the board's ability in overseeing the sustainability activities in the company. For instance, different perspectives and priorities may lead to complicated decision-making processes, i.e., creating difficulties in reaching consensus.

4.9.4 Components that may affect the level of sustainability practices in corporate institutions

This objective seeks to identify various factors that may affect the level of sustainability practices in corporate institutions. From the table 4.8, the most predominant component is "No clear CSP regulations or guidelines" which respondents on the average agreed. Implying that either there are no regulations or guidelines on sustainability practice or if there are some regulations, it is not clear to these institutions. These institutions must be giving a clear direction on their environmental and social development. Also, time constraints and institutions lacking trust on the benefit of sustainability practice are also factors that may affect institutions on their level of sustainability practice. Sustainability practice comes with cost, and institutions find it difficult to do so as the cost involved does not yield any material benefit (cash benefit) as institutions also thrives for their benefit. Therefore, institutions are unwilling to do so as they lack the trust that it will yield any benefit for them. Finally, lack of commitment from firm owner and lack of financial resources are also factors that affect the level of sustainability practice in corporate institutions. The owners of these institutions are unwilling to sacrifice the profit level of their organization for various environmental and social development. Owners of organizations are mostly interested with the profit they make from the organizations, and would like it increase overtime and therefore will be unwilling to sacrifice their amount of profit for other things. The results is in line with Marcus and Fremeth (2009), businesses will not necessarily introduce sustainability practices because of the normative obligation, but because commitment to sustainable development coincides with their interest to satisfy key stakeholders and has an impact on the competitiveness and economic performance of an organization. Also, Ofori and Hinson (2007) in their study found the poor understanding and aphorism associated with CSR has led to a situation where ‘philanthropic CSR’ has emerged, though its sustainability remains questionable.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section presents a summary of the study, the conclusion remarks of the researcher as well as the recommendations for corporate institutions. This chapter was done based on the analysis and discussions in the previous chapter.

5.2 Summary

The study conducted involved corporate institutions in different sectors with those in the service organization partaking the most whereas those in the other organizations such as the manufacturing and banking organizations partook in this study. Majority of the people who were involved in the study were males who are mostly managers of their organizations. Most of the institutions involved in the study have existed or operated in the industry for 10 years and below.

The results from the study shows that, corporate sustainability practice have a negative insignificant relationship with performance. Thus, emphasizing more on sustainability practice does not guaranty an institution to perform well. Also, findings from the study shows a negative significant relationship between board diversity and performance. The board of corporate institutions plays a significant role in their respective institutions and thus diversity among board members (in terms of age, sex, educational level etc.) help bring new ideas to be implemented for the betterment of the institution. In addition, the study results also reveal that board diversity function as a mediator in the relationship between corporate sustainability practice and firm performance.

Finally, the results reveal that the predominant component that affect the level of sustainability practice among corporate institutions is there are no clear corporate sustainability practice regulations or guidelines. Other factors include; time constraints, the firm lack trust in CSP benefits, lack of commitment from firm owner and lack of financial resources.

5.3 Conclusion

This study examined relationship between corporate sustainability practice and performance of corporate institutions using board diversity as a mediator in the Kumasi metropolis. The study used a total response of 150 from the total population. Regression models were adopted by the researcher to test for the relationship among the variables. Corporate sustainability is a multifaceted concept which is becoming increasingly relevant to modern business performance evaluation.

The study results show that corporate sustainability practice does not have any impact on the institutions performance. Sustainability activities cost more money for businesses, lowering their net financial performance. As a result, if a corporation contributes to a community's economic, environmental, and social development, it will incur additional costs, increasing its financial obligations. Corporate boards of directors play a critical role in setting strategic directions for the organization's long-term development. As a result, businesses with a diverse structure are more likely to achieve operational transparency and innovation. Finally, the study shows that, no clear CSP regulations and guidelines is the main component affecting the level of sustainability practice among corporate institutions. The cost involved in environmental and social development makes institution and owners of these institutions reluctant to perform these sustainability practice since it does not give them any direct benefit.

5.4 Recommendations

As far as corporate sustainability practice is concerned, this section proposes steps to be considered by academia, corporate organizations, stakeholders and clients.

Corporate sustainability practice requires greater recognition and greater dedication from corporate entities in that it guarantees other advantages other than just income. This provides the business world with an incentive to think out of the box and explore other potentially viable areas to maximize the portfolio of company income.

Governments and local authorities can explore ways in which an agency can use a certain amount of tax to conduct community-based initiatives, such as schools, energy, clean water, housing and income-generating activities. This may be in a form of tax exemptions given to these organizations. This will increase the accountability of the corporate organization in the field of work and make a major contribution to national growth.

Also the local authorities are recommended to organize periodic seminars for various corporate institutions in other to clarify the various regulations and guidelines of corporate sustainability practice. This will help these corporate institutions to have a clear idea on how sustainability practice is regulated in the country. Finally, the composition of board should be done to take care of some core aspect of diversity. As board diversity leads to better corporate governance and increase companies value.

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APPENDIX

QUESTIONNAIRE

This questionnaire is aimed at gathering information to assess corporate sustainability practice and business performance. Responses from participants will be employed for academic purpose only and will be treated with much confidentiality. Please be specific and answer the questions as accurately as possible. Where necessary, tick the appropriate box (es) provided for each possible answer. Respondents do not have to write their names, telephone numbers or email address. The interview will take approximately 5 minutes.

SECTION A: DEMOGRAPHIC INFORMATION

1. Please indicate your gender Male ☐ Female ☐

2. Please indicate your age (years)

Less than 20 ☐ 20 to 29 ☐ 30 to 39 ☐ 40 to 49 ☐ 50+ ☐

3. Please indicate your current position in this firm

Owner-manager ☐ Executive ☐ Manager ☐

4. Please indicate the number of years that you have held your current position in this firm

Below 1 year ☐ 1-5 years ☐ 6-10 years ☐ 11-20 years ☐ 21 and above ☐

5. This firm is mainly a… Manufacturing organization ☐ Service organization ☐Construction ☐ Mining ☐ Food ☐Banking ☐ Others ☐

6. How long has this firm existed/operated in the industry?

Below 1 year ☐ 1-5 years ☐ 6-10 years ☐ 11-20 years ☐ 21 and above ☐

7. Number of employees in the firm 2 – 9 ☐ 10 - 30 ☐ 31 – 99 ☐ 100+ ☐

SECTION B: CORPORATE SUSTAINABILITY PRACTICE, BOARD DIVERSITY AND PERFORMANCE

Using a scale of 1 to 5 where 1=total disagree, 2= disagree, 3=indifferent, 4= agree, 5= strongly agree. Indicate the extent to which you agree or disagree to each of the following.

CORPORATE SUSTAINABILITY PRACTICE	**1**	**2**	**3**	**4**	**5**
8. The organization makes improvements to radically reduce environmental impacts of products and services' life-cycles.					
9. Adjustments are regularly made to existing products and services to reduce negative environmental and social impact.					
10. The organization continuously strengthens employees' knowledge and skills to improve efficiency of current sustainability practices.					
11. The organization upgrades employees' current knowledge and skills based on examples of best practices in sustainability.					
12. We acquire innovative environmental-friendly technologies and processes.					
13. The organization undertakes regularly business process					

reengineering with a focus on green perspective.					

Using a scale of 1 to 5 where 1=total disagree, 2= disagree, 3=indifferent, 4= agree, 5= strongly agree. Indicate the extent to which you agree or disagree to each of the following.

BOARD DIVERSITY	**1**	**2**	**3**	**4**	**5**
14. Diverse boards add more organizational value through the quality of decision making					
15. An increased presence of women on company boards would bring economic benefit.					
16. Gender diverse boards have a higher level of unity than homogenous boards					
17. Gender diverse boards send a positive message to shareholders and the public on company's values					
18. Gender diverse boards have healthier board room dynamics					
19. Gender diverse boards have a greater performance than homogenous boards					

Using a scale of 1 to 5 where 1=total disagree, 2= disagree, 3=indifferent, 4= agree, 5= strongly agree. Indicate the extent to which you agree or disagree to each of the following.

FINANCIAL PERFORMANCE	1	2	3	4	5
20. Return on investment (efficient of investment) has increased above industry average during the last 3 years.					
21. Sales growth has increased above industry average during the last 3 years.					
22. Profit growth rate has increased above industry average during the last 3 years.					
23. Market share has increased during the last 3 years.					
ENVIRONMENTAL PERFORMANCE					
24. The efficiency of the consumption of raw materials has improved during the last 3 years.					
25. The resource consumption (thermal energy, electricity, water) has decreased (e.g. per unit of income, per unit of production, …) during the last 3 years.					
26. The percentage of recycled materials has increased during the last 3 years.					
27. The waste ratio (e.g. kg per unit of product, kg per employee per year) has decreased during the last 3 years.					
SOCIAL PERFORMANCE					
28. Does your company reach out to the poorest in the society (e.g. Victims of natural catastrophe, homeless, handicapped etc.)?					
29. Does your company provide health coverage for its					

employees?					
30. In the last 3 years, has your company organized a career fair training for the people in the society?					
31. Does the company work with the local authority during decision making?					

SECTION C: FACTORS THAT MAY AFFECT THE LEVEL OF SUSTAINABILITY PRACTICES

Using a scale of 1 to 5 where 1=total disagree, 2= disagree, 3=indifferent, 4= agree, 5= strongly agree. Indicate the extent to which you agree or disagree to each of the following.

FACTORS	1	2	3	4	5
32. The firm lack trust in CSP benefits					
33. Lack of financial resources					
34. Time constraints					
35. Lack of commitment from firm owner					
36. No clear CSP regulations or guidelines					