



USB graduate, Dr Anthony Kyereboah-Coleman

# Creating expertise with a PhD

Dr Anthony Kyereboah-Coleman embarked on a PhD to create much-needed understanding of corporate governance in corporate Africa. AMANDA MATTHEE asked him whether he found the effort personally fulfilling.

**A** better grasp of corporate governance issues in Africa – this is what Dr Anthony Kyereboah-Coleman set out to achieve through his doctoral studies at the University of Stellenbosch Business School. His particular interest was the relationship between corporate governance and firm performance in Africa.

“The adventurous nature of research thrills me. No matter the findings and the conclusions you eventually arrive at, it is a fulfilling experience knowing you are contributing to the body of knowledge on a specific topic.

It becomes all the more rewarding when you go onto the internet and find that your articles are being cited by other scholars,” says Kyereboah-Coleman, who conducted his research under the USB’s Prof Nicholas Biekpe, whose areas of expertise include finance, business statistics and econometrics. Kyereboah-Coleman is a lecturer at the University of Ghana Business School and an economics consultant.

“My thesis contributes modestly to a better understanding of corporate governance issues and also sheds light on how agency problems pose a challenge to corporate behaviour,

‘The adventurous nature of research thrills me’

especially in Africa. Primarily, it seeks to ensure that corporate behaviour and decisions in terms of corporate governance are guided by empirical studies.

“It is priceless to know you do have a full understanding of the field in which you work. The world is dynamic and it is critical to be knowledgeable, especially when you find yourself in the teaching field.

“My PhD has made it possible for me to be invited to address the United Nation’s UNCTAD Session. I’ve also been invited by the International Finance Corporation and the Global Corporate Governance Forum to deliver a paper on corporate governance in Africa.”

He says he was destined to come the USB. “I had already gained admission to

Birmingham but decided on the USB because of the USB’s approach to publish as many papers as possible during your studentship. That was very appealing to me. Well, it feels good to know that my PhD is comparable to those elsewhere. This ensures competitiveness in the global market.”

**‘It is priceless to know you do have a full understanding of the field in which you work’**

His advice to prospective PhD candidates? “You may become discouraged. Your PhD will at times be frustrating and seemingly impossible to finish because of data and methodological issues. Conference participation will be demanding and you may be tempted to abandon the programme. However, with hard work, determination and God’s guidance, you will come to the end of it without knowing how it actually happened.”

Kyereboah-Coleman was brought up by his mother who “toiled and sold her belongings just to take care of me”. He is married to a medical doctor and they have two children. □

Dr Anthony Kyereboah-Coleman’s thesis is available at the USB’s library.

## Is corporate governance alive and well in Africa?

Interest in corporate governance on the African continent has assumed heightened proportions partly as a result of the 1997 East Asian crisis and the relatively poor performance of corporate Africa.

Dr Anthony Kyereboah-Coleman’s PhD study was conducted in the broad field of corporate finance, and covered 103 listed companies from Ghana, Nigeria, Kenya and South Africa, and 52 microfinance institutions from Ghana. Data consisted primarily of governance and financial variables.

The governance data were obtained through questionnaires e-mailed to over 300 firms. According to Kyereboah-Coleman, this was the most difficult part of his research because approximately half of the firms responded and only 130 completed questionnaires could be used.

Kyereboah-Coleman presented his research findings in seven stand-alone essays on the following topics: corporate governance and firm performance; the determinants of board size and composition; corporate governance and shareholder value maximisation; corporate governance and the financing choices of firms; the link between investment opportunities and corporate governance; how corporate board diversity through gender affects the performance of microfinance institutions in Ghana; and the link between corporate governance, stock market development and economic growth using board independence as main governance indicator.

The study, which has significant policy implications in terms of corporate governance, revealed the following, among others:

- Large and independent boards enhance firm value. Combining the positions of CEO and board chair leads to firms employing less debt, although this has a negative effect on performance.
- A CEO’s tenure in office enhances a firm’s profitability while the intensity of board activity has a negative effect on firm profitability.
- While larger boards employ more debt, the independence of a board has a significant negative relationship with short-term debt.
- The size of audit committees and the frequency of their meetings have a positive influence on market-based performance measures. Institutional shareholding sends a positive signal to potential investors and enhances the market valuation of firms.
- Board size and board composition are functions of firm and industrial characteristics. Thus, while firm-level risk has a positive relationship with board size, CEO tenure correlates negatively with board size, and firms with larger institutional shareholding employ fewer outside directors.
- Firms in the banking and finance sectors employ smaller boards and fewer outside directors partly owing to the existence of other regulatory mechanisms. Large board sizes enhance shareholder value maximisation, and both sector-specific and country-specific effects impact on shareholder wealth.
- While the mining sector was seen as dominant in maximising shareholder value, it appears that the sector also suffers under higher taxes and interest payments.
- Creating maximum shareholder value also depends on the development of a country’s stock market.
- Firms with investment or growth opportunities employ large boards (high board and auditor fees), have longer CEO tenure and are profitable, and the extent of growth response to governance structures is influenced by both country-specific and sector-specific effects.
- Board diversity through the inclusion of women is important for enhanced performance of microfinance institutions.
- The independence of corporate boards is important for firm performance and economic growth.