

**CORPORATE GOVERNANCE PRACTICES IN STATE-OWNED
ENTERPRISES IN LIBERIA**

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DECLARATION

STUDENT'S DECLARATION

I declare that this research project is my original work and has not been presented to any other university for the award of a degree.

Signature _____ Date _____

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D61/60876/2011

SUPERVISOR'S DECLARATION

This research project has been submitted for examination with my permission as the University Supervisor.

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DEDICATION

I am please to dedicate this project to His Excellency John Sembe Morlu, II Former Auditor-General of the Republic of Liberia as a respect to a selfless soul who has dedicated his life to educate sons and daughters of his motherland.

I am also grateful to the entire administration of the General Auditing Commission for the support to this program.

To my parents, Mr. Joseph Mamadee Kowo and his wife Hawa Korlia Kowo for their enormous support and prayers over the years.

Above all, thanks to the almighty ALLAH for his blessings and grace upon my life.

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ABSTRACT

Corporate governance is a subject that has come to the fore front because of the recognition that it helps protect the reputation and enhances the effectiveness and efficiency of various entities both in the public and private of a given economy thereby increasing the value to the shareholders and other stakeholders. Another issue that has made corporate governance very important today is the need to avoid significant losses that are incurred by the shareholders and other stakeholders after the company has failed. This can normally translate in huge debt and the payment of severing to redundant employees. It is no secret that corporate failures have caused significant losses around the world with examples like the Lehman brothers, Enron, AIG and General motors and also in Liberia where bad management of some State-Owned Enterprises have led to government intervention. This is therefore an area that requires research to create a body of knowledge that will be used to protect stakeholders' rights and benefit of the country's continued economic prosperity. The objective of this study took a two-headed approach of first determining the corporate governance practices in State-owned enterprises and second to establish the challenges of corporate governance in state-owned enterprises in Liberia. To facilitate the study, the researcher surveyed 10 of the 15 state-owned enterprises in Liberia. The researcher used primary data collected through structured questionnaires with closed ended questions. They were conducted using information on the best code of corporate governance practices. The information obtained were analyzed using statistical tool of analysis including, percentage, frequencies, mean and standard deviations. The result of the study shows that to a moderate extent most SOEs in Liberia practice corporate governance with an overall grand mean of 3.61 for corporate governance practices. The study findings also show that challenges do exist in state-owned enterprises in relations to the practice of corporate governance but at a moderate level with a grand mean of 3.40. The research revealed that government has a 100% holding in all SOEs that were surveyed and 40% of the SOEs surveyed are still under line ministries.

LIST OF ABBREVIATIONS

BOD	-	Board of Directors
CMA	-	Capital Market Authority
CPA	-	Comprehensive Peace Agreement
CG	-	Corporate Governance
EC	-	European Commission
EU	-	European Union
ECOWAS	-	Economic Community of West African States
FDA	-	Forestry Development Authority
GEMAP	-	Governance Economic Management Assistance Program
NPA	-	National Port Authority
NTGL	-	National Transitional Government of Liberia
OECD	-	Organization for Economic Cooperation and Development
PFML	-	Public Financial Management Act of Liberia
RIA	-	Roberts International Airport
SOEs	-	State Owned Enterprises
UN	-	United Nations

TABLE OF CONTENTS

DECLARATION..... ii

DEDICATION..... iii

ACKNOWLEDGEMENT..... iv

ABSTRACT..... vi

LIST OF ABBREVIATIONS vii

CHAPTER ONE: INTRODUCTION..... 1

1.1 Background of the study 1

1.1.1 Corporate Governance Practices..... 2

1.1.2 State Enterprises in Liberia 3

1.2 Research Problem 6

1.3 Research Objectives..... 8

1.4 Value of the Study 8

CHAPTER TWO: LITERATURE REVIEW..... 10

2.1 Introduction..... 10

2.3 Corporate Governance Structures..... 12

2.4 Corporate Governance Practices..... 13

2.5 Good Corporate Governance 17

2.6 Corporate governance Challenges 19

2.7 Factor Influencing Corporate Governance..... 21

CHAPTER THREE: RESEARCH METHODOLOGY 24

3.1 Introduction..... 24

3.2 Research Design..... 24

3.3 Target Population..... 24

3.4 Data Collection 25

3.5 Data Analysis 25

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS21

4.1 Introduction..... 21

4.2 Demographic Information 21

4.3 Corporate Governance Practices23

4.4 Challenges of Corporate Governance	44
4.5 Discussions of Findings	46
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	52
5.1 Introduction.....	52
5.2 Summary of Findings.....	52
5.3 Conclusions of the Study	55
5.4 Limitations of the study	58
5.5 Suggestions for further research	58
5.6 Recommendations for Policy and Practice	59
REFERENCES.....	60
APPENDICES	64
Appendix 1: Research Questionnaire.....	64
Appendix 2: List of all State-owned Enterprises in Liberia.....	61
Appendix 3: Profile of State-Owned Enterprises.....	62
Appendix 4: Introductory Letter.....	63

LISTS OF TABLES

Table 4.1: Size of the SOEs in terms of Employees.....	23
Table 4.2: Board Function.....	24
Table 4.3: Board Meetings and Management procedures.....	26
Table 4.4: Appointments, selections, induction, Training and Development.....	27
Table 4.5: Applicability of Board Structure in Corporation.....	28
Table 4.6: Information and Communication instruments applied in SOEs.....	29
Table 4.7: Evaluation of the effectiveness of the board chairperson.....	31
Table 4.8: Factors that lead to Corporate Governance Practice in SOEs.....	32
Table 4.9: Corporate Governance practices.....	33
Table 4.10: Challenges of Corporate Governance.....	35

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

As hybrid of economics and politics, state-owned enterprises (SOEs) have always played important roles in the political economics of nation-states. SOEs have often become inefficient burdens on national budgets, however, and policymakers have tried to improve their productivity and to privatize them to become parts of growing free market economies. The prediction by many economist in the early 1990s that SOEs would become “a relic of the 20th century” has thus far proved incorrect-instead, SOEs “ are far from extinction, are thriving, and in many cases seek to expand beyond their own borders particularly in the energy and commodity sectors”,(Efird,N.2010).”

In the Liberian situation, most of the country’s leading state-owned enterprises were allocated to belligerent parties in the country’s civil conflict as a form of appeasement to help end the country’s civil conflict. The Accra Comprehensive Peace Agreement called for the allocation of ministerial positions, deputy and assistant ministerial positions, headship of autonomous agencies, commissions, public corporations and state-owned enterprises shall be to parties to this agreement through a process of negotiation (CPA-Liberia, 2003). As result these State-Owned enterprises reported directly to their rebel parties instead of the established method of reporting.

The civil war challenged all internationally accepted standards on the running of State-owned enterprises mainly in relations to Governance practices. Nine (9) years after the

end of the civil conflict, it is important to investigate whether these state-owned enterprises are now on the right footing and whether there are corporate governance structures in place at the moment.

1.1.1 Corporate Governance Practices

Literature on Corporate governance in Africa is just emerging. While scholars in the developed economies have developed a large body of literature on the subject that on Africa is still very thin. The Dearth of literature is partly due to the fact that the separation of management and ownership of modern corporations is a fairly recent development in large segments in Africa, as most economies were dominated by SOEs whose ownership and management structures derived from a single source: government. With the current developments where ownership and management of corporations are being separated through the process of privatization of SOEs, the interests of those who effectively control the firm (management and the Board shareholders) may differ. According to Okeahalam and Akinboade (2003), the principal-agent relationship maybe reflected in management pursuing activities which may be detrimental to the interest of shareholders of the firm. According to them, the agency problem can only be resolved through the protection derived from good corporate governance. What is then corporate governance?

The concept of governance is very broad. This is because the issue of governance touches many areas of human operations, including how economies and entities within a country are managed, the political and juridical method of governing a country, and how disputes

are resolved in particular communities. Corporate governance is, however, specific to business practices in private and public institutions. Oman(2001) defines corporate governance as referring to the private and public institutions , including laws, regulations, and accepted business practice, which in a market economy govern the relationship between corporate managers and entrepreneurs(corporate insiders) on the one hand, and those who invest resources in corporations, on the other hand.

Others consider corporate governance as simply the prevention of theft (Nganga et al., 2003). Shleifer and Vishny (1996), state that corporate governance deals with the ways suppliers of finance to corporations assure themselves of getting a return on their investment, how they ensure that managers do not steal capital or invest in bad projects. In other words, corporate governance is “the mechanism through which outside investors are protected against expropriation by insiders” (Shleifer and Vishny, 1996). Insiders, according to this definition, include managers, major shareholders. Thus far, the divide in the discussion of corporate governance seems to be between insiders, those that have a management role in the firm(at either management or board levels) and those that have an interest in the firm but do not have any management roles, generally referred to as outsiders.

1.1.2 State Enterprises in Liberia

There are a number of State-owned enterprises, parastatals and regulatory agencies in Liberia. The history of SOEs in Liberia is characterized by high level of corruption, cronyism and mismanagement. However, the government has embarked upon a series of vigorous reforms since taking office in 2006. A number of SOEs, including some

autonomous agencies, have been granted minimal budget allocations that will ensure their eventually dissolution. The GEMAP framework and other initiatives are improving financial and operational performance at several SOEs, notably the National Port Authority (NPA), Roberts International Airport (RIA), the Forestry Development Authority (FDA) and the Liberia Petroleum Refining Company (LPRC), (Investment Climate Statement, 2011).

The government plans a two-pronged restructuring strategy for SOEs before 2012. Firstly, it intends to dissolve or privatize SOEs that have become obsolete, unnecessary or appropriate for private ownership. Secondly, there are ongoing plans to improve efficiency and economic governance at those remaining SOEs. The decision by the government to privatize SOEs offers opportunities for local and foreign entrepreneurs, notably in areas such as agriculture, aviation and transport services, petroleum refining and marketing, and port management and power generation,(Investment Climate Statement,2011).

The Public Financial management Act (2009) discussed the role of the state-owned Enterprises of the Republic of Liberia under the new economic governance structure of the country. It states that government shall establish the institutional arrangements on matters pertaining to the governance and policy formulation and oversight of state-owned enterprises. The mandate, functions, mode of operation and reporting requirements of a state owned enterprise shall be governed by the law establishing the state owned enterprises, Bureau of State Enterprises Decree (1985) as may be amended from time to

time, and any other legislation,(PFM Law,2009). By mid-2004, doubts were being raised about the commitment of the National Transitional Government of Liberia to governance reforms. Poor choices in public finance management were delaying RFTF delivery and economic recovery remained sluggish, (GEMAP-Liberia, 2004).

Reports of widespread corruption were appearing in the Liberian media and the various factions within the Transitional government accused each other of siphoning state finances for personal gains, increasing fears for the stability of the process. With mounting evidence of government manipulation of public coffers, donors were increasingly hesitant about putting resources directly under NTGL control, (GEMAP-Liberia, 2004). In December 2004, the International Crisis Group called for a radical international approach in Liberia, proposing that this should include international assumption of the responsibility for revenue collection, (GEMAP-Liberia, 2004).

A significant catalyst for donor action was the completion of the EC audits in early 2005. Although the EC system and financial audits of the Central Bank of Liberia and five state-owned enterprises (Bureau of Maritime Affairs, National Port Authority, Roberts International Airport, Liberia Petroleum Refining Company and the Forestry Development Authority) were not originally intended to be a review of the NTGL's governance record, the lack of documentation and accounts from the Taylor regime meant that the audits focused primarily on the post-CPA period. The results were the most comprehensive empirical evidence to date of the extent of corruption in Liberia, so dramatic were the data that the EC did not immediately release them for fear of the reaction they might provide(GEMAP-Liberia,2004).

1.2 Research Problem

Corporate governance encompasses the setting of an appropriate legal, economic and institutional environment that allows companies to pursue long-term shareholder value and maximum human-centered development, while remaining conscious of their other responsibilities to shareholders, the environment and society in general (Okeahalam and Akinboade,2003). Conceived this way, corporate governance assumes a developmental dimension, thus explaining the interest that the discussion has generated around the world. Good corporate governance practices are now being associated with the advancement of a whole society. It is also concerned with the processes, systems, practices and procedures as well as formal and informal rules that govern institutions. It concerns the manner in which the rules and regulations are applied and followed, the relationships these rules and regulations determine or create and the nature of these relationships.

By early 2005, while the international community had made considerable progress on the security and humanitarian fronts (protection of civilians and basic livelihoods), the economic situation was stagnant at best. Contracts were a primary concern, with a number of signed agreement which did not, in the opinion of these authors and other observers of Liberian affairs, seem to be in the national interest, in terms of both revenue and recourse against the investor, if that became necessary (Giovine et al,2010). One example among many involved a contract signed with a Chinese company for the disposal of state assets at absurdly low prices and a sale of scrap iron ore at a fraction of the market price. The EU funded audits of state-owned enterprises mainly the productive sector and then proceeded to dispatch, jointly with ECOWAS, a criminal corruption

investigation team. Both efforts suffered repeated stonewalling by the NTGL, but offered unequivocal evidence of the international community's resolve not to allow economic governance to plunge the country back into conflict.

A number of studies have been done around Africa relating to Corporate Governance practices and the role of state-owned enterprises. Mensah et al(2003), for instance, studied Corporate governance and corruption in Ghana and found strong links between internal control and governance structures of business firms on the one hand and corruption of public officials on the other hand. The study which involves 1,000 officials around Ghana found that corruption of public officials cannot be significant without unofficial payments by firms seeking public favors. Dahawy(2004) also in a study on Developing Nations and Corporate governance: the Story of Egypt, found that out of record number of 30 companies studies in Egypt, there was an average 12% disclosure of the these companies. The result indicate that only 4 companies scored more than 50%, while 9 companies scored 20 to 40 percent. As of date, there is no established study on the corporate governance practices in state-owned enterprises in Liberia. Based on the established gap, this paper shall establish the nature of governance and what influences the governance systems at state-owned enterprises in Liberia. The study shall be seeking to establish what are the determining factors to corporate practices in leading state-owned enterprises in Liberia? And what are the challenges to corporate governance practices in these enterprises?

1.3 Research Objectives

The study has two objectives:

- i. Determining the corporate governance practices in state-owned enterprises in Liberia.
- ii. Establishing the challenges of corporate governance in state-owned enterprises in Liberia.

1.4 Value of the Study

State enterprises play a very important role in the development of many countries around the world. In most cases low-income households in developing countries have not been adequately served by state-run public utilities largely because of the lack of corporate governance practices in these enterprises. Governance and democracy are central to Africa's search for social, political and economic renewal. In recognition of the imperative of good governance for development, African countries, over the last decade, have made remarkable strides and commitments partners towards good governance in Africa. However, years of war in Liberia has challenged Liberia's ability to work on building an appropriate corporate governance structure in state-owned enterprises.

It is therefore important to tackle the problem as this study may be to the benefit of government of Liberia as a shareholder to these SOEs and may also benefit minority shareholders, customers, employees, the community where these SOEs operate. The study will assist the government in formulating governance and regulatory policies necessary for SOEs to flourish and strengthens the economic revitalization program of the country. The research may serve as a basis for enlightenment for all players in the

management of state-owned enterprises in country especially at a time the country is leaving from the scourges of war and economic mismanagement.

To scholars, the study will be used as a basis for further research by individuals in academic or scholars on key instruments needed for the overall growth of SOEs in Liberia in keeping with corporate governance standards. On the regional front, the study is important because of the recent surge in international capital into the developing world (including Liberia) as a result of ongoing World Bank and IMF led economic reforms. These reforms have emphasized transparency and accountability. Therefore the need to understand corporate governance practices in these environments becomes extremely critical. To date there has been no known research on corporate governance practices in state-owned enterprises in Liberia. The lack of research in key government parastatals have also contribution to problems in sectors as the government has not been having the proper information to take relevant steps to cure governance deficiencies in state-owned enterprises around the country.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Corporate governance issues are receiving greater attention in both developed and developing countries as a result of the increasing recognition that a firm's corporate governance affects both its economic performance and its ability to access long-term, lower cost investment capital. In response to calls by OECD ministers, a revised version of its "principles of corporate governance" was produced in 2004(Wikipedia, free encyclopedia, 2005). Corporate governance has been widely studied. This chapter summarizes the information from other researchers who have carried out their research in the same field of study. This section of the research paper covers specific topics such as corporate governance, corporate governance structures, corporate governance practices, good corporate governance, corporate governance performance, benefits of corporate governance, challenges of corporate governance and conclusion.

2.2 Concept of Corporate Governance

Corporate governance has, in more recent years, become one of the most commonly used terms in the modern corporation. Stakeholders in the corporate governance arena are many and wide-ranging and their participation in this field has spawned a rich and varied range of information resources pertaining to distinct disciplinary fields and practitioners interests.

Corporate governance refers to the manner in which power is exercised in the management of economic and social resources for sustainable human development initiative (McCord, 2002). The definition of corporate governance may vary in different contexts or different countries (Solomon and Solomon, 2004). In very simple terms, corporate governance refers to how a corporation is governed (National Association of Corporate Directors, 2006).

The integrity of businesses and the markets is central to the vitality and stability of our economies. So good corporate governance-the rules and practices that govern the relationship between the managers and shareholders of corporations, as well as stakeholders like employees and creditors-contributes to growth and financial stability by underpinning market confidence, financial market integrity and economic efficiency. Recent corporate scandals have focused the minds of governments, regulators, companies, investors and the general public on weaknesses in corporate governance systems and the need to address this issue (OECD, 2004).

Corporate governance systems may be therefore thought of as mechanisms establishing the nature of ownership and control of organizations within an economy. In this context, Corporate Governance Mechanisms are economic and legal institutions that can be altered through the political processes-sometimes for the better (Shleifer and Vishny, 1997). Company law, along with other forms of regulation (including stock exchange listing rules and accounting standards), both shape and is shaped by prevailing systems of corporate governance. The impact of regulations on corporate governance occurs through

its effects on the way in which companies are owned, the forms in which they are controlled and the processes by which changes in ownership and control take place (Jenkins on and Mayer, 1992).

2.3 Corporate Governance Structures

Corporate governance structures can be defined as the systems or mechanisms designed to monitor managers and improve corporate transparency (Tsui and GUI, 2000). Typically corporate governance structures adopted by firms experiencing declining performance results in changes in; board meeting frequency(Klapper and Love,2003); board composition(McCord,2002) insider share ownership(Morck, Shleifer, and Vishny,1998);and executive compensation(Monks and Minow,2004). Board meetings frequency potentially carries important corporate governance implications as it is less costly for a firm to adjust the frequency of its board meeting to attain better governance of the firm, than to change the composition of its board or ownership structures. Vafeas (1999) found that meeting frequently was influential in improving operating performance in a manner consistent with the agency theory.

Governance structures describe the board's organization, covering for example the number and types of committees, their members, leadership and flow of information between them(Ricart et 2005). Good corporate governance structures encourage companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with the risk involved. More proactive companies seem to integrate shareholders concerns into their

decision making processes and establish necessary governance structures (de Wit et al., 2006). Corporate governance is the system by which companies are directed and managed and it also influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimized.

The governing body of an organization is typically a board of directors. The primary statutory responsibility of a board is to ensure that an organization fulfils the wishes and purposes of the primary stakeholders. However who these stakeholders are varies. In the private sector in some parts of the world is the shareholders, but in other parts of the world it is a broader or different stakeholder base. In the public sector, the governing body is accountable to the political arm of government-possibly through some intermediate agency 'such as the funding body. These differences lead to differences in the way firms operate, how the purposes of an organization are shaped and how strategies are developed as well as the roles and composition of boards (Johnson, Scholes and Whittington, 2008).

2.4 Corporate Governance Practices

The major objective of adequate corporate practices is the satisfactory retribution to company shareholders. Under the assumptions of the original Modigliani Miller irrelevance theorems, dividend policies are irrelevant for company value and shareholders wealth. However, under asymmetric information, there are several hypotheses that can be raised to relate corporate governance practices and payout policy in the context of the agency problem inherent to a modern corporation. On the other

hand, La Porta et al (1998) have argued that a specific dividend policy is the result of the pressure exercised by minority shareholders in order to force insiders to pay cash.

Shareholders believe that with improved governance practices more of the firm's free cash flow will be returned to them as dividends rather than being expropriated by the managers who control the firm (La Porta et al,2002; Shleifer and Wolfenson,2002).empirical studies support the view that improved corporate governance practices lead to better firm performance (MacAvoy and Millstein,2003). The emphasis placed on various aspects of corporate governance depends how corporate governance is defined to bring out key salient features. According to Hendrikse et al(2004) corporate governance is the system that maintains the balance of rights, relationships, roles and responsibilities of shareholders, directors and management in the direction, conduct, performance and control of sustainable performance with the company business and honesty and integrity in the best and long-term interests of the company, shareholders and business community stakeholders.

Good corporate governance researchers have long and repeatedly revealed how best practice traits play a crucial role in sustaining businesses by promoting transparency, accountability, integrity and efficiency(Zandstra,2002). For some, these sound very much like conceptual frameworks being launched from an ivory tower which is not the case, apparently. The studies of corporate governance have also major corporate failures with problems primarily stemming from improper implementation of good corporate governance principles (Boyd, 2003)

Notwithstanding the reforms and expectations of corporate governance, the primary issues of enforcing the best practices however, remain to be placed on the domain of who holds the primary responsibility and who performs the oversight and enforcement functions of enacting the principles of best practices, implementing such principles, monitoring the implementation and enforcing the reward and punishment. The public image of a corporation will quite accurately reflect the culture of the body. It follows, then, that good corporate governance has to be in the bones and bloodstreams of the organization since this in turn will be reflected in the culture. To carry the analogy further, in the same way that healthy blood and bones are reflected in the naturally healthy look of a person, so an organization whose internal functions are healthy will naturally look so from an external perspective (Applied Corporate Governance Practices, 2009). Others disagree with Milton Friedman assertion that: the social responsibility of a business begins and ends with increasing profit”.

But according to the Applied Corporate Governance Practices Journal (2009), running the business successfully is not simply about market domination and shareholders’ value, best corporate governance practice is not simply about battle between distant, disloyal institutional shareholders and greedy directors but about the ethos of the organization and fulfilling its clearly agreed goals (Applied-Corporate-Governance ,2009-12).

These goals may be set by the entrepreneur who starts the business, but they are accepted by all parties as being high-minded and in everyone’s interests. This is notwithstanding the fact that some parties have bigger stakes and some benefit more than the others. And, of course, different parties want different things from the company. There has to be,

therefore, a process of identifying the different needs and, as much as possible, harmonizing them. This the starting point of the smooth running of the business. Once dissonance in the common goal creeps in the danger of the standard of corporate governance deteriorating rises steadily.

Clearly external regulations can only play a limited part in ensuring that such a deep-seated and beneficial culture as that described above exists. Equally clearly, however, the task of ensuring this desirable state and adhering to best corporate governance practice belong to the various stakeholders, who can and should, through their proper participation, bring this about (Applied-Corporate-Governance.com 2009-12).

Professor Dahawy (2010) in his study of developing nations and corporate governance, the story of Egypt found that Egypt has started to appreciate the importance of corporate governance in its required economic restructure. The study found that Egypt has taken long strides aimed at implementing the concept of corporate governance. These advances included changes in the legal framework, governance bodies, and published several educational materials. The creation of different frameworks which aims at increasing awareness about corporate governance is another positive move (Dahawy, 2010). The findings also suggest low rates of corporate governance disclosure among the Cairo Alexandria Stock Exchange (CASE) 30 enterprises when compared to the UN checklist, with an average 22% compliance rate. It is also noted that that disclosure level increase dramatically with items that are required by the Egyptian Accounting Standards and are examined by the CMA (Dahawy, 2010).

Andres et al (2011) in their study of corporate governance practices in state-owned enterprises in South-East Asian Countries placed emphasis on the need for a corporate structure that prevent political intervention, rewards performance, and is subject to public scrutiny. Additionally, it focused on the qualifications of enterprise staff. the study also reports that like a private enterprise, the organizational structure and decision making of an SOE reflects the interests and involvement of its shareholders, and hence their strength and weaknesses. Because these enterprises are part of public administration, and thus subject to its governance schemes and leadership, they can either benefit or be affected by the performance of its bureaucracy. Government corporations remain a complex and unique organizational mode, caught between the norms of public sector governance and corporate governance. Hence, although mimicking private enterprise arrangements in SOEs might cause significant improvement in management, it can also contribute to the consolidation of corruption and the lack of accountability in those enterprises with little control and vested interest by governing stakeholders.

2.5 Good Corporate Governance

The Global Corporate Governance Forum notes in its mission statement that corporate governance has become an issue of worldwide importance. The corporation has a vital role to play in promoting economic development and social progress. It is the engine of growth internationally, and increasingly responsible for employment, public and private services, goods and infrastructure. The efficiency and accountability of the Corporation is now a matter of both public and private interest and governance has thereby, come at the top of international agenda (PSICG, 1999).

Good Corporate governance is necessary in order to: attract investors-both local and foreign and assure them that their investments will be secured and sufficiently managed, and in a transparent and accountable process, create efficient and competitive companies and business enterprises, enhance the accountability and performance of those entrusted to manage corporations; and promote efficient and effective use of limited resources.

Good corporate governance aimed at the increased profitability and efficiency of business enterprises and their enhanced ability to create wealth for shareholders, increased employment opportunities with better terms for workers and increased benefits to shareholders. The transparency, accountability and probity of business enterprises make them acceptable a caring, responsible, honest and legitimate wealth creating organs of society. The credibility of business enterprise enhances their capacity to attract investment in an internationally competitive environment. The enhanced legitimacy, responsibility and responsiveness of business enterprises within the economy and improved relationships with their various stakeholders comprising shareholders, managers, employees, customers, suppliers, and communities, providers of finance and the environment enhance their market standing, image and reputation (PSCGT,2002).

Good corporate governance ensures the highest standards of corporate responsibility, citizenship and business ethics in an effort to strengthen mutual social responsibility. It enhances the spirit of participatory development, create partnership for progress and increase citizen engagement in establishing a secure and stable environment in which business enterprises can grow and thrive (PSCGT, 2001).

As far as the public sector is concerned, efficient use of resources and accountability strengthens the stewardship of these resources, improve management and service delivery, thereby contributing to improving people's lives. Effective governance is essential for building confidence in public sector entities-which is in itself necessary if they are to be effective in meeting their objectives (PSCGT, 2001).

The national capacity to compete in the borderless and liberalized global market increasingly depend on the competitiveness of individual corporations and their ability to produce highest quality of products and services that met the test of international competition.

A corporation's competitiveness depends on the ability of the board of directors to apply and generate innovative ideas, acquire and apply knowledge and the know how to push and integrate their corporation into the competitive global market (Hunger and Wheelen, 1996).

2.6 Corporate governance Challenges

Okpara (2011) in his paper of corporate governance in a developing economy: barriers, issues, and implications for firms found many challenges to corporate governance in Africa's most populous nation, Nigeria. Okpara(2011) among other things noted weak or non-existent law enforcement mechanism, abuse of shareholders' rights, lack of commitment on the part of board of directors, lack of adherence to regulatory framework, weak enforcement and monitoring systems, and lack of transparency and disclosure.

Achieving complete compliance with the disclosure mandates would be a herculean task (Hambrick and Jackson, 2000). Corporations that are typical of the path dependent on corporate governance structures and practices might not be motivated to disclose their financial data as per the recommended norms for fear of both external and internal reprisals. If their accounting data is not in concomitance with the market expectations then the markets might punish them through depreciating their market value.

On the other hand, if honest reporting of owner compensation and remuneration of executives were done, then employees might retaliate if a huge disparity in compensation corporate governance structures and practices is found. No family-controlled or even otherwise, closely-held businesses would thus be interested to disclose compensation related information openly (Monks and Minow, 2004). In such situations where market-oriented models of corporate governance call for open disclosures and insider models do not compel for such disclosures, convergence in corporate governance mechanisms seem to be too far to achieve.

Moreover, despite expansive analysis that undoubtedly ensures impressive numbers and quality article and papers, the aspect of the work of the board, its responsibilities and decisions process still remain a challenging area of further research and study (Aluchna,2000). The dynamics of board process, confronted with the emerging new business characteristics rooted in Internet Technology, market turbulence, structural changes and finally globalization, provide a complex set of challenges for companies and their boards. Moreover, the dynamic market situation, as well as impatient shareholders that become a crucial source of external financing for companies, push boards for higher

efficiency, stricter evaluation procedures, tougher accountability and threat of shareholders litigations, as well as more disclosures (Aluchna, 2000).

2.7 Factor Influencing Corporate Governance

Organizations are open systems whose operations and activities influence and are also influenced by a number of factors both internal and external to them. Corporate governance issues in organizations may also be influenced by a host of factors. These factors may either be within the organization or external to the organization. They include among other things issues, the corporate culture of the organization, stakeholders interest and expectations, form of ownership, the extent of information disclosure, power, the ethical stance, political-legal, and economic factors.

Thompson and Strickland (2003) contend that every company has a unique organizational culture. Each has its own business philosophy and principles, its own ways of approaching problems and making decision, its own work climate, its own embedded patterns of “how we do things around here”, its own lore (stories told over and over to illustrate company’s value and what they mean to stakeholders), its own taboos and political don’ts-in other words it owned ingrain beliefs, behavior and thought patterns, business practices and personalities that define the corporate culture.

The management gurus also suggest that the taproot of corporate culture is the organization’s beliefs and philosophy about how its affairs ought to be conducted – reasons why it does things the way it does. A company culture is manifested in values and business principles that management preaches and practices, its ethical standards and

official policies, in its stakeholders relationships (especially in dealing employees, union, stockholders vendors and the community in which it operates), in the traditions the organization maintains, in its supervisory practices, in employees' attitude and behavior, in the legends people repeat about happens in the organization, in the peer pressure that exist, in the organization's politics and the chemistry and vibration that permeate the work environment. All these sociological forces, some of which operate quite subtly, combine to define an organizations culture (Thompson and Strickland, 2003).

Johnson and Scholes (2002) proffer the argument that the issue of corporate governance has arisen for two main reasons. First, the practical need to separate ownership and management control of organizations is now the norms-except small businesses. This result has been that most organizations operate in a hierarchy or chain of governance, i.e. all those groups that have a right to influence an organization's purposes. Second, there has been increasing fending to make organizations more visibly accountable not only to owners (e.g. shareholders), but also to other stakeholder groups-including the community at large.

Given the degree of complexity in corporate governance, there are likely to be several conflicts of interest both between different groups and individual managers or directors as they try to balance their various interests. This is a particular issue for board of directors and has resulted in important developments in both the role of the board and the disclosure of information. A very important question in large publicly quoted corporations is whether corporate managers should regard themselves as solely responsible to shareholders and, if so which shareholders-individuals or institutional

shareholders (or analysts who advise shareholders)? Or should they have a wider responsibility as trustees of the assets of the corporation on behalf of a wider range of stakeholders (Johnson and Scholes, 2002).

The pair (Johnson and Scholes, 2002) also observed that power, the ability of individuals or groups to persuade, induce or coerce others into following a certain course of action is another factor that influences corporate governance. It is influence by the power that people or groups derive from the position they hold in the organization and through the formal corporate governance arrangements, and power that they possess by other means. This is the mechanism by which one set of expectations will dominate strategic development or seek compromise with others. Indeed major challenges in the business environment-such as deregulation or the advent of cheap or powerful IT-can drastically shift the power balance between organizations and their stakeholders. For example, consumer knowledge of different companies' offerings through internet browsing has increased their power considerably. Deregulation and citizens' empowerment have required public service organizations to adopt more customer focused strategies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a discussion or idea of the outline of the research methodology that will be used in this study. It focuses on the research design, target population, data collection methods, and concludes with data analysis.

3.2 Research Design

Cooper and Schindler (2010) define research design as a blueprint for fulfilling research objectives and answering questions. Also Dooley (2007) defines a research design as the scheme, outline or plan that is used to generate answers to research problems. The present study uses a cross-sectional survey design. The cross-sectional design is the most commonly used when the researcher seeks to collect data at one point in time. The method was selected because the researcher collected data from all state-owned enterprises for comparison purposes.

3.3 Target Population

The targeted populations of this study are all state-owned enterprises in Liberia. According to the Governance Economic Management Assistance Program, GEMAP-Liberia (2004) there are 15 state-owned enterprises in Liberia. These SOEs operated directly or indirectly under the supervision of some boards or ministries within the Liberian government. All the state-owned enterprises are included in this study thus erasing the need for sampling.

3.4 Data Collection

The research used primary data collected through structured questionnaires with close ended questions. The questionnaires were conducted using information on best code of corporate governance practices. The questionnaires were administered by mail (post or email) where necessary and others will be done through “drop and pick” method for those SOEs with limited technological infrastructure as per the Liberian situation. The respondents comprise of a senior official of each these State-owned enterprises particularly those at the corporate level of the organization involved in strategic issues.

3.5 Data Analysis

The researcher used statistical tools of analysis (percentage, frequencies, mean and standard deviation) to analyze responses (data) that were obtained. In order to establish the governance practices in these state-owned enterprises and the accompanying challenges; percentages mean and standard deviations were used to identify the most prevalent corporate governance practices in Liberia’s state-owned enterprises.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings of the study and a comprehensive analysis of the questionnaire received from the respondents mainly individuals at the corporate level of a particular State-owned Enterprise. The objectives of the study were both to determine the corporate governance practices in state-owned enterprises and secondly to establish the challenges of corporate governance in state -owned enterprises in Liberia. The research findings together with comprehensive analysis and interpretation are based on the literature review.

The data was gathered through primary data collected through structured questionnaires with close ended questions using the likert scale. Accordingly, ten out of a total of fifteen (10/15) state-owned enterprises targeted by this research responded placing the response rate at 66.7%. This was achieved after frantic efforts on the part of the researcher through calls and emails explaining the importance of the study.

The researcher raised an array of questions relating to the objectives of the study and general corporate governance practices and challenges in state-owned enterprises in Liberia. The study also sought understanding on the general profile of various SOEs in Liberia including their year, of establishment, number of employees, government holdings, sector in which they operate and line ministries affiliated to these SOEs.

4.2 Demographic Information

Respondents provided information on the sector of the economy under which they operate, percentage of government holding, ministries under which they operate and year of establishment. The results are tabulated in appendix 3.

The assertion by the OECD (2005) that most SOEs are often prevalent in energy, transport, and telecommunication is also true with state owned Enterprises in Liberia as indicated in the study. The performance of state-owned enterprises is of great importance to broad segments of the population and to other parts of the business sector.

According to OECD principles on the governance of State-Owned Enterprises, the government should not be involved in its day-to-day management of SOES and should allow full operational autonomy to achieve their defined objectives. It states as an active owned, its ownership should be exercise according to the legal structure of the SOEs. Its prime responsibility should be its representation at a general meeting of shareholders and voting the state shares.

The study shows that there is little or no move by national government that will speed a higher level of independence of State-owned Enterprises with 100% government holding still in place, meaning there is little move to privatization of these SOEs in Liberia. Also 40% of all the SOEs in this study are under the supervision of line ministries which also show sufficient control by the state. When SOEs move to privatization through the sale of shares, it allows for these entities to be more competitive.

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4.2.1 Size of the SOEs

Information was also provided on the size on the firm. The size of the company has a bearing on the resources that the company is able to marshal for the operational, compliance, risk management and corporate governance. Small SOEs are likely to ignore corporate governance practices as resources are directed towards day to day operations. The respondents were requested to tick the range in which their employee number fell. The results are tabulated in table 4.1

Size of the SOEs in terms of Employees	Frequency	Percent
300	7	70.0
301-500	3	30.0
Total	10	100.0

Table 4.1 Size of the SOEs in terms of Employees

4.3 Corporate Governance Practices

The first objective of the study sought to determine corporate governance practices in state-owned Enterprises in Liberia. The researcher used primary data collected through structure questionnaires with close ended questions. The questionnaires were conducted using information on best code of corporate governance practices. They were also administered by mail (post or email) where necessary and others through “drop and pick” method for those SOEs with limited technological infrastructure as per the Liberian situation. The respondents comprised of a senior official of each these State-owned enterprises particularly those at the corporate level of the organization involved in strategic issues.

The data collected was scored using a five point scale to determine the level of corporate governance practices in SOEs in Liberia with 1= Not at all, 2=little extent, 3=Moderate, 4=great extent and 5=very great extent. Further the data was analyze using mean and standard deviation to test governance practices in these SOEs as presented below in the following sections below on a case by case basis of the indicators of governance practices in SOEs in Liberia.

4.3.1 Board functions

The study seeks to establish how the performance of the function of the board of various state-owned enterprises in Liberia had influence the practice of governance. This section is important because the function of the board is an essential element of corporate governance practices in any corporation both public and private. Descriptive analysis

through the use of mean and standard deviation are use to test function of the board in state-owned enterprises in Liberia.

Table 4.2 Board Function

Board Functions	Mean	Std. Deviation
Board agrees, understands, defines and propagates	5.00	3.43
Beliefs, value, mission consistent with the company status	5.00	3.43
Board devotes time to long-term objectives	4.90	3.47
board defines and communicate to management the scopes, responsibility	3.60	.96
Board involves in formulating long-term strategy	5.20	3.32
Board seek counsel from professional advisors when appropriate	5.70	3.65
Board determined annually objectives, measurement criteria for board	3.20	1.75
Indicators are used to measure the performance of management	3.10	1.45
CEO remuneration and performance review and determined by board	5.10	3.35
Board understands that duty is to company ,members ,shareholders and others	5.10	3.35
Board activities are conducted in atmosphere of creative tensions	3.80	2.09
Board identify group it is responsible to	5.00	3.43
Board has procedures ensuring organization meets legal	3.00	1.25

responsibility		
Review of board performance is integral part of the culture of the board	3.60	2.41
Every board member supplied with letter of appointment	5.00	3.39
Letter of appointment defines the roles and functions of the board	5.10	3.34
Board ensures all conflicts are declared and resolved	5.90	3.41
Board analyze and debate management proposal before approval		
Majority board time is not spend on day to day management	3.10	2.68
Board members understanding of company's belief, values, philosophy, mission and vision	4.90	3.48
Grand Mean	3.87	

The table above illustrates that to a great extent the board performs its function with the board ensuring that all conflicts are declared and resolved as the aspect of the board function that is most practiced with the highest mean of 5.90 and a standard deviation of 3.414. The second highest area that is considered by the board in the performance of its function is that the board seeks counsel from professional advisors when appropriate with a mean of 5.70 and standard deviation of 3.653. Among all the functions of the board, the least practiced are both CEO remuneration and performance review by the board and majority board time is not spend on day to day management of the entity with both having a mean of 3.10 and standard deviation of 2.685. from the grand mean figure it is important to note that board function is performed to a greater extent in SOEs in Liberia.

4.3.2 Board Meetings and Management Procedures

This study also seeks to establish how board meetings and management procedures are carried out in various State-Owned Enterprises in Liberia and its influence on the practice of corporate governance. This section is important because the relationship of board meetings and management procedures leads to the exchange of manual and copies of standing orders. Respondents used the likert scales of 1= Not at all, 2=little extent, 3=Moderate, 4=great extent and 5=very great extent to state their points.

Table 4.3 Board Meetings and Management procedures

Board Meetings and Management procedures	Mean	Std. Deviation
Board Members supplied with manual and copy of standing orders	3.50	1.96
Board Members supplied with calendar of meetings showing dates of board meetings	3.70	2.71
Board meetings encourages open communication, meaningful participation and resolution	4.90	3.48
Sufficient times is provided in board meetings for thoughtful discussions	5.20	3.43
Board time used to add value to management	5.00	3.43
Board adopted Formal meeting and reporting procedures	5.10	3.41
Board members received adequate minutes, advance written agendas and meetings notices	4.90	3.48
Board members are fully informed about relevant matters	5.00	3.43

and there are no surprise		
Absenteeism from meeting is an exception, rather than a rule	5.00	3.23
Board meetings are facilitated but not overly influenced by the chairperson	5.20	3.42
Board members received detail papers, copies and draft paper in advance	5.10	3.41
Resolutions and procedures of board are recorded accurately and timely	4.70	3.27
Grand Mean	3.82	

As indicated by Table 4.2, Board meetings and management procedures are related to a great extent with the provision of sufficient time in board meetings for thoughtful discussions as the one that is highly practiced with a mean of 5.20 and standard deviation of 3.425. two other areas that are mostly practiced under this section are the adoption of formal meeting and reporting procedures and also board members received detail copies and papers and draft report in advance before the meeting with both having a mean of 5.10 and standard deviation of 3.414. The lowest part of the section is the supply of board members with calendars showing meeting dates with a mean of 3.70 and Standard deviation of 2.710. As presented by the grand mean in the table, it is also important to note that board meetings and management procedures are related to a greater extent.

4.3.3 APPOINTMENTS, SELECTIONS, INDUCTION, TRAINING

DEVELOPMENT

As part of the inquiry into governance practices in SOEs in Liberia, this segment of the study is seeking to establish the extent to which appointments; selections, inductions, training development, removal and succession of directors are practiced in SOEs in Liberia. Like other section, this is significant because the selection process of directors considers any deficiency in the skills of the current board members. Respondents used the likert scales of 1= Not at all, 2=little extent, 3=Moderate, 4=great extent and 5=very great extent to provide their responses.

Table 4.4 Appointments, selections, induction, Training and Development

Appointments, selections, induction, Training and Development	Mean	Std. Deviation
Board is involved with the selection of appointed directors	2.50	2.06
Board Members introduced to duties with appropriate induction ceremony	3.00	1.05
Board members encouraged candidates to stand for appointments	2.60	1.51
Board members evaluate their individual and overall board performance	2.70	1.34
Encouragement is given for board members to continue their study of Corporate Governance	2.70	1.49
Directors know the extent of their personal liability for the affairs of the company	3.70	1.06

Succession plan in place for Chairperson, CEO, MD, board members, and are reviewed regularly	2.10	1.29
Directors who have not been contributing to governance and are uninterested are asked to terminate	3.10	1.10
Directors are suspended when ethical and professional conduct is call into question	3.20	1.48
Board members bind themselves to uphold, honor, respect code of organization of first day of appointment	3.40	1.31
Grand Mean	2.90	

As explained above in table 4.3, appointments, selections, induction, training and development and removal is practiced to a great extent in SOEs in Liberia with directors understanding the extent of their personal liability for the affairs of the organization sitting high as the aspect under this section that is mostly practiced with a mean 3.70 and standard deviation of 1.059. It was also noted that where the ethical and professional conduct of any director are called into question, such director is suspended and investigated with a mean of 3.20 and standard deviation of 1.476. The lowest aspect that is practiced under this section is succession plan for the chairperson and Chief Executive Director with a frequency of 2.10 and standard deviation of 1.287. As presented in the grand mean of 2.9 appointment, selections, induction, training and development is highly practiced in SOEs in Liberia.

4.3.4 Applicability of Board Structure in Corporations in Liberia

The study research seeks to investigate the extent of the applicability of the board structure in various SOEs in Liberia. Organizations that ensure that board structures are applied in their activities succeeds in having a board that has a balanced mix of executives, non-executives and independent staff. The responses are tabulated below:

Table 4.5 Applicability of Board Structure in Corporation

Applicability of Board Structure in Corporation	Mean	Std. Deviation
Board has balanced mix of executives, non-executives and independent non-executives	3.50	1.27
Role of the chairperson of the board and chief executive officer are separated and held differently	4.80	.42
Terms and reference of each department are strictly defined	2.50	1.27
Grand Mean	3.60	

As explained quantitatively in the table above, the applicability of board structure are practiced to a large extent in Liberia. The table indicates that among the various aspects of board structures practiced in SOEs in Liberia, board having a balanced mix of executives, non-executives and independent non-executives is highly practiced with a mean of 4.80 with accompanying standard deviation of .422. The lowest as demonstrated in the table is terms and reference of each committee with a mean of 2.50 and standard deviation of 1.269.

4.3.5 Information and Communication instruments applied in SOEs

Information and communication are very important instruments of good corporate governance practices in SOEs in Liberia. The study sought to establish the extent to which information and communication instruments are used in various SOEs in Liberia as this encouraged the free flow of information at the appropriate time. The details of what respondents think are tabulated in Table 4.6

Table 4.6 Information and Communication instruments applied in SOEs

Information and Communication instruments applied in SOEs	Mean	Std. Deviation
Every board member have copy of manual together with letter of appointment on the first day	3.80	1.14
Board Member receives copy of policy documents, personal and financial manual on first appointment	3.40	1.27
Board members discuss matter with management after permission from chairperson or chief executive	3.70	1.06
Board receives information from management in appropriate format	4.00	.94
Board information requirements are communicated to management regularly	3.40	.97
Board proactive in developing effective communication strategy	3.30	1.06
Company Secretary advises board on matters of governance and law	3.80	.79

Information and Communication instruments applied in SOEs	Mean	Std. Deviation
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Board Member receives copy of policy documents, personal and financial manual on first appointment	3.40	1.27
Board members discuss matter with management after permission from chairperson or chief executive	3.70	1.06
Board receives information from management in appropriate format	4.00	.94
Board information requirements are communicated to management regularly	3.40	.97
Board proactive in developing effective communication strategy	3.30	1.06
Company Secretary advises board on matters of governance and law	3.80	.79
Grand Mean	3.63	

As presented in the table above, respondents give their thoughts about the researcher question on the extent to which information and communication instruments are practiced in SOEs in state-owned enterprises in Liberia. The respondents indicated that the board receives sufficient information from management in an appropriate format as determined by the board as being the highest with a mean of 4.00 and standard deviation of .943. The table above also reports that secretary advises the board on matters of governance and law as the second highest with a mean of 3.80 and standard deviation of .789. The

lowest mean of 3.30 and standard deviation of 1.059 is coming from board pro-activeness in developing communication strategy. Given the grand mean presented above, one can safely say communication and information instruments are practiced to a great extent in SOEs in Liberia.

4.3.6 Evaluation of the effectiveness of the board chairperson

The performance of the chairperson on the board of a particular organization is particularly important for the overall performance of the board and the organization as whole. The study attempts to establish the effectiveness of the chairperson of the board. The responses are tabulated below.

Table 4.7 Evaluation of the effectiveness of the board chairperson

Evaluation of the effectiveness of the board chairperson	Mean	Std. Deviation
Chairperson manages shareholders relationships and meets the shareholders	4.20	.92
Effective board leader.	3.70	.95
Promotes effective participation of all board members in the decision making process	4.30	.68
Promotes image of the company portraying the requisite leadership in the community	3.90	.88
represents the shareholders and the board to management effectively	3.40	.84
Effective in ensuring that succession plans are in place at senior management level	2.90	1.10
In conjunction with CEO represents the company to public, supplier and staff	4.00	.82
Liaise with CEO and management, in effectively leading the company in charitable educational and cultural events	3.20	1.14
Grand Mean	3.70	

The findings of the study show that the chairperson of the board is largely effective with the promotion of effective participation of all board members in decision making as the biggest success in this section with a mean of 4.30 and standard deviation of .675 while

managing shareholders relationships and meeting the shareholders as the second highest with a mean of 4.20 and standard deviation of .919. The lowest link coming from effectiveness in ensuring that succession plans are in place at senior management level with a mean of 2.90 and standard deviation of 1.101. Also given a grand mean of 3.7 one can deduce that the chairperson of the board is effective.

4.3.7 Factors that lead to Corporate Governance Practice in SOEs

The study seeks to establish whether the enabling factors that lead to corporate governance in corporations actual exist in SOEs in Liberia. Factors such as prevailing corporate culture and developments in the economic arena are essential for the practice of corporate governance in any enterprise. The findings are presented in the table below.

Table 4.8 Factors that lead to Corporate Governance Practice in SOEs

Factors that lead to Corporate Governance Practice in SOEs	Mean	Std. Deviation
The Prevailing corporate culture	3.90	.74
Developments in the economic arena	3.80	.79
The strategic direction that the company is pursuing	4.00	.82
The prevailing national culture	3.80	.92
particular stakeholders interests	3.40	1.08
The prevailing board and/or organization structure	3.90	.88
The efficiency and effectiveness in service delivery	3.60	.69

Factors that lead to Corporate Governance Practice in SOEs	Mean	Std. Deviation
The Prevailing corporate culture	3.90	.74
Developments in the economic arena	3.80	.79
The strategic direction that the company is pursuing	4.00	.82
The prevailing national culture	3.80	.92
particular stakeholders interests	3.40	1.08
The prevailing board and/or organization structure	3.90	.88
The efficiency and effectiveness in service delivery	3.60	.69
Grand Mean	3.77	

The table presents findings from the study on the existence of factors that lead to corporate governance practices in SOEs. The findings show that there exist factors that lead to corporate governance practice in SOEs. The highest mean in this instance was strategic direction the organization is pursuing with a mean of 4.00 and standard deviation of .816. The second highest mean were both the existence of prevailing corporate culture and board organizational structure with mean of 3.90 and standard deviation of .738. The lowest area was particular stakeholders' interest with mean of 3.40 and standard deviation of 1.075. It is important to note that given a grand mean of 3.77, one can say factors that lead to the practice of corporate governance in SOEs actually exist.

4.3.8 Corporate Governance Practices

The first objective of the study was first to determine the corporate governance practices in state-owned enterprises in Liberia. This section of the study aggregates all the various sub-sections under corporate governance practices to see which aspect is most practice as indicated by the respondents. The results are tabulated in Table 4.9.

Table 4.9 Corporate Governance practices

Corporate Governance practices	Means
Board functions	3.87
Board meetings and management procedures	3.82
Appointment, selection, inductions training and development	2.90
Applicability of Board Structure in Corporations	3.60
Information and Communication instruments applied in SOEs	3.63
Evaluation of the effectiveness of the board chairperson	3.70
Factors that lead to corporate governance practices	3.77
Grand Mean	3.61

According to the findings of the study as indicated in table above, the board performance of its function presents a the highest mean 3.87 indicating that this aspect of corporate governance practice is most prevalent in state-owned Enterprises that any other variable that was examined in the research. The study also indicates that there are considerable efforts relating to board meetings and management procedures with a mean of 3.82. The lowest aspect of the study relating to the practice of corporate governance is in relations to the appointment, selection, induction, training and development, removal and

succession of directors in SOEs with an overall mean of 2.9. it extremely important to note as indicated by the grand of 3.61 that corporate governance is practice in state-owned enterprises in Liberia but at a moderate level as indicated by the responses received.

4.4 Challenges of Corporate Governance

The second objective of the study was to establish challenges to corporate governance practices in state-owned enterprises in Liberia. The researcher used primary data collected through structure questionnaires with close ended questions. The questionnaires were conducted using information on best code of corporate governance challenges. They were also administered by mail (post or email) where necessary and others through “drop and pick” method for those SOEs with limited technological infrastructure as per the Liberian situation. The respondents comprised of a senior official of each these State-owned enterprises particularly those at the corporate level of the organization involved in strategic issues.

The data collected was scored using a five point scale to determine the level of corporate governance challenges in SOEs in Liberia with 1= Not at all, 2=little extent, 3=Moderate, 4=great extent and 5=very great extent. Further the data was analyze using mean and standard deviation to test challenges f governance practices in these SOEs as presented below in Table 4.10 on a case by case basis of the indicators of governance practices in SOEs in Liberia.

Table 4.10 Challenges of Corporate Governance

Challenges of Corporate Governance	Mean	Std. Deviation
Organization has sufficient and appropriate resources	3.90	1.19
SOEs objectives clearly defined	3.70	1.16
SOE has enabling Infrastructure in place for the practice of Corporate Governance	3.40	1.27
Composition of board fairly represent diversity of stakeholder	4.10	1.19
New Board member understands extend of management relations and stewardship	3.40	1.27
Board committees have defined Terms of Reference, composition and reporting	3.00	1.33
Clear reporting , audit and financial practices	3.10	1.59
Legal instruments to protect SOEs are available	3.70	1.16
Restriction to information in SOE	3.70	.95
Difficult in meeting potential sources of Equity and debt capital	3.40	.69
Effective Monitoring and Evaluation of the performance of CEO	3.40	.84
Accountability is maintained	3.80	.92
Existence of enabling Legislations	4.10	.99
Limited Political intervention	4.20	1.23
Stipulation of the code on best practice	3.50	.53
Grand Mean	3.40	

According to the findings of the study as indicated in the table above, there appear to be limited challenge to the practice of corporate governance in state-owned Enterprises in Liberia with the highest mean of 4.20 and standard deviation of 1.20 associated with

limited political intervention in the running of SOEs. Respondents also agree that there are both enabling Legislations and the composition of the board fairly represents the diversity of shareholders with both showing a mean of 4.10 and standard deviation of 1.197. The lowest mean of 3.00 and standard deviation of 1.00 associated with the board committee terms of reference, composition and reporting. It also important to note that given a grand mean of 3.4, it is safe to deduce that there are largely limited challenges to the practice of corporate governance in Liberia.

4.5 Discussions of Findings

The objectives of the study were to firstly determine corporate governance practices in SOEs in Liberia. It was established that of all the corporate governance practices the board performance of its functions in different SOEs in Liberia was the most practiced with an overall mean of 3.8. It is also important to note that the study observed that there is a general practice of corporate governance in State-owned Enterprises in Liberia with a grand mean of all the measured variable of 3.61, indicating a moderate practice of corporate governance.

The second objective of the study was to establish challenges to corporate governance practices in state-owned enterprises in Liberia. As indicated above in table 4.10, many variables were used to test the challenges to the practice of corporate governance in SOEs in Liberia, among them the available of resources, enabling Legislations, needed infrastructure for the practice of corporate governance. The finding of the study points to limited challenges in the practice of corporate governance with respondents generally

agreeing that there are limited political intervention in the practice of corporate with a mean of 4.20 and standard deviation of 1.229. However major challenges remain in the area of setting a clear term of reference for members of the board with the lowest mean of 3.00. On the overall as indicated in the grand mean of 3.4, challenges at state-owned enterprises in Liberia on the practice of corporate governance is at a moderate level.

Efficient SOEs can only be established and developed by responsible, creative and innovative boards. Without these cardinal factors, SOEs in a given country will not be able to produce wealth fast enough and generate employment opportunities in the country.

The findings of this study is in consonance with the observation of Hunger and Wheelen(1996) that a corporation's competitiveness depends on the ability of the board of directors to apply and generate innovative ideas, acquire and apply knowledge and the know how to push and integrate their corporations into the competitive global market. Aluchna (2000) also stated in relation to board performance of their function that despite extensive analysis that undoubtedly ensures impressive numbers and quality articles, the work of the board, its responsibility and decision process still remain a challenging area. the dynamics of the board process, confronted with emerging new business characteristics rooted in technology, market turbulence, structural changes and finally globalization, provide a set of complex challenge for companies and their boards emerging by this, the board must understand their functions which are basically three which include, monitoring by acting through its committee, staying abreast of

developments both inside and outside of the SOE. The board can bring to the attention of management issues that might have been overlooked. Secondly the board can examine management proposals and decisions. And thirdly the board can delineate an SOE's mission and specify strategic options to its management.

Board meetings constitutes a major vehicle in which the affairs of the organization are discussed, agreed and propagated to all members of the board, management and other stakeholders. The management of these meetings and having a procedure in place is paramount to the overall success of an SOE as this study concord with Shleifer and Vishny (1996) view that the relationship between the management and the shareholder can be enhanced through assurances that suppliers of finances to the corporation can be assured of getting a return on their investment, and managers do not steal capital or invest in bad projects. It is only the board that has proper procedure and management in place that encourages open participation, communication, exhaustive debates and ensures fair disclosure in their role as middle men.

The way board members are appointed, inducted and trained will ensure that the right skills are brought; the composition is representative of the stakeholders and that continuous improvement of the management skills are upheld and encouraged. This is consistent with assertion by Johnson, Scholes and Whittington (2008) that board members played an important role in an organization because how an organization purposes are shaped and how strategies are developed depend largely on the board. The

findings also sit in agreement with Professor Dahawy(2010) study of developing nations and corporate governance, the story of Egypt in which he found that that country has now started to appreciate corporate governance practices as require for economic restructuring. The findings of the study has supported the views of Richart et al(2005) that corporate governance structure describes the board organization, covering for example the number and type of committees, their membership, leadership and flow of information between them. It also agrees with Jenkinson and Mayer(1992) that the main corporate governance themes that currently receiving attention are adequately separating the board from the management to ensure that board is directing and supervising management, including separating the chairperson and chief executive officer roles.

This implies that corporate governance structures which can serve as a major challenge to organization adopted by SOEs in Liberia entails the distribution of rights and responsibility among different participants in the organization and spells out the rules and procedures for making decisions on corporate affairs. The findings also show that the structures at SOEs in Liberia consists of board meeting frequency, board composition, board attributes, board leadership, activities among committees, insider share ownership and executive compensation.

It is important to note that information communication instruments such as laws and existing code of conducts are very important in establishing the presence of corporate governance in any SOE. This study findings is consistent with a study by Okpara(2011) in his paper on corporate governance in developing economies: barriers issues and

implication for firms lamented information and communication instruments which include regulatory framework are good instruments of corporate governance practices around the world. For instance all board members in an SOE must be served with appropriate letter of appointment communicating their responsibility to them as members of the board on the first day of appointment.

The findings of the study asserts the believe proffered by Johnson and Scholes(2002) that the ability of an individual or group to persuade, induce or coerce others into following a certain course of action is another factor that influences corporate governance. It is influence by the power that people or group derives from the position they hold in organization and through the formal corporate governance arrangement. It is important because the chairperson of the board is the most senior member of the board and his/her leadership of the board is crucial to the success of a particular SOE. He/she acts as link between the SOE and all stakeholders. This aspect of the study attempts to inquire whether Chairpersons of boards in SOEs in Liberia actually execute their responsibilities of managing shareholders relationship and meeting shareholders, actively meeting with potential sources of equity and debt capital and effectively promoting the participation of all board members in decision making processes.

The finding of the study above is consistent with the thinking of Thompson and Strickland (2003) that every organization has organizational cultures which are unique to a particular organization. Each has its own business philosophy and principles, its own way of approaching problems and making decisions, its own work climate, it own

embedded patterns of “how we do things around”. These are factors if not present can blur the organization chances of developing strong corporate governance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings as well as the conclusions gathered from the analysis of the data. The findings were summarized along with the objectives of the study; conclusions have been drawn from the study and recommendations, suggestions for further research along with limitation of the study have also been given in this chapter.

5.2 Summary of Findings

The findings of the study indicate in most SOEs in Liberia, the constitution of the board to a great extent represents the diversity of the stakeholders, the board is involved with the selection of appointed directors, board members are introduced to their positions with appropriate induction processes and the board actively encourages good candidates to stand for board appointments. Also new board members understand their relationship with management and the separation of stewardship and management to a great extent. While on the overall the appointment, selections, induction, training, development, removal and succession of director is practiced in SOEs in Liberia, it is also important to note that a significant number of respondents said that is only practiced at a moderate level which points to the need for more improvement in this area.

The findings of the research indicate the main function of the board in as; the board understands, agrees, defines, and propagates its function, the board knows and understands the SOE beliefs, values, values, philosophy, mission and vision, the board devoting significant time and serious thoughts to the organization's long term objectives is performed to a great extent in various SOEs in Liberia. It is also important to note that majority of the SOEs in Liberia agree to very great extent that majority of the board time is not spend on day to day management, that board is involved with formulating long range strategy and that the board ensures that the organization has sufficient and appropriate resources to achieve its strategic goals.

According to the findings of the study, respondents in most SOEs in Liberia rated the effectiveness of the Chairperson of the board to be fair after they were asked to either grade the chairperson very poor, poor, fair, good or very good. This finding indicates that while there are some semblance of effectiveness on the part of the chairperson the board in managing shareholders relationship and meeting the shareholders, actively meeting potential sources of equity and debt capital, serving as effective leader, promoting the effective participation of all board members in decision making processes, more work still needs to be done in improving the effectiveness of the chairperson of the board because his/her effectiveness is tied to the overall performance of the board or the entire SOE.

The findings of the study indicate that a majority of the SOEs at least to a greater extent supplied board members with manual and a copy of the study orders and regulations

governing the conduct of the board meetings. The respondents also acknowledged that every board member has been supplied a calendar of meetings showing dates of board meetings, committee meeting etc and key or critical events of a particular SOE. Majority of the respondents also agreed in addition that board meetings are conducted in an atmosphere that encourages open communication, meaningful participation and timely resolution of issues. These findings also suggest that SOEs are doing well and on a solid course in meeting this aspect of corporate governance practices as layout by OECD guidelines and other international instruments.

The study findings indicate that most SOEs in Liberia have to a great extent those enabling factors such as prevailing corporate culture, developments in the economic arena, the strategic direction that the SOEs is pursuing, legislations, national culture, political considerations(more so on the board) and efficiency and effectiveness of service delivery. Also important to note is that significant portion of the respondents also think that those factors exist in these SOEs to a fairly large extent. This interprets to mean that these factors exist on the overall but also there are still good room for improvements in bringing these factors to the day-to-day activities of SOEs in the country.

Most respondents in the research findings agree to a great extent that the board has a balanced mix of executives, non-executives and independent non-executives, that the role of the chairperson of the board and the chief executive officer are separated and held by different persons, the board has established and appointed committees with defined term of reference, composition and reporting requirements. In addition most respondents also

indicate that to a very great extent the board information requirements are communicated to the management on a regular basis and request for information is received in a timely fashion and the board is proactive in developing an effective communication strategy.

In regards to information and communication in the SOEs; respondents mentioned that to a great and very great extent every board member is supplied with all established instruments, all legal documents, the mission statement, and the vision and strategy documents of the SOE on the first appointment. The respondents also indicated that board members are encouraged to discuss matters with members of the management after gaining the approval of the chairperson or the chief executive officer. The overwhelming positive response to this aspect of corporate governance practices is very significant for SOEs in Liberia because communication and information are cardinal instruments in Strategic management practices especially where the organization is undergoing a change process.

5.3 Conclusions of the Study

In conclusion, the study found out that 40% of the State-owned Enterprises in Liberia operate under line ministries while the remaining 60% of these entities operate independent of any government ministry. The study also noticed in examining the SOE profile that all of the ten out of the total number of fifteen SOEs that were examined, the government of the Republic of Liberia still has 100% holding in these entities. According to the OECD (2005) principle on corporate governance in state-owned enterprises under the guideline of the state serving as owned, there is a provision for government to allow greater autonomy of the SOEs by allowing greater independence and pressing for

privatization which will bring greater competitiveness and ensure that all shareholders and stakeholders have a fair shot. This aspect constitutes major challenge to corporate governance practices in these SOEs in Liberia.

Additionally, the second part of the study which was basically about seeking understanding on Corporate governance practices in SOEs in Liberia and the accompanying challenges, the researcher can safely conclude that factors such board members understanding of their function by having sufficient knowledge of the SOEs beliefs, values, philosophy, mission vision and devoting significant time and serious thoughts to the organization's long term objective were practiced to a moderate extent in most SOEs in Liberia. Also the research findings conclude that appointment, selections, induction, training development, removal and succession of directors are practiced in various SOEs in Liberia. The study has concluded also that the practice of governance that involve, the board having a balanced mix of executives, non-executives, independent and independent non-executive directors and the chairperson of the board and the chief executive officer are held by two different persons is practice to a large extent in SOEs in Liberia which presents a good outlook in meeting international benchmarks on corporate governance practices in Liberian SOEs.

There were more notable progress in the practice of corporate governance in SOEs in Liberia, relating to the supply of all legal instruments, documents, the mission statement of the organization, vision and strategic direction of the entity have largely been supplied to all members of the board on their first appointment to the entity which projects a good signal in overcoming challenges to corporate governance practices in SOEs in Liberia.

The meeting of these significant benchmarks is a milestone for a country that has only return from deadly civil war just under a decade ago. These achievements are also in agreement with Strategic Management practices.

While there are good reasons to celebrate these achievements in the practice of governance in Liberia, the study also concludes that policymakers must give attention to notable areas in the SOEs with potential challenge to the effective practice of governance in the SOEs under review. The study has concluded that more attention should be paid to the effectiveness of the chairperson of the board relating to his level of effectiveness. This is especially crucial because the effectiveness of the chairperson of the board is tied to the effectiveness and efficiency of the entire board and the organization as a whole. The overall conclusion of the respondents in which it is indicated that the overall effectiveness of the chairperson of the board in managing shareholders relationship, meeting shareholders, meeting potential sources of equity and debt capital and promoting the effective participating of all board members in decision making process as fair is a call for concern and the study has concluded that more work needs to be done in correcting these deficiencies noted in the study. The study has concluded that while there are some challenges in the practice of corporate in State-owned Enterprises in Liberia, the practice of good corporate on the overall is to a great extent prevalent in most SOEs in Liberia.

5.4 Limitations of the study

Liberia is a country just coming out of 15 years of civil conflict which makes the environment extremely data deficient causing extensive delay to early conclusion of the study. Questionnaires were sent to Liberia on July 5, 2012 with the expectation of their return in two weeks, but these questionnaires return on September 19, 2012, eight weeks later than it was originally expected to return. This was largely due to Constrains relating to both communication and availability of data in some SOEs couple with limited understanding in some instances of the importance of the research by the respondents which may have led to the doctoring of some of the responses.

It is also important to note that the researcher anticipated a 100% respondent rate from all SOEs in Liberia but unfortunately the researcher had a respondent rate of 66.7%. Unfortunately 33.3% percentage of all the respondents could not avail their questionnaires in time for examination. Despite these explained constrains, the finding of this study report is uncontestable and can stand on the merit under any circumstances. Therefore policymakers may feel very comfortable in using these findings in making decisions in strengthening SOEs and correcting deficiencies noted.

5.5 Suggestions for further research

A related study could be carried out on employees' perception of Corporate Governance practices in State Owned Enterprises in Liberia. Also a study on the political Influence on Corporate Governance Practices in Liberia will also be appropriate. Even more important could be a study on the board's perception of the management in the handling of corporate governance practices in State-Owned Enterprises in Liberia.

5.6 Recommendations for Policy and Practice

Base on the findings and conclusion of the study, the study recommends that the board while performing its function should do more in separating its activities from the day to day work of the management. When the operations of the board of directors are separated from the work of the management team, it enhances productivity because management is no longer worried about board interventions.

The study provides a good basis for the implementation of various activities including the drawing out of a clear term of reference for members of the board of directors because this aspect was mainly emphasized by the respondents.

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APPENDICES

Appendix 1: Research Questionnaire

Section A: Corporation Profile

1. Name of the Corporation _____
2. Year of establishment _____
3. Current number of employees(Tick)

Below 300 ()

301- 500 ()

5001-1000 ()

1001 and over ()
4. Sector of the economy under which the corporation operates (eg Agriculture, Trade and Industry, Telecommunication etc) _____ -
5. The line ministry under which the corporation operates _____
6. GOL shareholding in the corporation(give percentage) _____ -

Section B: The Board

7. Please indicate to what extent does the board performs all or some of its functions.
 (Use a five point scale where: 1=Not at all, 2=little extent, 3=Moderate, 4=Great extent, 5=Very great extent)

	1	2	3	4	5
The board understands, agrees, defines and propagates its functions					
The board knows and understands the company's beliefs, values, philosophy, mission and vision					
Beliefs, values, mission and vision are consistent with the company's status					
The board devotes significant time and serious thoughts to the organization's long term objectives.					
The board has defined and communicated to management the scopes and powers, roles and responsibilities					
The majority of the board's time is not spend on day to day management					
The board is involved with formulating long range strategy					
The board ensures that organization has sufficient and appropriate resources to achieve its strategic goals					
Proposals from management are analyzed and debated vigorously before being approved by the board. A proposal that is considered inappropriate is declined					
The board has an operating plan that specifies its functions, activities and objectives.					
When appropriate the board seeks counsel from professional advisors.					
The CEO remuneration and performance is review and determined by the board					
The board determines, annually, the objectives and measurement criteria for the CEO					
The indicators are used to measure the performance of management					

The board has identify the group to which it is accountable and responsible to.					
The board understands and agrees that its first duty is to the; a) The company b) Members and shareholder c) Others					
Board activities are conducted in an atmosphere of creative tension					
The board has procedures in place to ensure that the organization is meeting its legal responsibilities.					
Formal review of the board performance has become an integral part of the culture of the board					
The board ensures that key members of the management are brought into the board meeting so that they participate and add value					
The board ensures that all conflicts are declared and Resolved					
Every board member has been supplied with a letter of appointment					
The letter of appointment defines the roles and functions of the board					

8. Indicate to what extent do the board meetings and management procedures are related in the SOEs.

	1	2	3	4	5
Every Board member has been supplied with a board manual and a copy of standing orders and regulations governing the conduct of board meetings.					
Every board member has been supplied a calendar of meetings showing dates of board meetings , committee meeting etc and key or critical events of the company					
Board meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.					
Sufficient time is provided in board meetings for thoughtful discussions in addition to management dialogue.					
Board time is used effectively so that board adds value to management.					
The board had adopted formal meeting and reporting procedures.					
Board members received timely and accurate minutes; advance written agendas and meeting notices, and clear and concise background materials to prepare in advance of meetings.					
All board members are fully informed about relevant matters and there are never any surprises					
Absenteeism from the board meeting is the exception, rather than the rule.					
Board meetings are facilitated but not overtly influenced by the chairperson					
All board members received detailed board papers, copies of draft minutes and agenda paper in advance.					
All procedures and resolutions of the board are recorded accurately, adequately and on timely basis.					

9. Indicate the extent to which appointment, selections, induction, training development, removal and succession of directors are practiced in the SOEs

	1	2	3	4	5
The board is involved with the selection of appointed directors					
The selection process considers any deficiencies in the skills of current board members.					
The composition of the board fairly represents the diversity of the stakeholders					
The board members are introduced to their duties with an appropriate induction processes.					
The board actively encourages good candidates to stand for board appointments.					
A new board member understands the extent of their relationship with management and the separation of stewardship and management.					
Board members evaluate their individual and overall board performance formally on an annual basis.					
Encouragement is given for board members to continue their study of corporate governance and improve the skills they need.					
Directors understands the extent of their personal liability for the affairs of the company					
A succession plan is in place for the chairperson, Chief Executive officer, Managing Director, board members and senior management and is reviewed regularly					
Directors who have not been contributing to the governance of the organization and are uninterested in improving their performance, are asked to terminate their stay.					
Where the ethical and professional conduct of any director is called into question, such director is suspended pending investigation.					
Board members bind themselves to uphold, honor, and respect the code of ethics of the organization on the first day of appointment and to resign where their actions are called into questions.					

10. Indicate the extent of the applicability of the board structure in the corporation

	1	2	3	4	5
The board has a balanced mix of executives, non-executives and independent non-executive directors					
The role of the chairperson of the board and chief executive officer are separated and held by different persons.					
The board has established and appointed committees with defined terms of reference, composition and reporting requirements. These aspects are formally recorded.					
The committees have been established and appointed in light of: <ul style="list-style-type: none"> a) The need to increase the effectiveness of the board by utilizing the specialized skills of board members. b) The need to provide support and guidance to management c) The need to ensure effective and independent professional consideration of issues. E.g. audit reports, finance issues. etc 					
The board has established and appointed: <ul style="list-style-type: none"> a) An executive committee b) An audit committee c) A board appointment and remuneration committee 					
The terms and reference of each committee are strictly defined					

11. Indicate the extent to which information and communication instruments are applied in the corporation.

	1	2	3	4	5
Every board member is supplied with all established instruments, all legal documents, the mission statement, and vision and strategy documents of the company on the first appointment.					
Every board member receives copies of the board manual together with a letter of appointment of the first appointment.					
Every board member receives copies of all policy documents, personal and financial manuals on first appointment and every time these manuals are reviewed					
Board members are encouraged to discuss matter with members of the management after gaining the approval of the chairperson or the chief executive.					
The board receives sufficient information from management in an appropriate format as determined by the board.					
The board's information requirements are communicated to the management on a regular basis.					
Requested information is received in a timely fashion					
The board is proactive in developing an effective communication strategy					
The company's secretary advises the board on matters of governance and law.					

12. Use a scale of 1-5 to evaluate the effectiveness of the board chairperson. Please tick as appropriate: 1 (Very poor), 2 (Poor), 3(Fair), 4 (Good), and 5 (very good)

The Chairperson of the Board:

- i) Manages shareholders relationships and meets the shareholders
(1) (2) (3) (4) (5)
- ii) Actively meet with potential sources of equity and debt capital
(1) (2) (3) (4) (5)
- iii) Manages shareholders meetings effectively and promotes a scene of participation in all shareholders and promotes shareholder confidence
(1) (2) (3) (4) (5)
- iv) Is an effective board leader
(1) (2) (3) (4) (5)
- v) Promotes the effective participation of all board members in the decision making process
(1) (2) (3) (4) (5)
- vi) Promotes the image of the company portraying the requisite leadership in the community
(1) (2) (3) (4) (5)
- vii) Effectively monitors and evaluate the performance of the CEO and senior officers
(1) (2) (3) (4) (5)
- viii) Effectively represents the shareholders and the board to the management
(1) (2) (3) (4) (5)
- ix) Effectively represents management to the board and the shareholder
(1) (2) (3) (4) (5)
- x) Is effective in maintaining accountability
(1) (2) (3) (4) (5)
- xi) is effective in ensuring that succession plans are in place at senior management level
(1) (2) (3) (4) (5)
- xi) In conjunction with the CEO effectively represents the company to public, suppliers, customers and staff
(1) (2) (3) (4) (5)

xii) In conjunction with the CEO effectively develop relationships and represents and represents the company with regulators and government agencies.

(1) (2) (3) (4) (5)

xiii) In liaison with the CEO and management, effectively leads the company into charitable, educational, and cultural activities.

(1) (2) (3) (4) (5)

13. The following are the factors that lead to corporate governance practices in state-owned enterprises. Indicate below each factor the extent to which it contributes to the practices. Use the 1 to 5 likert scale as follows 1- Not at all, 2- To a less extent; 3- To a fairly large extent; 4- To a large extent; 5-To a very large extent

i) The prevailing corporate culture

(1) (2) (3) (4) (5)

ii) Developments in the economic arena

(1) (2) (3) (4) (5)

iii) The strategic direction that the corporation is pursuing

(1) (2) (3) (4) (5)

iv) The Legislation(the practices are part of the provision of law)

(1) (2) (3) (4) (5)

v) The prevailing national culture

(1) (2) (3) (4) (5)

vi) Political considerations (more so on board selection)

(1) (2) (3) (4) (5)

vii) Particular stakeholder interests

(1) (2) (3) (4) (5)

viii) The prevailing board and/or organizational structure(s)

(1) (2) (3) (4) (5)

ix) The stipulation by the code of best practice

(1) (2) (3) (4) (5)

x) The efficiency and effectiveness in service delivery

(1) (2) (3) (4) (5)

Appendix 2 List of all State-owned Enterprises in Liberia

HEADS OF PUBLIC CORPORATIONS & STATE ENTERPRISES IN LIBERIA (SOEs)

No.	NAMES OF CORPORATION	YEAR OF CREATION	ACTIVITY	FORM OF CREATION	STATUS	HEAD OF PUBLIC CORP.
1.	National Port Authority (NPA)	1967	Port Services	Act of Legislature	Operating	Mrs. Matilda Wokie Paker
2.	Liberia Telecommunication Corp. (LTC)	1973	Telecommunications Services	Act of Legislature	Operating	
3.	Liberia Water & Sewer Corp. (LWSC)	1973	Provide Portable Water & Sewer Services	Act of Legislature	Operating	Mr. N. Hun-Bu-Tulay
4.	Liberia Electricity Corp. (LEC)	1973	Generate and Distribute electricity	Act of Legislature	Operating	Mr. Harry F. Nuan, Sr.
5.	Robert International Airport (RIA)	1967	Airport Services	Articles of Incorporation	Operating	Mr. William Jones
6.	Forestry Development Authority (FDA)	1976	Forest Supervision and Management	Act of Legislature	Operating	Mr. John Woods
7.	Liberia Industrial Free Zone Authority (LIFZA)	1975	Zonal Construction	Act of Legislature	Inactive	
8.	Small Holder Rice Seed Production	N/A	Rice Seed Production	N/A	Closed	
9.	Liberia Rubber Development Authority (LRDA)	N/A	Rubber Production	Act of Legislature	Operating	
10.	Liberia Petroleum Refining Company (LPRC)	1962	Petroleum Refining	Articles of Incorporation	Operating	Mr. Harry Greaves
11.	Decoris Oil palm Corp.	1979	Oil Palm Plantation	Act of Legislature	Closed	
12.	Bomi Wood	1981	Timber & Log	Articles of Incorporation	Closed	
13.	National Social Security & Welfare Corp. (NASSCORP)	1975	National Social Services	Act of Legislature	Operating	Mr. Francis Kabbah

14.	National Housing Authority (NHA)	1960	Production & Management Low Income Housing	Act of Legislature	Operating	Mr. Stephen Y. Neufville
15.	Rubber Corporation of Liberia	1982	Rubber Processing & Export	Articles of Incorporation	Closed	
16.	Liberia Sugar Corporation	1973	Sugar Manufacturing	Act of Legislature	Closed	
17.	National Insurance Corporation of Liberia	1984	Insurance Services	PRC Decree	Operating	Mr. Abraham Doedeh
18.	Liberia Produce Marketing Corporation (LPMC)	1961	Purchasing and Exporting of Produce	Act of Legislature	Operating	Mr. Nyah Mantein
19.	Butal Oil	1977	Oil Palm Processing	Articles of Incorporation	Closed	
20.	Monrovia Transit Authority (MTA)	1979	Road Transport Services	Articles of Incorporation	Operating	Mr. Saywon Weah
21.	Liberia Hotels Incorporated	1962	ownership and Management of Hotel	Articles of Incorporation	Closed	
22.	Liberia Mining Company	1982	Iron Ore Production	Act of Legislature	Closed	
23.	Liberia National Lotteries (LNL)	1982	Games of Chance	Articles of Incorporation	Operating	
24.	National Housing & Saving Bank	1972	Commercial Banking	Act of Legislature	Inactive	
25.	Agriculture Cooperative & Development Bank (ACDB)	1976	Commercial Banking	Act of Legislature	Closed	
26.	National Palm Corporation	N/A	Palm Oil Production & Refining	Act of Legislature	Closed	
27.	Air – Liberia	1974	Air Transport Service	ct of Legislature	Closed	
28.	Liberia Broadcasting System (LBS)	1968	Broadcasting Services	Act of Legislature	Operating	Mr. Charles A. Snetter
29.	Oil Company of Liberia		Oil Production	Act of Legislature	Operating	Dr. Foday Kromah

APPENDIX

Appendix 3: Profile of State-Owned Enterprises

Profile of the SOEs

Corporation	Sector	Government Holding	Ministry Under Which SoEs Operate	Year Of Establishment
Liberia Telecommunication Corporation	Telecommunication Industry	100%	Ministry Of Post And Telecommunication	1973
Liberia Broadcasting System	Broadcast And Multimedia	100%	Ministry Of Information	1964
National Insurance Corporation Of Liberia	Insurance Industry	100%	Ministry Of Finance	1984
National Port Authority	Trade Sector	100%	Independent	1967
Liberia National Lotteries	Gambling Industry	100%	Independent	1982
Liberia Petroleum Refining Company	Petroleum Industry	100%	Independent	1969
National Housing Authority	Housing Industry	100%	Independent	1960
National Transit Authority	Transit Sector	100%	Ministry Of Transport	2009
National Social Security And Welfare Corporation	Social Protection	100%	Independent	1975
Liberia Electricity Corporation	Energy Sector	100%	Independent	1973

Source: Research 2012

Appendix 4 : Introductory Letter



UNIVERSITY OF NAIROBI
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DATE: July 4, 2012

TO WHOM IT MAY CONCERN

The bearer of this letter... Moses Varfee Kono

Registration No. Δ61/60576/2011

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her course assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Liberia. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

IMMACULATE OMANO
MBA ADMINISTRATOR
MBA OFFICE, AMBANK HOUSE

