The Impact Of Debt, Profitability And Liquidity On Dividend Policy Decisions Of Quoted Firms In Ghana

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ARTICLE INFO	ABSTRACT
	The main of this research was to determine the relationship between the debt of firms listed on the GSE and the dividend policy decisions of those firms from the period 2011-2020. A total of twenty –two non-financial firms were examined for the study. A regression analysis was conducted on the panel data using the Ibrahim and Sare empirical study. Other variables such as investment, liquidity, inflation and government effectiveness were examined. The findings of the research concluded that debt has a robust significant negative relationship with the dividend policy of firms on GSE. While profitability and liquidity had a positive relationship with dividend payout ratio, inflation had no significant relationship with dividend policy. **Keywords:** Dividend policy, debt, profitability and liquidity

1.1 BACKGROUND

The world economic financial crunch in 2007 and 2008 lead many countries including Ghana into a state of financial despair. The spillover effect of the financial crisis was so huge that many firms had to close down and others run to the government for bailouts, while others resort to high-cost borrowing to sustain their business. Ghana is a developing country and many firms on the stock market are financed to start, maintain and expand their businesses. The high cost of borrowing in Ghana has a great impact on firms that do not have the capacity to borrow enough and others who cannot service their debt when they fall due. An important resolution facing a company is the composition of its capital mix structure. Many researchers have focused on the studies of a firm's capital composition and how much debt firms should take. The dividend is a consideration paid to owners of a company as a return on their investment. Dividend payment decisions are decisions taken at the board's meeting during their annual general meeting. The board could decide at a particular year to have zero dividend policy, The payment of dividends comes with many advantages and disadvantages to the firms while the payment of dividends also comes with advantages and disadvantages to the firm. While dividend payment may signal a good prospect for the firm, the non-payment of the dividend could also mean firms are not performing well in the market. A firm with a high cost of debt is faced with servicing those debts and dividend payments. This sometimes brings about agency costs and problems in the organization. A highly geared firm has both responsibility to shareholders and to the financial institutions or debenture-holders which normally brings agency cost issues relating to which one of the two to satisfy as managers of the organisation. Managers cannot services debt as the expenses of the shareholders who are interested in enjoying a return on their investment. In terms of available research not much have been done in this area to determine how debt of a firm influences dividend payment decision of the firm. The inconsistency in studies conducted has called for more work to be carried out in Ghana to add to the research available and to draw conclusions that will help managers and investors in making financial decisions.

1.2 Research gap
Now, the controversies about the impact of a firm's debt on dividends have not been fully exhausted in Ghana and across the globe. The little that has been done has sought to look out of determinants of capital structure and not fully included variables which are equally important in the determinant of dividend payment like investment and firm's debt but most research has re-sought to the earnings or profitability state of the firm as an essential point in the payment of dividend. It is as a result of the inadequate information concerning the

research that the researchers seek to embark on this research to determine the impact of leverage on dividend payment of firms on GSE.

2.1 Literature

According to Amidu, (2007) whose main object was to determine if dividend policy is affected by a firm's performance, his work showed a "positive association between return on assets, dividend policy and growth in sales". His results were robust and significant in the model specified. Onofrei et al., (2015) conducted a search on the determinant of the capital structure of firms in Romania. They found out "that leverage is negatively related to profitability and liquidity while firm size and growth had a negative impact on leverage". (Al-Malkawi & Al-Malkawi, 2008) determine the factors affecting dividend decisions of quoted companies in Jordan for emerging markets and found out that for all the 1137 observations leverage decreases the ability of firms to pay dividends to shareholders. One other author (Aggarwal & Padhan, 2001) also "found a positive impact of past years dividend on current year dividend payment". Meanwhile, (Eriotis, 2015a) in his work determine the degree of association with the dividend policy and capital structure in the Greek market. He also found out "that debt and the previous year's dividend affect the firm's current dividend decisions of firms in Athens stock market". Likewise, Asif et al., (2011) who examined the "relationship between dividend policy and debt for 403 firms in Karachi", using the John Lintner model found out "that financial debt of firms had a negative effect on dividend policy meaning that firms with high debt hardly pay dividend to shareholders". Yousaf, (2014) also found out "that using the OLS technique leverage had a significant negative effect on dividend decisions of the sampled firms". Likewise, Khan et al., (2016) also found a significant negative relationship with the dividend payment of firms listed in the Pakistan stock market. Meanwhile, Pattiruhu & Paais, (2020) looking at firms in real estate in Indonesia found out that "firm's size had no significant relationship with dividend payout while debt to equity ratio has a positive relationship with dividend payout ratio". Palamalai Srinivasan, Brahmaiah B, (2018) in his work in India indicated in his empirical results that leverage liquidity and profitability are some factors affecting dividend policy 2018. He Indicated that "the previous year's dividend had no significant effect on dividend policy of firms in Indonesia". He also indicated that debt, profitability, liquidity and firms size had a reverse significant relationship with dividend payment.

3.1 Data

In this study data selected is secondary data selected from the financial statements of all 22 firms carefully chosen for the study under the period. The financial statement was obtained from the ARG. (annual Report Ghana website) which is a COMPSTAT database for firms' financial statements. We also included financial statements from periodicals, firms' websites, magazines, newspapers, and periodicals to make a more accurate data collection. With twenty (22) trading, manufacturing, and construction companies, the main variables selected for the work include debt and dividend payout ratio proxy for dividend policy, we also controlled for profitability, liquidity and other external factors that affect firms' operations. The data has been collected and compiled based on the necessity for the research objectives and questions. The compilation of firms on the stock market includes the firms that are active on the stock market for the period under study 2011-2022.

Table 1.1 Firms and Industries

SN	SECTORS/INDUSTRIES	NUMBER OF INDUSTRIES	PERCENTAGE
1	Basic materials	3	13%
2	Consumer goods	9	41%
3	Consumer service	2	9%
4	Health care	2	9%
5	Industrials	1	5%
6	Oil and gas	3	13%
7	Technology	1	5%
8	Telecommunications	1	5%
		22	100%

Research's analysis

3.2 Determinants of dividend policy
3.2.1 Profitability

A firm without earnings cannot pay out a dividend, the profitability of a firm is an indication, that the firm can payout a dividend. This has been established by most researchers that dividend payment pattern is contingent on future anticipated profits and earnings and sometimes positive NPVs. Similarly, Baker & Smith, (2006) found "current and expected profit and the past year's dividend pattern as key factors influencing dividend policy". The payment of dividends sends a signal to stakeholders that firms are capable and profitable industries that want to distribute a greater percentage of their earnings as dividends. Since dividend paid out to shareholders is used to signal better financial performance. Singhania & Gupta, (2012b) on the other hand, "exhibited an insignificant relation between profitability and dividend policy in India".

3.2.2 Liquidity
The firm's liquidity determines how firms can easily turn assets into cash in case of liquidation to settle their debt when they fall due. If firms cannot easily turn their assets to cash to settle debt including dividend payment, then that firm is likely to face difficulties in the long run. This also indicates how much cash is available to the firm for distribution to shareholders. If a firm has too much cash at hand it also indicates poor performance by managers who do not know where to invest in profitability capital gain for future higher returns. The liquidity of the firm is measured as the cash and cash equivalent of the firm to the current liabilities of the firm. But Amidu & Abor, (2006) noted: "that firms that are highly geared will need to have a better liquidity position and are likely to pay less dividend to shareholders".

3.2.3 Investment Opportunities
Another factor influencing dividend policy is the investment opportunities of the firm. Researchers have indicated that when firms have a positive project to invest in there are likely to pay less dividend to shareholders. While firms invest for more returns in the future. They may hinder the payment of dividends to shareholders if those investments do not yield returns in the shortest time. The investment in this work is determined as the market-to-book value based on the market capitalization of the firm.

3.2.4 Inflation rate
Inflation in a country measures the rise and fall of prices of goods and services in a country. Since firms on the stock market are affected by constant prices of goods and services at the market, there is a likelihood the effect will transcend to the firm's financial decisions including dividend payment. Handoo & Sharma, (2014) indicated in their work "that inflation of a country has a significant effect on the performance of a firms". They concluded, "that there is a positive relationship between inflation and dividend yield".

3.2.5 Government effectiveness
Kaufmann Aart Kraay Massimo Mastruzzi et al., (1996) shepherded research for the world bank to determine factors affecting government effectiveness and how to use some indicators to determine the effectiveness of a country and how those factors affect the citizens of the country. They came out with six factors they believe affect government effectiveness "the quality of public service activities, the quality of the bureaucracy, the independence of the civil service from political pressure and the credibility of the government commitment to policies and the competence to the civil servant". They concluded that "for a government to have a high level of effectiveness it should begin from -2.5 to +2.5 where -2.5 indicating the lowest level of effectiveness".

Table 1.2 Summary of variables measurement and variables measurement

Variable	Type of variable	Measurement
Leverage proxy by debt ratio	Independent	debt ratio (TDR), is the ratio between total debt and total equity.
Liquidity	Independent	Liquidity is measured by the acid test ratio
Profitability	Independent	Profitability is measured as the net income by the total equity
Dividend policy proxy(dividend payout ratio)	Dependent	total dividend paid divided by profit before interest and tax.
Inflation	Independent variable	Consumer price index from PURC
Government effectiveness	Independent variable	World bank government indicators

3.3 Methodology
The work by (Ibrahim & Sare, 2018) is employed for this work strategy, following their strategy, "the research establishes the impact among the variables, dividend payout, debt, profitability, liquidity, inflation and government effectiveness". The strategy employed "the relationship between debt and dividend policy proxy by dividend payout and where the debt acquired by firms affects the firm dividend payment". We pay attention to our main variables of interest debt, dividend payout, profitability, and liquidity. A model is set up to determine the impact of debt on dividend policy.
The relationship is established with a model whereby dividend payout is explained by debt, investment, firm size, and liquidity. Explicitly specify the dividend is a function of debt, profitability and liquidity in the manner below;

$$DIP_{it=} \qquad \int LEV_{it} \, PRT_{it,} \, LIQ_{it,} \, CONT_{it} \quad (1)$$

Where DIP_{it} is dividend policy proxy by dividend payout for firm i at time t; $\int LEV_{it} \, PRT_{it}, \, LIQ_{it}, CONT_{it}$

where LEV leverage proxy as debt ratio, profitability, and liquidity of firm i at time t. $CONT_{it}$ is a vector of variables such as inflation and government effectiveness.

Well, stating equation (1), there is a likelihood of a potential endogeneity that will produce unfair and biased results. For instance, while higher liquidity and profitability enhance dividend payment, the desire of firms to pay dividends due to government effectiveness, and the desire to send a good signal to influence share price may also be a good conduit to increase and consistently pay a dividend to shareholders.

Now, the endogeneity problem is dealt with using the GMM, the equation is expanded to specify dividend payout using the initial values of dividend payout, profitability, and liquidity and our control variable to form:

$$DIP_{it} = \alpha_0 DIP_{it-i} + \alpha_1 LEV_{it} + \alpha_2 PRT_{it} + {}_{a3}LIQ_{it} + \alpha_5 CONT_{it} + \&_i + \emptyset_t + \omega_{it} \quad (2)$$

The definition for the variables remains the same while DIP_{it-i} is the lag dividend payout; & i is the firm effect, which is not observed, Ó is the specific time effect, whiles ω is the error effect of the model.

As said earlier, the simultaneous existence of DIP_{it-i} and the unobserved shows a possibility of endogeneity since DIP_{it-i} relates to the error term of the model. GMM includes the fixed effect which is the first step in dealing with the problem of endogeneity. GMM mandates the use of extra conditions that makes stationery variable under consideration. This will be based on the assumption that the error term is not correlated with the lag dividend and the weak exogenous nature of our explanatory variables, below are moments conditions drawn:

$$P \left({}^{\Delta DIP_{it-y}}\omega_{it} \right) = 0 \qquad \text{for } y \geq 2; \, t=3,....T$$

$$P \left({}^{\Delta VEC_{it-y}}\omega_{it} \right) = 0 \qquad \text{for } y \text{ is greater or equal; } t \text{ equal } 3$$

The VEC_{it-y} indicates the lag of independent variables without DIP_{it-1}. Y is the lag, the levels where y is greater or equal to 2 are used as a valid instrument. According to them "the lag variables can be a poor instrument in the first difference order ensuing from the error term". "The estimation using the two-step approach to GMM comprises the lag difference as an instrument in the equation and the lag levels of explanatory as an instrument in the first difference equation" (Ibrahim & Sare, 2018). It is important to know that, the two-step approach of the generalized method moment improves the estimation compared to other type of generalized method moments, the step GMM adopts orthogonal restrictions as follows;

$$P \left({}^{\Delta DIP_{it-y}}\omega_{it} \right) = 0 \qquad \text{for } y=1$$

$$P \left({}^{\Delta VEC_{it-y}}\omega_{it} \right) = 0 \qquad \text{for } y=1$$

"The validity of the instrument is tested using the Sargan test of over-identifying restrictions" **Hypothesis**
The following are the hypotheses drawn and to be tested from the research study;
H0: there is no relationship between leverage and dividend payout ratio of listed firms on GSE.
H1: there is a relationship between the debt and dividend payout ratio of listed firms on the GSE

Table 1.3 Descriptive Statistics

	Mean (1)	Std. Dev (2)	CV	Min (4)	Max (5)	Skewness (6)	kurtosis (7)
DPR	.1113436	.5144264	4.620170	-5.6643	2.2158	0.0000	0.0000
LEV	2.070025	10.71232	5.174971	-64.6981	119.1717	0.0000	0.0000
PRF	0.0742027	1.418076	19.11084	-11.1795	12.8951	0.0000	0.0000
LIQ	0.4523107	2.148358	4.749739	-1.2727	27.3277	0.0000	0.0000
INF	11.62824	3.667087	0.31536	7.1264	17.4546	0.0101	0.0000
GEF	-0.15536	.0735937	-5.38333	-.2813	-.038	0.9810	0.0000

Notes: DPR = Dividend payout ratio; LIQ=liquidity; PRF: Profitability Ratio: INF= Inflation: GEF: Government Effectiveness: CV refers to the coefficient of variation, while Min stands for minimum and Max stands for Maximum

From table 4.1 the average dividend payout ratio is 11.13% indicating that firms hardly pay off dividends to shareholders for the sample and the period being considered. The 11.13% average payout ratio indicates that the studied firms for the period under consideration retained a larger proportion of their net profit or earnings for reinvestment or other reasons that might benefit the firm in the future other than a dividend payment. This could be a good sign for future business growth and quality opportunities for expansion for firms in the industry. Again, this low rate mean could also mean that firms are not making enough to pay a dividend to

shareholders. The standard deviation of 51.44% indicates that some firms pay as high as 51.44% of their net profit as dividends whilst others pay as low as negative 47.56% dividends to their shareholders. The firms with a negative payout ratio imply that they paid a dividend amid loss. The coefficient of Variation is 4.62017% a higher, coefficient of variation means a greater dispersion. Indeed, the CV allows a comparison of the relative dispersions of the variables. From our results, profitability is the most volatile considering the higher CV while government effectiveness is the least volatile with the least CV. However, among the controlled variables government effectiveness is the least volatile representing a -0.0123%. this shows that most firms sampled.

Table 1.4 Correlation Matrix

	DPR	LEV	PRT	LIQ	INF	GEF
DPR	1.0000					
LEV	0.0062	1.0000				
PRT	0.0385	-0.6413	1.0000			
LIQ	0.0305	-0.0443	-0.0007	1.0000		
INF	-0.0015	0.1510	-0.0664	0.0499	1.0000	
GEF	0.1365	-0.0683	0.0358	-0.0092	-0.5122	1.0000

DPR means Dividend Payout Ratio, PRT=Profitability, LEV refers to Leverage (debt ratio), LIQ means Liquidity, and GEF refers to government effectiveness.

The results from Table 4.2 further revealed a very weak relationship between dividend policy and the other interest variables such as profitability ratio, firm size, leverage ratio, liquidity ratio and investment opportunities ratio with a correlation coefficient less than 0.2. This could mean that the interest variables had little impact on dividend payment policy for the firms regarding the period under consideration. On the strength of association amongst the exogenous variables, the result revealed weak association amongst the exogenous variables with a correlation coefficient less than 0.4 thereby removing the possibility of multi-collinearity and affirming the independence of each variable included in the study for the period being considered.

4.1 Empirical Analysis

The empirical results of this work on dividend policy, firm profitability firm leverage, liquidity, inflation, and government effectiveness of selected firms listed on the GSE are discussed in the next session. The generalized method of the moment was performed on Stata to ascertain the robustness of the variables of interest namely; leverage, profitability, and liquidity. The table below discusses the results presented by GMM, we discuss the dividend policy on a one-period lag together with the other independent variables according to the objectives stated in chapter one

Table 1.5 Regression analysis to determine the impact of debt on dividend policy with other controlled variables

	1	2	3	4	5
Constant	.1185444*** [.0150817]	.1380285*** [.005676]	.1389954*** [.0140153]	.1089799 [.0249655]	.2447737*** [.010793]
L.DPR	-.4759192*** [.0045671]	-.4742032*** [.005676]	-.4749503*** [0054054]	-.4686292*** [.0096226]	-.5015963*** [.0113445]
LEV	-.0007515*** [.0001337]	.0018067*** [.0072621]	.0014626 [0007494]	-.0017937*** [.0004553]	-.0006978 [.000851]
PRT		.0364992*** [.0072621]	0299815** [0105803]	.0335386*** [.0071338]	.0321982*** [.0084639]
LIQ			0120386 [009119]	.0123001 [0072615]	0022041 [0034643]
INF				.002638 [.0024108]	.0226821*** [.0034643]
GEF					2.132458*** [.2619583]
DIAGNOSTICS					
Wald chi square	11532.36	9426.02	10147.54	9076.57	4595.64
p-value	0.000	0.000	0.000	0.000	0.000
Sargan test	14.70904	14.94495	15.88487	13.47651	15.82461
AR(1)	-.99267	-.99197	-.9921	-1.003	-1.0115
p-value	0.3209	0.3212	0.3211	0.3159	0.3118
AR(2)	.62755	.65075	0.63826	.65611	.64361
p-value	0.5303	0.5152	0.5233	0.5118	0.5198

Values in [] denotes standard error; *** denotes 1% significant, ** denotes 5% significant and * denotes 10% significant level

The above table shows the results of the objective. (Eriotis, 2015b) suggested that previous years dividend influences firms current dividend payment by this explanation the inclusion of an additional moment of a one lag dividend included in our model to determine it impact on dividend payment. The coefficient of the lag

dividend policy is negative in all the model indicating a convergence in dividend payment for all firms sampled for consideration under this study. Again, the dividend policy of the organizations under consideration shall converge in the long run thereby making it possible for organizations with low dividend payout ratios to catch up with the organizations which pay high dividend payout ratios. This could be attributed to the growth opportunities for the organizations which are retaining more of their profit for investment which could lead to higher growth and more profit in the future to pay out more dividends thereby catching up with the organizations investing less and paying out more dividends now. As confirmed by Aivazian et al., (2003) where the author suggested "that earnings and the previous year's dividends are key determinants of dividend policy". Pandey, (2007) also contended "that the current year's profits with future profits and the past year's dividends are the main factors influencing dividend policy". The study again indicated that managers of Indian firms are motivated to maintain dividend payment stability. Similarly, Aggarwal & Padhan, (2001) determined that dividend yield related positively and significantly with the past year dividends,, the age of the firms and previous year's profit after interest and tax and other controlled explanatory variables. They indicated that dividend payout significantly influences profitability and liquidity. The dividend payout convergence is valid irrespective of the model specification since the lagged dividend payout ratio independent variable is negative and significant in all models in columns 1-5 table 4.1. we introduced our main variables to test the hypothesis the effect of debt, profitability and liquidity on dividend payout. When only debt is employed we noticed a negative relationship between debt and dividend payout policy, where the debt ratio is 0.07515% which is significant at all conventions level this means a 1% increase in debt reduces dividend payment by a 0.07515% for firms listed companies under consideration the period being considered. This is good as the organizations have a debt load which maximizes their financial risk and other financial cost associated with borrowing. With is level of debt firms that may continue to pay dividend will find it difficult to settle those debt is they are not probably investment in projects that will yield results in the shortest time. The results of the model are significant at all levels and robust in our models from column 1-4 even after we controlled for other variables such as profitability, inflation and government effectiveness, with exception of liquidity which has no significant effect on debt after its introduction. Again, when we control for profitability in our model we notice a significant influence on dividend policy where a 1% increase in profitability increases dividend payment by 3.64%. this shows that most firms rely on profitability to pay dividends despite that firm have debt outstanding. The result is significant at 1% and quite different when we control for liquidity which influences profitability at 5% significant level when introduced in the model. This means that despite that firms make payments of dividends to shareholders, consideration is given to the availability of cash to the firm at 5% significant level. This is a good sign since a mere declaration of profit does not mean cash is available for distribution to shareholders, the firm will have to perform its cash flow analysis before making such payment. Interestingly when liquidity is introduced into the model the impact of liquidity on dividend policy is insignificant with debt and profitability. The effect is also insignificant when we control for inflation but significant with government effectiveness. This finding is in synchronization with (Banga, 2010) where the authors revealed: "that leverage ratio has a significant effect on dividend payout and this effect is negative for the firms studied". Their study also revealed: "that financial debt had a negative impact on dividend payout indicating that firms with high debt pay fewer dividends". Our result is also supported by Onofrei et al., (2015) who determined a negative significant relationship with dividend payment. More so, Palamalai Srinivasan, Brahmaiah B, (2018) "found a negative relationship between debt, profitability, liquidity and firm size of firms in India". Again, Asif et al., (2011) and (Yousaf, 2014b) who adopted the theory of John Lintner also "found a negative relationship between debt and dividend policy and significant relationship with each other while debt ratio had a negative relationship with the dividend payout of firms". Similarly, El Khoury et al., (2014) revealed "that the dividend policies of quoted firms in Kenya are affected by firm leverage profitability, previous years' dividends, regulations of the firm, investment opportunities, growth stages and capital structure". Meanwhile contrary to Pattiruhu & Paais, (2020) in their work "had a positive relationship between debt and dividend payment policy". In testing our hypothesis, we fail to reject the null based on our model test to support the validity of the instrument used. The models we examined are significant given the huge wald test with low P values.

4.3 Policy Implications
The findings from the empirical strategy analysis and the general objective highlighted some policy implications for the firms under study and prospective investors in an attempt to find out the relationship between debt and dividend policy with other factors such as profitability, liquidity, inflation and government effectiveness. The negative effect of debt on dividend policy can be associated with the fact that firms did not consider debt as a factor for dividend payment. The firms had other sources of funds to pay off dividends to shareholders. Considering the lower mean of dividend payout to shareholders, firms on the market hardly pay a dividend to shareholders regardless of the debt level or not. Again, the debt acquired could be used to invest in a positive project which generated profit for making payment of dividends to shareholders. It is important to know that acquiring too much debt will affect the liquidity of the firm in the future, the cash flow will be affected and this will affect the going concern of the firms listed on the stock exchange market. In a period of economic recession debt cannot be delayed in servicing those debts. Firms and investors should consider the debt level of firms before investing and firms should consider giving out monies to shareholders as dividend

payments. As noted the introduction of leverage as has happened here indicates a disagreement with the pecking order theory because a lot of the firms do not wish for so much control in the firms, hence prefer debt to equity. The good thing about this is that managers have a responsibility to both shareholders and debenture holders this reduces information asymmetric. The changes in leverage to a positive after the introduction of profitability could mean that those debts have been invested in projects that earn some positive returns and has and the firm decides to pay dividends from those profits. Liquidity has no significant influence on dividend payment this means firms may not take the pains to determine their liquidity amid debt before paying the dividend to the shareholder. Firms should consider determining their liquidity level since this takes into consideration how fast firms can turn their assets into cash when it needs to pay off their debt when they fall due. Our findings also depict that inflation and government effectiveness has no significance in determining the debt level of firms and how it affects the payment of dividends to shareholders. Firms under study did not focus on external factors influencing them such as inflation government effectiveness but dwell on internal factors such as profitability and investment and liquidity. This may not be a good decision since we have external factor that can affect the going concern of firms listed on the market, hence firms needs to pay a critical attention to such factors.

5.1 Conclusions

This research concludes that the relationship between debt and dividend policy is negative for firms under study and the period 2011-2020 in Ghana and firms barely take into consideration debt level before paying the dividend. Even though firms acquire leverage to support their businesses, especially for expansion and growth, which comes at a high cost of debt as the firms have to service those debts with interest. There are some cost savings that they enjoy from interest payments like the reduction in tax values which bring some gains to the firm because the lower the tax value the higher the profit. We also determined that profitability has a positive relationship with dividend payment because shareholders of firms listed on the stock exchange believe in the myth that dividends are paid when profits are made. Again the government's effectiveness and inflation did not significantly influence dividend payment. This meant that government policies, bureaucracy in the public service did not influence firms listed on the Ghana exchange. For the purpose of a successful completion of this research, the research needs to be extended to financial institutions listed on the stock market for a similar period.

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