

A Comparative Study of Corporate Governance and Firm Performance in State-Owned Commercial Banks and Utility Companies in Sierra Leone

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Abstract: Historically, state-owned commercial banks (SOCBs) in Sierra Leone have shown relatively high performance than State-Owned Utility Companies (SOUCs) in the country. While several issues may have contributed to such low performance by SOUCs, this study aims to explore whether and how (if any) compliance with corporate governance practices (based on CACG Code) varies between the high-performing SOCBs and low-performing SOUCs, and whether this variation of compliance causes performance differences. A cross-sectional research design with quantitative approach was adopted. A survey was conducted in two SOCBs and two SOUCs in 2025. Apart from questions on respondent and organizational backgrounds, a self-completion questionnaire comprising 66 questions (governance – 39 & performance -27) was successfully completed and returned by 144 participants. Further, a checklist of 19 items was constructed based on the Acts of Parliament and scored against the CACG Code provisions by the researcher. Using SPSS and Excel Programs, data was analyzed using descriptive (percentages, and mean percentages) and inferential (Pearson's correlation, and simple linear regression) statistics. The Overall Compliance Index of SOCBs is 68% while SOUCs has an index of 45%. The correlation coefficients ($r = 0.996$ and $r = 0.998$) indicate a very strong positive linear relationship between governance and performance. Also, the regression results (adjusted $r^2 = 0.988$, $df = 3$; $p < 0.01$) indicate a strong association between corporate governance and firm performance. The study shows that SOUCs' rate of corporate governance compliance is weaker than SOCBs in most criteria set by the CACG Code, which might have caused low financial performance by SOUCs (40%) and high financial performance by SOCBs (64%). The findings of the study have practical and policy related implications to improve the performance of SOUCs in Sierra Leone.

Keywords: State-Owned Enterprises, State-Owned Commercial Bank, State-Owned Utility Company, Corporate Governance, Firm Performance, and Sierra Leone.

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Introduction

State-owned enterprises (SOEs) are critical to economic growth and development, particularly in developing regions such as Sub-Saharan Africa (World Bank, 2020). SOEs are organisations with full or partial state ownership, established under national legislation for commercial and social objectives (World Bank, 2020). They are critical to delivering essential public services to citizens in key economic sectors, including utilities, finance, transport, telecommunications, energy, water resources, and natural resources (World Bank, 2018). However, despite massive investments by SOEs worldwide, they have continued to perform poorly (Kaunda & Pelsler, 2023). They often face significant operational, financial, and service-delivery challenges (World Bank, 2018). The poor performance of SOEs has led governments to implement reforms to improve their performance, as weak corporate governance standards have been partly attributed to this underperformance.

Corporate governance is typically defined as a set of mechanisms designed to address agency problems and ensure that shareholders receive returns on their investment (Shleifer & Vishny, 1997; Love, 2011). John and Senbet (1998) refer Corporate Governance as a way of strategy and composition which again act as a check on managerial self-centred behavior. Moreover, Corporate Governance creates a structure to control the internal management that reduces agency problem too (Islam et al., 2014). In its broad definition, corporate governance refers to a set of rules or institutions or practices that curtails the agency cost and the variation between social and private returns on corporate actions (Monk and Minow, 1996; Ararat and Ugar, 2003). Corporate governance is the process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long term shareholder value, whilst taking account the interests of other stakeholders. Corporate

governance is usually considered as a set of codes and guidelines to be followed by companies ([Fernando, 2006](#)).

Corporate governance has become a widely discussed and debated issue among professionals over the last decade. The importance of corporate governance lies in its potential to contribute for higher firm performance and prosperity, systematic management and to offer stability in the firm. Given its increased importance, many local and international codes have been developed to define firm conduct for effective corporate governance. International organizations like the Commonwealth of Nations and OECD took the initiative to develop a corporate governance code of conduct to provide a comprehensive guidance on corporate governance to the board of directors and management of the public and private institutions. Key principles of corporate governance are set out in international best-practice guidelines, including the OECD, Cadbury, South Africa King, and CACG Codes. Proponents have argued that companies that comply with standard corporate governance have statistically been seen to have higher return on assets, net profit margin, and return on equity, and higher market book value than the ones that ones with lower corporate governance rate (Cengiz, 2016). As such, corporate governance is critical for a company's integrity, efficiency, long term growth and profitability.

The SOE system of Sierra Leone consists of enterprises in the banking, utility, insurance, and telecom sectors etc. Since the independence of the country, SOEs play an important role in the economic development of Sierra Leone. In recent years, performance of these SOEs is deteriorating and is relatively low compared to private firms. However, performance is not the same across all the SOEs in the country. Some register relatively high performance, while others register low performance.

In some instances, this declining performance in the SOEs has been attributed to high administrative and operating expenses, poor appraisal, inadequate follow-up and supervision. In general, their performance is reflected through various assessment indicators of the operational and financial performance reported by the individual SOEs. In this backdrop, it is imperative to explore how compliant the State-Owned Commercial Banks (SOCBs) are with standard corporate governance (based on the CACG Code) and to compare their compliance rate with that of State-Owned Utility Companies (SOUcs) to assess the effect of compliance (or noncompliance) with corporate governance on firm performance in the country.

Despite considerable attention to SOE performance in Africa, research on the relationship between corporate governance and SOE performance has received very little attention ([Kaunda & Pelser, 2024](#)). Most studies have focused on publicly traded companies and, in most cases, have not distinguished between private companies and SOEs in their analysis (World Bank, 2018). According to [Daiser et al \(2017\)](#), research on the relationship between corporate governance and SOE performance is still in its infancy, particularly in sub-Saharan Africa. More than 80% of the least developed countries (LDCs) are in sub-Saharan Africa, where the main challenge in researching SOEs is data scarcity (World Bank, 2021).

This research is conducted in Sierra Leone, where virtually no research has examined the relationship between corporate governance and the performance of SOEs, and no comparative studies comparing SOEs in different sectors have been conducted.

The study aims to contribute to the existing literature by examining whether the differentials in corporate governance practices account for differential performance between SOCBs and SOUCs of Sierra Leone and provides insights for academics and practitioners.

The study is organized as follows: Section 2 states the research problem. Section 3 states the research questions, objectives, hypothesis. Section 4 reviews the literature. Section 5 presents the research methods adopted. Section 6 presents the results of the investigation. Section 7 discusses the paper. Section 8 provides a conclusion and implications. Finally, section 9 states the limitations and suggestions for future studies.

Problem Statement

SOEs in Sierra Leone play a critical role in delivering essential services and contributing to economic development across sectors including energy, water, transport, and finance. Despite this strategic role, the SOE sector is characterized by little and insufficient competition in Sierra Leone. The SOE sector, regardless of the series of changes and liberalization measures undertaken, the sector is still characterized by the existence of low competition and operational inefficiencies; which is a clear sign of unimpressive performance of the sector. Many SOEs in Sierra Leone are characterized by persistent underperformance, financial inefficiencies, weak accountability, and governance failures (Ministry of Finance, 2020). Reports from the Audit Service Sierra Leone (ASSL) in the past decades consistently highlighted mismanagement and poor financial performance.

Even though the recent SOE sector reform aims at improving profitability, efficiency and productivity, Sierra Leone's SOEs' performance has still remained poor with substantial gaps in service delivery. Globally, privatization is touted as a solution to the poor performance of SOEs, though the conclusion remains in controversies. Researchers like Yaregal (2011) observed that privatization is not the only solution to improve poor performance of state ownership rather introduction of competition can substantially get better performance of both state and private ownership. Other researchers have argued that standard corporate governance can contribute to improvement in SOE performance (Eforis, 2018; Kaunda and Pelser, 2023).

In general, there are no universally accepted findings about the effects of ownership structure on performance of the SOE sector, because countries are different from each other by their economic systems, financial systems, political systems and operating environments. However, empirical studies, both globally and regionally, show that weak corporate governance is associated with poor SOE performance (World Bank, 2014; OECD, 2015; OECD, 2021). Effective corporate governance is essential to enhancing SOE performance (Kaunda and Pelser, 2023; Tricker, 2019). In Sierra Leone, despite efforts such as the establishment of the Public Financial Management Act (GoSL, 2016) and the State-Owned Enterprises Policy Framework (GoSL, 2020), the performance of SOEs in some sectors remain comparatively better or worse off than others. The reasons for differential in performance between sectors remain less understood.

This study examines governance compliance and performance differences between SOUCs and SOCBs in Sierra Leone. The research problem is the evident gap in understanding how corporate governance practices are related to the performance differentials of SOEs in the financial (SOUCBs) and utility

(SOUcs) sectors in the specific context of Sierra Leone. Even though, several of earlier studies have made to add their own contribution to the literature and stated their own findings, less developing countries including Sierra Leone received little attention in this arena. Consequently, the conclusion and finding of the study in one country may not serve to another.

Research Questions, Objectives and Hypothesis

Research question

The main question is: What are the differences of corporate governance compliance and firm performance indices among SOUCs and SOCBs? The specific questions are: (i) What are the corporate governance compliance and firm performance status of SOUCs and SOCBs? (ii) Are the corporate governance and performance indices in SOUCs less than SOCBs? (iii) Does the differential in corporate governance compliance influences the performance of both SOUCs and SOCBs?

Objectives

The general objective of the study is to compare the standard governance compliance and performance of SOUCs and SOCBs in Sierra Leone. The specific objectives that are derived from the general objective and needed to be addressed in the studies are: (i) Assess the standard corporate governance compliance and performance status of SOUCs and SOCBs; (ii) Assess whether governance compliance and performance rates in SOUCs are less than SOCBs; and (iii) Assess if corporate governance influences the performance of both SOUCs and SOCBs.

Hypothesis

- Ha1: There are poor corporate governance compliance and firm performance in the SOUCs and SOCBs.
- Ha2: The corporate governance compliance and firm performance indices of SOUCs are less than SOCBs.
- Ha3: Corporate governance compliance is positively related firm performance of the SOUCs and SOCBs.

Literature Review, Theoretical and Normative Framework

Conceptual Review

Corporate Governance

Corporate governance is the system of rules, practices, and processes used to direct and control a company ([Banda and Mwange, 2023](#)). The purpose of corporate governance is to design a set of mechanisms to address agency problems and ensure that shareholders receive returns on their investment ([Love, 2011](#)). The universal core principles of corporate governance include accountability, transparency, fairness, and responsibility, while the key components are board of directors, internal controls, risk management, and international standard guidelines ([Banda and Mwange, 2023](#)). The key international standard guidelines or principles of corporate governance are the best-practice guidelines, including the OECD, Cadbury, South Africa King, and CACG Codes.

State-Owned Enterprises (SOEs)

State-Owned Enterprises (SOEs) are organisations with full or partial state ownership, established under national legislation for commercial and social objectives (World Bank, 2020). They are critical to delivering essential public services to citizens in key economic sectors, including utilities, finance, transport, telecommunications, energy, water resources, and natural resources (World Bank, 2018). State-Owned Commercial Banks (SOCBs) and State-Owned Utility Companies (SOUcs) are a subset of SOEs. State-Owned Commercial Banks (SOCBs) are financial institutions where the national government holds the majority or entirety of the ownership stakes, allowing them to provide standard banking services while advancing public policy goals. Examples of SOCBs in Sierra Leone are the Sierra Leone Commercial Bank Limited (SLCB) and the Rokel Commercial Bank Limited (RCB). State-Owned Commercial Banks (SOCBs) are mainly characterized by government control due to the fact that the state owns the controlling shares that gives public authorities direct hands in the management and strategic goals; stable lending where unlike the private banks they maintain steadier credit flows during economic downturns; and sometimes in emerging economies achieving profitability levels comparable to private banks (Panizza, 2022). State-Owned Utility Companies (SOUcs) are government-owned or government-controlled organizations that supply essential public services like electricity, water, and natural gas. Examples of SOUCs in Sierra Leone include the Electricity Distribution and Supply Authority (EDSA), Electricity Generation and Transmission Company (EGTC), Guma Valley Water Company (GVWC), and Sierra Leone Water Company (SALWACO). The main characteristics of SOUCs are that of public ownership where the government owns all or a controlling part of the company; provides essential services as they manage infrastructure for power generation, water distribution, and sewage disposal etc.; services regulation as they operate as government-granted monopolies or heavily regulated utility companies to control pricing and ensure access (Steffen et al, 2022).

Firm Performance Measurement

Firm performance has no single universal definition, but it generally reflects a company's efficiency, productivity, and value creation. Firm performance measures how well a company achieves its financial, operational, and strategic goals (Taouab and Issor, 2019). A comprehensive evaluation looks at multiple dimensions that include financial profitability, growth, market value, and non-financial factors like customer and employee satisfaction (Herciu, 2017). A firm's performance can be measured either objectively or subjectively or both, and objective (quantify) values are mostly accounting values (ROE & ROA etc.) while subjective (judgmental) values are derived from survey opinions or perceptions (Santos and Brito 2012; Sing et al 2016; Selvan et al 2016).

Theoretical framework literature

The agency and stewardship theories provide the theoretical frameworks for this study.

The agency theory explains the governance relationships between owners (principals) of firms and those entrusted with managing them (agents). In principal-agent relationships, a conflict of interests arises when agents fail to balance their own interests with those of the owners, and hence relevant corporate governance

mechanisms are required to align the interests of the agents with those of the owners (Mulili & Wong, 2011; Homayoun & Homayoun, 2015; Panda & Leepsa, 2017). The theory is based on the premise that management is hired as an agent of the owners (shareholders) to run the company for their benefit and, therefore, is legally and morally obligated to serve their interests (Mekwe, 2015). Conflicts arise when a firm's owners perceive that the professional managers are not managing the firm in their best interests. According to the agency theory, the two parties in the firm - principals and agents – have different and opposing objectives and interests, and so there is a conflict, known as the agency problem (Panda & Leepsa, 2017). The theory is concerned with analysing and resolving the agency problem that occurs in the relationship between principals and their agents.

The stewardship theory postulates that agents are good stewards of the firm and always want to perform well in the interest of the shareholders as well as cooperate with other stakeholders (employees, creditors, investors) for a common goal of accomplishing the overall objectives of the firm, and hence is otherwise known as stakeholder theory (Mulili and Wong, 2011). The stewardship perspective suggests that the agents, who are good stewards, are satisfied and motivated when organizational success is achieved. It argues that agents (managers and executives), as good economic stewards, suppress their own aspirations and interests to satisfy the interests and aspirations of shareholders and other stakeholders (Kolawole et al., 2025). In summary, the stewardship theory suggests that a firm's board of director and its CEO, acting as stewards, are more motivated to act in the best interests of the firm rather than for their own selfish interests. Therefore, unlike the agency theory, the stewardship theory argues that a firm's top management cares more about the firm's long-term success (Mallin, 2004, cited in Mulili and Wong, 2011).

The principles of the CACG Code bridge the gap between shareholder interests and managerial actions through the agency theory (control-based) and stewardship theory (trust-based). Agency theory uses oversight to align manager (agent) and shareholder (principal) interests, whereas stewardship theory empowers managers as stewards, trusting them to prioritize long-term organizational success.

Empirical literature review

The prime motive of corporate governance is to attain the organizational objective of high firm performance. If any organization wants to get an attractive investment, corporate governance practices play significant role in this regard (Ekwueme and Paul 2016). It may be argued that compliance with corporate governance guidelines enable firms to boost customer satisfaction and confidence (Mamun and Khan, 2014). Literature has discussed corporate governance from different dimensions to highlight its importance to comply with standard governance.

Corporate Governance and Firm Performance

The relationship between corporate governance and firm performance has been a popular research area in recent years. Most studies show a positive relationship between corporate governance and firm performance (La Porta et al., 2002; Gugler, 2001; Love, 2011). A few studies have questioned the direction of this relationship (Core et al., 2006).

Several studies in private companies around the world have established relationships between corporate governance and firm

performance. Ali (2018), using a sample of 100 listed companies from the Karachi Stock Exchange of Pakistan and the New York Stock Exchange of the USA for the period 2010-2015, investigated the impact of corporate governance on firm performance. The study found that corporate governance was observed in both countries, but more so in the USA than in Pakistan, thereby accounting for the superior firm performance in the USA compared with Pakistan. Eton et al (2021), using a descriptive survey design and a mixed-methods approach, examined the relationship between corporate governance and firm performance among private businesses in Uganda. The study found that corporate governance is significantly associated with the financial performance of private business enterprises in Uganda. Wakaisuka-Isingoma (2018), using a sample of 103 financial institutions in a descriptive cross-sectional survey design, investigated the relationship between corporate governance and firm performance in Uganda. The results indicated a statistically significant positive relationship between corporate governance and firm performance.

Rezaee et al (2003) showed that good corporate governance promotes correlations of accountability among the core corporate members and this may improve corporate performance as it makes management responsible to the board and the board accountable to the shareholders. Berlin et al (1991) and Wen and Shao (2012) showed that the firms having better corporate governance practice will receive higher stock market valuation than those of firms with poorer governance mechanisms. Lawrence and Marcus (2009) identified that governance provisions in the U.S. stock exchanges are less closely linked to firm operating performance than are those not so listed. Kin and Baruch (2008) showed that effective corporate governance, especially high board independence, strengthens the positive association between firm performance and pay dispersion.

Temba et al (2023) assessed corporate governance's influence on financial performance of commercial banks in Tanzania. Panel data were collected from published reports of 15 commercial banks covering a period of 17 years and employing multiple linear regression analysis to establish causal-effect relationships among the study variables. The findings revealed that corporate governance positively influences the financial performance of commercial banks. The study recommends that corporate governance principles and mechanisms be enhanced to improve the financial performance of commercial banks. Sylvia and Richard (2024) examined the relationship between corporate governance practices and financial performance of commercial banks in Uganda. The research adopted a quantitative approach using a sample of 40 banks out of the 34 licensed banks in Uganda as of 2021. Primary data was collected using questionnaires distributed to senior risk, audit and compliance managers while secondary financial data was obtained from annual reports for the period 2016- 2020. Findings revealed that board independence had a statistically significant positive effect on return on assets, implying greater independent oversight enhanced profitability.

Kasmani et al (2022) reviewed the effectiveness of governance structure and implementation maturity on organizational performance. The current study involves reviewed research articles. A total of 20 articles were reviewed from 2017 to 2022. Strong governance affects management decision-making regarding strategies related to performance. Abdullah and Tursoy (2023) examined the effect of Corporate Governance (GC) on the performance of firms in non-financial sectors listed on the

Frankfurt Stock Exchange in Germany over the period 2002-2018. To this end, we measured firm performance based on accounting data, using ROA and ROE. The results provided evidence that the characteristics of the audit committee and board of directors have significant and negative effects on firm financial performance, whereas the effect of CEO duality is not statistically significant. Large board size could bring about the issue of deferred decision making by the board members in the insider-controlled CG system of Germany. Furthermore, IFRS adoption in 2005 was found to have a positive effect on firm performance.

Yeboah et al (2026) with the data of seven listed Ghanaian banks over the period 2012-2022, this study examines the effect of corporate governance on bank performance, with bank size and ownership serving as moderating variables. Return on assets (ROA) is employed as a proxy for performance, while board size, board gender diversity, and the proportion of non-executive directors represent corporate governance indicators. Bank growth, interest coverage, asset tangibility, and bank size are included as control variables. Using panel data, the study applies a fixed-effects model to test the hypotheses. The findings reveal that board gender diversity exerts a significant positive effect on ROA, while board size and the proportion of non-executive directors show no significant impact at the 5% level. Moreover, neither bank size nor ownership significantly moderate the relationship between corporate governance variables and bank performance. Rana et al. (2018), using a sample of 15 purposively selected banks in Bangladesh for the period 2010-2015, investigated the relationship between corporate governance and firm performance. The study found that corporate governance is associated with the financial performance (ROA) of banks in Bangladesh. Rogers et al. (2014), using a sample of 25 banks in a cross-sectional, quantitative design, investigated the relationships between corporate governance, managerial competences, accountability, and the financial performance of commercial banks in Uganda. The study provided evidence that corporate governance, accountability, and managerial competence were significantly associated with the financial performance of commercial banks in Uganda. Kim et al (2012) reviewed corporate governance when it comes to ownership structure of domestic owned banks and stated ownership structure has vital role as it is a key determinant of corporate governance. Agoraki et al (2010) found that board independence did not have any significant effect on bank profitability.

Corporate Governance and State-Owned Enterprise (SOE) Performance

Some other studies established relationships between corporate governance and SOE performance. Koech et al. (2017), using data from a sample of 46 state corporations, in which a questionnaire was administered to 230 managers, employed descriptive statistics, a correlation matrix, and regression analyses to investigate the relationship between board characteristics and the performance of state-owned corporations in Kenya. The study found that board characteristics are positively associated with firm performance in Kenya. [Mbo and Adjasi \(2017\)](#), using descriptive statistics, correlation, and regression analysis based on data from 24 SOEs selected from 9 countries across 7 industries in Africa, examined empirical evidence on SOE performance drivers. The study found that in an SOE set up, good firm performance was associated with the existence of strong boards and independent industry regulation. World Bank (2018), using data from 320 SOEs, examined the relationship between corporate governance

and various measures of SOE performance in the Republic of Korea. The empirical results indicated positive relationships between corporate governance and SOE performance. Kaunda and Pelsier (2023), using a sample of nine (9) SOEs operating in the period 2001-2016 in a longitudinal survey design using both primary and secondary data, investigated how corporate governance is related to the performance of SOEs in a least developed economy. The findings showed a strong relationship between corporate governance characteristics and SOE performance.

Bhat et al (2018) conducted a study to examine how corporate governance instruments impact firm value in the context of Pakistan. This paper considers state- and non-state-owned enterprises and examines whether the influence of corporate governance on firm value varies across firms having different nature of ownership. This study opts for an unbalanced sample of state- and non-state-owned enterprises for the period 2010-2014. Panel data regression is adopted for estimation of main results. The notable findings show that standard governance (particularly board independence) has a significant and positive relationship with firm value only for state-owned companies but not much for privately owned companies. The findings of the study suggest standard governance practices can help corporations to improve their performance. Mumba et al (2022) did a comparative analysis of the corporate governance practices and firm financial performances between State-Owned Enterprises and listed firms in Zambia. Using a cross-sectional panel data set covering the period 2002 to 2017, the t-test statistic was employed to compare the corporate governance practices and firm financial performances between unlisted State-Owned Enterprises, listed State-Owned Enterprises and listed private firms. It was found that corporate governance practices and firm financial performances between State-Owned Enterprises and listed firms in Zambia were significantly different.

Standard Governance Codes and State-Owned Enterprise (SOE) Performance

Other studies have applied international best-practice codes (such as the OECD and King Code) to investigate the relationship between corporate governance and firm performance.

In Bangladesh, [Khan and Haque \(2017\)](#) conducted a comparative study of five (5) State-owned Commercial Banks (SCBs) and five (5) High Performing Private Commercial Banks (HPCBs) for the banks' fiscal year 2015, exploring whether and how compliance with corporate governance codes issued by the Bangladesh Securities and Exchange Commission (BSEC) varies between SCBs and HPCBs, and whether this variation in compliance causes performance differences between the two groups of banks. Using a checklist of 94 variables from the BSEC code, the study found that the overall compliance index of SCBs was 80%, while HPCBs had an overall compliance index of 95%. The study showed that SCBs' rate of corporate governance compliance was weaker than HPCBs' in most criteria set by BSEC and was not satisfactory, which might have caused the low financial performance generally observed among SCBs in the country. The study suggested that the differential in corporate governance explains the differential in high financial performance between private commercial banks and state-owned commercial banks in Bangladesh. In Lithuania, Jurkonis and Petruskaite (2014) examined the relationship between corporate governance principles and the performance of 135 SOEs. Using a checklist of

fourteen (14) provisions from a set of corporate governance principles extracted from the OECD corporate governance guidelines, the study examined the SOEs' extent of compliance with these principles and their implications for financial performance via measures of profitability. Using Spearman's Rank Correlation Coefficient, the scores (index) for each corporate governance principle were correlated with the profitability ratios (ROA & EBITDA) to assess potential relationships among the SOEs. The study found a high degree of relationship between corporate governance principles in the OECD codes and the profitability of SOEs in Lithuania.

Haque and Mia (2014) found corporate governance notification compliance (CGNC) of Conventional Bank having Islamic windows (CBHIWs) were more satisfactory than that of Islamic Shariah Based banks in Bangladesh (ISBBs). This research unveiled that the compliance regarding independent directors, board of directors, CEO, CFO, Audit committee, external/statutory audit, duties of CEO & CFO are more satisfactory in ISBBs compared to CBHIWs. Sathye and Hu (2015) developed a unique corporate governance index to provide a comprehensive measure of corporate governance and examines the relationship between this comprehensive measure and bank performance. They applied the Wilcoxon signed rank test to examine whether the introduction of the Code of Corporate Governance in Bangladesh has significantly promoted the improvement of corporate governance practices in Bangladeshi banks. Their results provide support for the hypothesis that corporate governance practices of Bangladeshi banks have been significantly improved since the introduction of the code. Further, the present study adopts regression analysis and reveals that the comprehensive measure of corporate governance is not significantly related to Bangladeshi banks' performance.

Corporate Governance and State-Owned Commercial Banks (SOCBs) Performance

Tekatel et al (2019) conducted a study to compare the financial performance of state-owned commercial bank with privately owned commercial banks in Ethiopia. The study adopted a quantitative research approach by using financial ratio analysis and test for means equality analysis techniques. Samples of fifteen commercial banks were selected based on the year of establishment. Audited financial statement data covering from 2011 to 2017 analyzed. The result reveal that the overall performance of state-owned bank was not observed sound because the financial ratios (ROA, ROE etc.) of most of the private banks were found superior. Moshed et al (2020) investigated the influence of corporate governance in banking performance. Panel data analysis has been conducted for the top nine public and private commercial banks operating in Bangladesh for a period of 2009 to 2017. Correlation and regression analysis techniques were being used to examine the relationships between corporate governance practices and bank performance. The results indicated that capital adequacy ratio (CAR) has the greater impact on Bank performance. Mosharraf (2015) argued the inferior performance of state owned commercial banks can best be explained by corporate governance theory on state ownership of firms and contestable markets perspectives of banking policy. Ahmed (2015) showed that the performance of the state commercial banks has been weaker than private commercial banks because serious mismanagement and malpractices occurred in the SCBs.

Corporate Governance and State-Owned Utility Companies (SOUcs) Performance

World Bank (2011) studied the corporate governance structure of state-owned enterprises (SOEs) in the water and electricity sectors of Latin America and the Caribbean using a dataset of 44 leading SOEs in the region. The study finds a positive correlation between corporate governance and the performance of the utility companies, with SOEs in the electricity sector showing higher governance and firm performance levels than those in the water sector. Kandeh et al (2026) investigated the extent of corporate governance compliance by two State-Owned Utility Companies (SOUcs) – Electricity Distribution and Supply Authority (EDSA) and Guma Valley Water Company (GVWC) – using the Commonwealth Association of Corporate Governance (CACG) Code as standard benchmark in a cross-sectional survey study in Sierra Leone. The study finds weak corporate governance directly causes poor operational and financial performance in state-owned utility companies (SOUcs) due to political interference, lack of transparency, and unclear accountability (Kandeh et al, 2026).

Research Methodology

This study was conducted amongst two State-Owned Utility Companies (SOUcs) and two State-Owned Commercial Banks (SOCBs) purposively selected from a list of eleven (11) active SOEs in Sierra Leone. The study used a cross-sectional survey design. This design allows for the establishment of relationships and generalisation (Bryman, 2001). Descriptive statistics describe the state of corporate governance and performance among the selected SOUCs and SOCBs in the study. The study used quantitative methods. Numerical information was collected in the form of a questionnaire and analysis of Acts of Parliament. Quantitative data on corporate governance and firm performance were generated from the survey questionnaire and Acts of Parliament of the selected SOUCs and SOCBs.

In the survey, selections of key informant respondents were purposive to ensure that only respondents with extensive knowledge of corporate governance and firm performance participated in the study. A total of 144 questionnaires were successfully completed and retrieved from the respondents, comprising 38 from SLCB (9 board and executive management, 12 frontline management, and 17 strategic general staff), 37 from RCB (8 board and executive management, 12 frontline management, and 17 strategic general staff), 36 from EDSA (9 board and executive management, 13 middle management, and 14 strategic general staff), and 33 from GVWC (7 board and executive management, 12 middle management, and 14 strategic general staff).

Primary data were collected using structured, self-administered questionnaires with closed-ended questions, following the recommended guidelines (Churchill, 1979). The questionnaire was chosen because it is considered quicker for gathering information from respondents (Bakkabullindi, 2004) and the unavailability of organizational annual reports for objective data (Santos and Brito, 2012; Selvan et al, 2016; Singh et al, 2016). The questions were organised into sections under thematic headings, and the number of questions was limited to keep the whole questionnaire short and less complex. A total of 66 items (questions) were generated for governance compliance and firm performance. Of these, 39 items were used to measure corporate

governance based on the principles of the CACG Code, while the other 27 items used to measure firm performance were drawn from the literature. The questions in the questionnaire were stated as factual statements about standard corporate governance practices and firm performance, and respondents were asked to confirm them with answers on a 5-point Likert scale (strongly disagree '1', disagree '2', not sure/neutral/fair '3', agree '4', and strongly agree '5'), in the space provided against each question in the questionnaire. The questionnaires were pre-tested on colleagues in a neutral organisation before being administered to the respondents. The Content Validity Index (CVI) (of 0.80) was calculated and used to test the validity of the instrument, and the Cronbach alpha coefficient (of 0.75) for individual test variables was used to test reliability (Nunnally, 1978).

The Likert-scale scores from respondents for each question in the questionnaire were converted to mean percentages as follows: First, a simple percentage score was calculated for each question in the questionnaire. This was done by dividing the actual total score of a question in the questionnaire by the expected maximum total score, which is the number of question multiplied by 100 (i.e. Actual Total Score/Expected Maximum Total Score x 100). Second, the scores for all questions within each theme were calculated. This was done by summing the percentage scores for all questions per theme, dividing by the total number of questions under that theme (Total of Percentages/Number of Questions). Third, the sum of mean percentage scores of all the compliance themes was divided by the total number of themes (i.e. Total of Mean Percentages/Number of themes). Finally, the sum of mean percentage scores of all the organizations in the sector was divided by the total number of organizations in that sector (i.e. Total of Mean Percentages/Number of Organization in Sector).

Supplementary secondary data for governance compliance were obtained from content analysis of the Acts of Parliament. The Acts of Parliament of the selected SOUCs and SOCBs were analysed and the major governance provisions (themes) in line with the principles of the CACG Code were scored into percentages by the researcher. A checklist of 19 question items was

constructed based on five (5) key corporate governance themes (clarity of mandate, appointment authority, board mix and strategy, regulatory oversight, and audit risk management) in line with the principles of the CACG Code. The 19 questions in the analysis were stated as factual statements about corporate governance provisions in the Acts of Parliament, which the researcher confirm with answers in the analysis sheet – yes (1) and no (0) otherwise. The researcher, using the five (5) governance themes and the provisions of Acts of Parliament, a value of '1' is awarded if any of the provisions of the governance themes is similar to any section of the Acts of Parliament and '0' otherwise. Finally, compliance indices are computed in percentages and mean percentages.

The mean percentage scores (from both the questionnaire and Acts Analysis Sheet) were used as a benchmark to assess corporate governance and firm performance. For the corporate governance measure, a percentage of less than 50% was interpreted as 'weak compliance', between 50% and 59% as 'moderate compliance', and 60% and above as 'strong compliance'. Similarly, for firm performance, a percentage of less than 50% was interpreted as 'low performance', between 50% and 59% as 'average performance', and 60% and above as 'high performance'.

To examine the relationship between corporate governance and firm performance, the study employed Pearson's correlation and simple linear regression analyses.

Conducting studies on corporate governance and firm performance in Sierra Leone's SOUCs and SOCBs requires strict ethical compliance, particularly in this kind of research involving survey of directors, executives and strategic staffs to access confidential public enterprise data. Therefore, before start of survey and document gathering formal authorization was obtained from the authorities of the organizations. Also, these authorities were educated on the clear academic purpose of the study and guaranteed them confidentiality and strict adherence to all national legislation and policy frameworks such as the Companies Act (2009).

Results

Descriptive Statistics

Governance Description (Test Ha1)

Table 1: CACG Code Corporate Governance Index by Sector

SOE CORPORATE GOVERNANCE COMPLIANCE	SOCBs (%)	SOUCs (%)	Mean/Ave (%)
P1-Leadership	74	49	61
P2- Board Appointment	43	38	40
P3- Strategy and values	76	50	63
P4- Company Performance	70	45	57
P5-Legal Compliance	74	51	62
P6-Communication	72	46	59
P7-Accountability to Stakeholders	74	45	59
P8-Relationship and Stakeholders	72	45	58
P9-Balance of Power in Board	72	47	60

P10-Internal Procedures	74	47	60
P11-Assessment of Board Performance	74	49	61
P12-Management Assessment and Development	75	52	63
P13-ICT Technology	70	49	59
P14-Risk Management	78	48	63
P15-Annual Review of Future Solvency	75	49	62
Mean/Ave (%)	72	47	60

Source: Survey 2025

Table 1 (Survey analysis) shows that corporate governance compliance among the selected SOEs is generally strong (60%), as prescribed by the CACG Code. However, compliance varies across sectors and governance variables. The SOCBs show overall strong

compliance (72%), whereas the SOUCs show weak compliance (47%). The overall strong compliance (60%) among the selected SOEs is positively influenced by the inclusion of financial-sector SOEs in the study.

Table 2: Acts of Parliament Corporate Governance Index by Sector

Key Governance Compliance	Acts of Parliament		Mean/Ave (%)
	SOCBs (%)	SOUCs (%)	
1. Profit Mandate Clarity	75	43	59
2. Appointment Authority	51	42	47
3. Board Composition Mix and Strategy Role	65	46	56
4.Regulatory and Oversight Freedom	62	44	53
5. Audit and Risk Management	68	37	53
Mean/Ave (%)	64	42	53

Source: Survey and Acts of Parliament

Table 2 (Acts analysis) shows that corporate governance provision among the selected SOEs is generally moderate (53%), as provided for in the provisions of the Acts of Parliament. Similarly, provisions vary across sectors and governance variables. SOEs in the financial (banking) sector show overall strong

governance provision (64%), whereas those in the utility sector show weak provision (42%). The overall moderate compliance (53%) among the selected SOEs is positively influenced by the inclusion of financial-sector SOEs in the study.

Performance Description (Test Ha1)

Table 3: Performance Index by Sector

SOE OPERATIONAL PERFORMANCE	SOCBs (%)	SOUCs (%)	Mean/Ave (%)
OP1- Management Function	69	44	56
OP2-Employee Satisfaction/Motivation	68	42	55
OP3-Innovation/Change Management	58	38	48
OP4-Effective Communication	67	43	55
OP5-Customer Satisfaction	67	39	53
Mean/Ave (%)	65	41	53
SOE FINANCIAL PERFORMANCE	SOCBs (%)	SOUCs (%)	Mean/Ave (%)
FP1-Profitability	66	33	50

FP2-Liquidity	62	34	48
FP3-Solvency	63	35	49
FP4-Leverage	63	35	49
FP5-Capital Adequacy	58	37	48
P6-Market Share	59	55	57
Mean/Ave (%)	62	38	50

Source: Survey 2025.

Table 3 shows that the performance of the selected SOEs is generally 'average' (52%). However, there are variations in performance across sectors and performance variables. Overall firm performance is high (64%) for State-Owned Commercial Banks (SOCBs), whereas it is low (40%) for State-Owned Utility Companies (SOUcs). The SOCBs recorded the highest operational

(65%) and financial (62%) performance, while in contrast the SOUCs recorded low operational (41%) and financial (38%) performance. The overall average firm performance (52%) of the selected SOEs is positively influenced by the inclusion of the financial sector SOEs in the study.

Governance vs Performance (Test Ha2)

Table 4: Governance and Performance Comparison by Sector

SECTOR	GOVERNANCE			PERFORMANCE		
	CACG	Acts	Mean/Av (%)	Op	Fp	Mean/Av (%)
SOUcs	47	42	45	41	38	40
SOCBs	72	64	68	65	62	64
Mean/Ave (%)	60	53	56	53	50	52

Source: Survey and Document Analysis 2025.

Table 4 shows that the overall governance compliance is 'moderate' at (56%) and overall firm performance is 'average' at (52%) for the block of selected SOEs analyzed in the study.

The State-Owned Commercial Banks (SOCBs) show overall strong compliance (68%), whereas the State-Owned Utility Companies (SOUcs) show weak compliance (45%) when the scores for both the principles of CACG Code and the provisions of the Acts of Parliament are combined. Compliance is strong (72%) for CACG Code and (64%) for Acts of Parliament in the SOCBs, whereas it is weak (47%) for CACG Code and (42%) for Acts of Parliament in the SOUCs.

Inferential Statistics (Test Ha3)

Governance and Performance (Correlation)

Table 5: Correlation Matrix - Gove and Performance

	<i>Gove</i>	<i>Op Perf</i>	<i>Fin Perf</i>	<i>FMP</i>
Governance	1			
Operational Perf	0.996	1		
Financial Perf	0.996	0.998	1	
Firm Perf (FPM)	0.996	1.000	1.000	1

Table 5 results of the Pearson's correlation analysis show a very strong positive pair correlation ($r = 0.996$; $r = 0.998$; $p < 0.001$) between corporate governance and firm performance. The

same test shows very strong positive pair correlation between governance and firm operational as well as financial performance.

Correlation coefficients ($r = 0.996$ and $r = 0.998$) indicate a very strong positive linear relationship between governance and

performance. In this study, this means that as the corporate governance variable increases, the firm performance variable also tends to increase, and similarly, as the firm operational performance variable increases, the firm financial performance also tends to increase. The strength of the correlations is extremely strong, as the values (0.996 and 0.998) are very close to one (1). The positive sign of the coefficient indicates that the relationship is

positive, such that when the corporate governance variable goes up, the firm performance goes up.

In short, the analysis of the Sierra Leonean SOEs reveals that corporate governance and firm performance are correlated. A comparison of operational and financial performance shows a similar, extremely strong correlation.

Governance and Performance (Simple Linear Regression)

Table 6: Simple Linear Regression

SUMMARY OUTPUT -Corporate Governance (CG) Vs Firm Perf (FMP)								
Adjusted r2 = 0.988, df=3, p<0.01, highly significant								
Regression Statistics								
Multiple R	0.996							
R Square	0.992							
Adjusted R Square	0.988							
Standard Error	1.531							
Observations	4							
ANOVA								
	df	SS	MS	F	Signif F			
Regression	1	598.06	598.061	255.115	0.0039			
Residual	2	4.69	2.344					
Total	3	602.75						
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-8.354	3.809	-2.193	0.1596	-24.745	8.037	-24.745	8.037
Gove	1.01	0.063	15.972	0.0039	0.738	1.282	0.738	1.282

Table 6 presents a simple linear regression of corporate governance (independent variable) on firm performance (dependent variable). The regression results (adjusted r2 = 0.988, df = 3; p < 0.01) indicate a strong association between corporate governance and firm performance across the analysed blocks of SOEs.

According to the adjusted R square (r2 = 0.988), corporate governance explains 98.8% of the variation in firm performance. From the ANOVA summary of the regression analysis, the significant P value is 0.004. Therefore, we can conclude that 98.8% (adjusted R square) of the influence is significant. The higher the corporate governance variable, the higher the firm performance, and vice versa. The beta coefficient (1.010) for corporate governance (p < 0.01) shows that corporate governance is statistically highly significant. It means that for every 1% change in corporate governance, you can expect firm performance to change by about 1.010% in the same positive direction. That is to say, if corporate governance increases by 10%, firm performance is expected to increase by approximately 10.10%, or, conversely, if

corporate governance decreases by 10%, firm performance is expected to decrease by 10.10%.

Discussion

General discussion

From the analysis of results presented (above) it is found that the compliance and performance rates of SOUCs are weaker and lower than SOCBs. Even when the governance and performance status of SOCBs and SOUCs are explored in respect to some individual governance and performance variables to determine whether governance carry significance for performance it is still observed that compliance and performance rates of SOUCs are weaker and lower than SOCBs.

A comparison of major governance variables in the CACG Code versus those of Acts of Parliament, similar trends of governance are observed for SOUCs and SOCBs. For instance, when we considered the Acts of Parliament's profit mandate clarity, it is observed that the SOCBs have clearly stated profit objective than the SOUCs. In the case of appointment authority

freedom in both the CACG Code and Acts, the SOCBs enjoy more autonomous board/executive appointment freedom and less political interference than their counterpart SOUCs. In the case of board strategy setting for both CACG Code and Acts, we saw that SOCBs have highly effective strategy setting functions than those of the SOUCs. In the case of regulatory and oversight control for both CACG Code and Acts, we saw that SOUCs are not maintaining the sound regulatory and oversight control system compliance while SOCBs have strong regulatory and oversight control compliance system. It is also found that for both CACG Code compliance and Acts provision, SOUCs are not too concerned about risk control where as the SOCBs comply with risk related guidelines. It is also found that for both CACG Code and Acts, SOUCs lack proper audit mechanism where as SOCBs have proper audit mechanisms compared to SOUCs. It is therefore likely that these observations may have aggravated the lower performance of the SOUCs compared to the SOCBs.

Theoretical Implications

The agency relationships in an SOE are a long chain of delegation, where there is indirect accountability between the actual principals and agents (Magang and Kube, 2018). In the chain of delegations in the case of Sierra Leone, the parliamentarians are the direct agents of the people (the electorate) who are the principals. The legislators in turn delegate to the executive branch, in particular to the President, who in turn delegates to the different executive departments (ministries), and from the head of the ministries to the civil servants who have the ultimate responsibility to implement public policy. This long chain of delegation poses challenge to accountability between agents and actual principals in a country like Sierra Leone, where systems and procedures are weak. Hence, the notion that agents are good stewards of the firm and always want to perform well in the interest of the shareholders as well as cooperate with other stakeholders (employees, creditors, investors) for a common goal of accomplishing the overall objectives of the firm (Mulili and Wong, 2011) does not align with the empirical observations of this study. In this particular context, the Agency theory offers more comprehensive insights into the performance of SOCBs and SOUCs than the Stewardship theory.

The interaction between agents and principals establishes several foundational implications for firm performance in the SOCBs and SOUCs. The Agency theory suggests conflict of interests when the agents fail to balance their own interests with those of the owners, and hence the relevant corporate governance mechanisms are required to balance the interests of the agents with that of the owners for better firm performance and shareholder returns (Mulili and Wong, 2011; Homayoun and Homayoun, 2015; Panda and Leepsa, 2017; Mamdouh, 2024; Marenga, 2020), while in contrast the Stewardship theory argues that agents as good economic stewards, suppress their own aspirations and interests to satisfy the interests and aspirations of shareholders without any governance mechanisms for better firm performance and shareholder returns (Kolawole et al., 2025; Jide et al., 2025).

Studies have consistently shown that firms practicing strong standard corporate governance tend to have higher performance records compared to those practising weak corporate governance (Eton, 2021; Temba et al., 2023; Sylvia and Richard, 2024; Kasmani et al., 2022; Abdullah and Tursoy, 2023; Yeboah et al., 2026; Kaunda and Pelser, 2024; Khan and Haque, 2017;

Jurkonis and Petrusaukaite, 2014; Tekatel et al., 2019; Moshed et al., 2020; Kandehe et al., 2026). This study corroborates this observation and further highlights that governance mechanisms exert the most substantial influence on the firm performance differentials between SOCBs and SOUCs. The explanation of this phenomenon is because SOCBs experience stronger corporate governance control mechanisms that align the interests of agents with their principals compared to their counterparts in the SOUCs.

Practical Implications

Practically, the differential of governance influence on firm performance in SOCBs and SOUCs suggest the potential for greater success through the implementation of tailored policy interventions aimed at firms with less favorable governance compliance and performance (Kandehe et al., 2026). It shows that there is no one-size-fit-all approach to governance and performance improvement in the SOCBs and SOUCs in maximizing organizational performance. As a result, a more varied strategy is required, one that acknowledges and accommodates the peculiarities of specific sector SOEs. The kind of approach that customizes policy interventions to improve organizational governance and performance.

Given the noticeable disparity in the governance compliance and firm performance between the SOCBs and SOUCs, policy holders must acknowledge and address the diverse needs sectoral differences without presuming uniformity (Kaunda and Pelser, 2024). Policy holders must encourage dialogue with stakeholders in the less governance compliance and performing SOUCs, fostering a robust feedback culture, and implementing appropriate organizational performance improvement strategies. This kind of approach will enhance the identification of lapses in organizational governance and performance experienced by the SOUCs that enable the formulation and implementation of targeted organizational strategies.

Strong corporate governance enhances trust and financial disclosure, while weak governance does the opposite among organizations. This is so because strong corporate governance promotes transparency, which boosts capital because consistent and reliable financial reporting builds confidence among the public (owners) and foreign investors. Strong governance mitigates risk because strict internal controls and governance structures are crucial for curbing performance risk and ensuring regulatory compliance; meaning SOCBs are expected to build confidence among the public owners and investors for curbing performance risk compared to their counterpart SOUCs.

The results of this study show differential in board dynamics and managerial oversight for SOCBs and SOUCs due to differences in the levels of political interference. Political interference in board and management recruitment negatively affects the performance of SOUCs compared to their counterpart SOCBs. The more independent professional boards of SOCBs lead to engaged management oversight and reduced mismanagement, allowing them to meet their strategic targets more effectively than the counterpart SOUCs.

Moreover, there are implications for policy compliance and service delivery because the adoption of a more standard corporate governance practice in the SOCBs promotes accountability and value creation for all stakeholders than for the SOUCs.

Finally, there are implications for organisational capacity building because the weak governance compliance and firm performance of SOUCs suggests that they need to prioritise continuous training of their personnel on governance compliance and financial performance than their counterpart SOCBs.

Limitations

The methods used in this study are limited in few areas. First, cross-sectional research design used in this study to analyse corporate governance and firm performance of SOUCs and SOCBs, only give a snap-shot picture of the situation at the time of study rather than provide definitive historic picture over a long period of time. Second, the geographical focus is limited to Sierra Leone alone, rather than a broader area comprising multiple countries or a subregion. Third, the study used the principles of the CACG Code and Acts of Parliament rather than other international standard codes to assess best-practice corporate governance and firm performance of SOUCs and SOCBs in Sierra Leone. Fourth, this study was principally based on subjective data obtained from questionnaire survey of key informant respondent and Acts of Parliament analysis by the researcher that captured opinions rather than data in written document sources. Finally, this study used quantitative methods rather than qualitative or mixed methods that could have yielded different results.

Conclusion and Recommendations

Concluding Statement

While the application of sound corporate governance practices in the SOUCs could have a significant effect on the economy, in this study, we found the practice is very weak compared to SOCBs. Though both the SOUCs and SOCBs were not found fully compliant with standard corporate governance guidelines, the SOCBs showed very high compliance. The acceptance and better compliance of corporate governance principles by SOUCs in Sierra Leone will be a significant step towards making good performance of the SOUCs. We identified specific issues where the SOUCs should focus on and offered some suggestions based on findings to improve compliance with standard corporate governance guidelines, hence to ensure better operational and financial performance. It will also create safeguard against corruption and mismanagement, promote transparency in corporate life and attract foreign investment. Future studies can provide a comparative analysis by adopting other standard code guidelines and its impact on SOE performance.

Suggestions for Future Research

The limitations observed above necessitate the adoption of other research methods for the topic in future investigations. First, future research could use additional international best-practice codes (such as the OECD Guidelines and the South African King Code) or other governance mechanisms to assess the status of and evaluate the relationship between corporate governance practices and the performance of SOUCs and SOCBs in Sierra Leone. Second, future research could conduct a longitudinal investigation examining trends over multiple years and decades, rather than the very short-duration cross-sectional method used in this study. Third, future research could use objective data from official written documents rather than subjective surveys and Acts analysis to investigate the status of and relationship between corporate governance compliance and performance of SOUCs and SOCBs. Fourth, future research could investigate the same subject using a

qualitative or mixed method approach, relying on methods such as interviews and document analysis. Fifth, future research could conduct similar research among a large number of SOEs across multiple sectors in the country. Finally, future research could also investigate the subject across countries or regions worldwide.

Suggestions for Policy Practice

This study shows that in Sierra Leone SOUCs overall compliance with standard corporate governance guidelines is weak in contrast to that of SOCBs, which reflects in the high-performance of SOCBs compared to that of the SOUCs. The inferential statistics shows the relationship between corporate governance and firm performance is very significant; meaning the more compliant firms are with standard corporate governance practices, the higher their performance (operational and financial). The descriptive statistics of the main variables corporate governance also shows compliance of SOUCs is weaker than SOCBs, particularly in respect to key governance variables like clarity of objective and independence, regulatory and oversight control, appointment authority freedom for board and executive management, board strategy setting capability, and audit and risk management, among others. From the study, it can be concluded that low rate of corporate governance compliance is one cause of bad performance of SOUCs. In this background the study is proposing following practical policy recommendations for the improvement of corporate governance in SOUCs in Sierra Leone:

First of all, as SOUCs do not follow majority of the standard governance guidelines, they should give more attention on all issues of CACG Code guidelines. More specifically, they should emphasize on independence and clarity of objective, appointment authority freedom, board effective strategy setting, regulatory and oversight control, and audit and risk management.

Second, it is a familiar phenomenon in Sierra Leone that activities of SOUCs are mostly dominated and imposed by political people. This study reveals that most of the directors are appointed by the government from among politicians and civil servants who are not necessarily professionals in the related utility sectors compared to appointed directors for SOCBs who are largely selected on the basis of their financial professional backgrounds. And that may be one of the reasons for poor performance. So, the government should avoid such type of practices which itself expose SOUCs to non-compliance of corporate governance and poor performance. There should be introduced a transparent nomination process for directors based on competence and skills, and political interference should be minimized in day-to-day management compared to SOCBs that seem to have relative low interference in such issue and show better performance.

Third, SOUCs should strengthen audit and risk management system, and audit should be carried out by independent and external auditor, making SOCBs exemplary case for them in this regard.

Fourth, SOUCs should start institutional reforms for transparency and accountability that may lead to better corporate governance and offer high financial performance like SOCBs. The mandatory statutory annual report and account indicated in the Acts of Parliament should be enforced and measures implemented to hold directors accountable.

Fifth, the regulatory role should be separated from the state ownership and allow more flexibility in capital structures while making sure that SOUCs face competitive access to finance.

Finally, SOUCs should invest more in ICT to ensure and improve their corporate governance practice. ICT can give access to SOUCs compliance disclosure to all its stakeholders including customers and regulatory authority and promotes transparency.

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