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CORPORATE GOVERNANCE AND ORGANIZATIONAL PERFORMANCE: EMPIRICAL EVIDENCE FROM AGRIBUSINESS FIRMS IN UGANDA

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ABSTRACT

Corporate governance has increasingly become a critical driver of organizational performance by enhancing accountability, strategic decision-making, transparency, and efficient resource utilization. Despite its recognized importance, many agribusiness firms, particularly in developing economies, continue to experience governance weaknesses that undermine their competitiveness, profitability, and long-term sustainability. Existing empirical studies have reported inconsistent findings regarding the influence of board composition and board characteristics on firm performance, while evidence from agribusiness firms remains limited. This study examined the effect of corporate governance on the performance of agribusiness firms in Uganda, with particular emphasis on board composition and board characteristics. The study adopted a a cross-sectional survey design. Data was collected from 371 respondents drawn from agribusiness firms and analyzed using descriptive statistics, Pearson correlation, and multiple linear regression analysis. The findings revealed that board composition ($\beta = 0.374$, $p < 0.001$) and board characteristics ($\beta = 0.360$, $p < 0.001$) each had a positive and statistically significant effect on agribusiness firm performance. The regression model explained 42.7% of the variation in firm performance ($R^2 = 0.427$), indicating that corporate governance is a major determinant of organizational performance. The composite analysis further established that corporate governance had a strong positive and significant effect on agribusiness firm performance ($\beta = 0.654$, $p < 0.001$). The study concludes that effective corporate governance, reflected through strong board composition and sound board characteristics, significantly enhances *the performance and competitiveness of agribusiness firms. The study recommends that agribusiness firms strengthen their governance frameworks by appointing competent and diverse board members, promoting effective board structures and practices, and institutionalizing governance policies that enhance accountability, strategic oversight, and sustainable organizational performance.*

KEYWORDS: Corporate governance, board composition, board characteristics, agribusiness firms, firm performance, Resource-Based View Theory.

INTRODUCTION

Agribusiness is a cornerstone of Uganda's economy, contributing approximately 24% of the country's Gross Domestic Product (GDP), employing over 65% of the labour force, and accounting for more than 45% of export earnings, either directly or through agro-processing activities (Uganda Bureau of Statistics [UBOS], 2024; World Bank, 2024). The sector encompasses agricultural production, input supply, processing, storage, transportation, and marketing, making it a critical driver of food security, industrialization, and rural livelihoods. Despite its strategic importance, the performance of many agribusiness firms in Uganda remains below expectations (Mwanga, 2024). Numerous enterprises continue to experience low profitability, weak productivity, limited innovation, poor access to finance, high operational costs, governance deficiencies, and relatively high business failure rates, all of which constrain their contribution to national economic transformation (World Bank, 2024; Uganda Investment Authority, 2023).

Several structural and firm-level challenges explain the persistent underperformance of agribusiness firms. Uganda loses an estimated 20-30% of agricultural produce through post-harvest losses, reducing revenues and competitiveness of agribusiness enterprises (Food and Agriculture Organization [FAO], 2023). Furthermore, only a small proportion of agricultural output undergoes value addition before reaching domestic and international markets, limiting firms' ability to generate higher returns. The World Bank (2024) further reports that inadequate managerial capacity, weak institutional governance, limited investment in innovation, and constrained access to affordable finance continue to undermine the growth potential of agribusiness firms. These challenges have become even more pronounced in an increasingly competitive and globalized business environment where firms are expected to operate efficiently while meeting the governance expectations of investors, regulators, and other stakeholders.

Beyond external constraints, growing evidence suggests that internal governance weaknesses significantly influence organizational performance (Filatotchev & Nakajima, 2010). Poor strategic oversight by boards of directors, ineffective monitoring of management, inadequate diversity of expertise, and weak accountability mechanisms have been associated with inefficient resource allocation, poor strategic decision-making, reduced investor confidence, and ultimately lower firm performance (Daily, Dalton, & Cannella, 2003; Aguilera *et al.*, 2018). Consequently, corporate governance has increasingly been recognized as a strategic organizational capability rather than merely a compliance mechanism. Effective governance structures enable firms to strengthen managerial accountability, improve decision quality, minimize agency conflicts, and enhance organizational resilience in volatile markets (Filatotchev & Nakajima, 2014)

Among the various corporate governance mechanisms, board composition and board characteristics have attracted considerable scholarly attention because of their direct influence on strategic leadership and organizational outcomes (Bezemer, Pugliese, Nicholson, & Zattoni, 2023). Board composition refers to the mix of executive and non-executive directors, board independence, gender diversity, professional expertise, and representation of various stakeholder interests(Spira, 2022). In contrast, board characteristics encompass attributes such as board size, board tenure, meeting frequency, educational qualifications, leadership structure, and directors' experience (Abdeljawad & Masri, 2020). Well-composed and effective boards are expected to provide superior strategic guidance, stronger monitoring of management, broader access to critical resources, and improved organizational legitimacy, thereby enhancing firm performance (Hillman & Dalziel, 2003; Adams, Hermalin, & Weisbach, 2010).

The Resource-Based View (RBV) provides a theoretical foundation for explaining how board composition and board characteristics may improve agribusiness performance. Barney (1991) argues that organizations achieve sustained competitive advantage through valuable, rare, inimitable, and non-substitutable resources. From the RBV perspective, the knowledge, experience, professional networks, and strategic capabilities possessed by board members constitute unique intangible resources that can enhance organizational competitiveness. Boards with diverse competencies and effective governance practices facilitate superior resource mobilization, strategic decision-making, innovation, and adaptation to environmental changes, thereby improving organizational performance (Peteraf, 1993).

Empirical evidence generally supports the proposition that corporate governance contributes positively to firm performance, although findings remain mixed across sectors and countries.

Korutaro Nkundabanyanga *et al*. (2014), in a Ugandan study, found that effective board governance significantly enhances firm performance through improved intellectual capital management. Wakaisuka-Isingoma, Aduda, Wainaina, and Musyoki (2016), in their review of Ugandan financial institutions, concluded that board governance, firm characteristics, and environmental conditions jointly influence organizational performance, while emphasizing the need for stronger governance structures. Similarly, Mwanga (2024) reported that board structure and governance mechanisms positively influence firm performance among Ugandan firms. Other studies also demonstrate that board independence, board diversity, and board expertise positively influence firm value, profitability, and strategic performance (Hillman & Dalziel, 2003; Adams *et al*., 2010). However, much of this evidence is concentrated in financial institutions and large listed companies, leaving agribusiness firms; particularly in developing economies such as Uganda.

Given the economic importance of agribusiness and the persistent governance-related performance challenges facing firms in Uganda, there remains a significant empirical gap regarding how board composition and board characteristics influence organizational performance in this sector. Agribusiness firms operate under unique conditions characterized by climatic uncertainty, fragmented value chains, fluctuating commodity prices, and evolving regulatory environments, making effective corporate governance even more critical. Examining the effect of board composition and board characteristics on the performance of Ugandan agribusiness firms therefore contributes to both theory and practice by extending the Resource-Based View to the agribusiness context while providing evidence that can inform governance reforms, managerial practice, and policy interventions aimed at improving firm competitiveness and sustainable growth.

2.0 LITERATURE REVIEW

Resource Based View Theory

The Resource-Based View (RBV), originally advanced by Barney (1991),conceptualizes organizational resources and capabilities as the primary determinants of sustained competitive advantage. The theory posits that firms achieve superior performance when they possess valuable, rare, inimitable, and non-substitutable (VRIN) resources that competitors cannot easily replicate (Barney, 1991). Although RBV traditionally focuses on tangible and intangible organizational assets, corporate governance particularly board composition and board characteristics can be viewed as a strategic intangible resource that enhances the firm's capacity to acquire, develop, and deploy other valuable resources effectively. Board members contribute unique knowledge, industry expertise, managerial skills, professional networks, strategic vision, and monitoring capabilities that strengthen organizational decision-making, resource allocation, innovation, and adaptation to environmental changes (Hillman & Dalziel, 2003).

From the RBV perspective, boards comprising independent directors, individuals with diverse professional backgrounds, gender diversity, and extensive industry experience possess heterogeneous capabilities that improve strategic choices and organizational competitiveness. Similarly, board characteristics such as optimal board size, frequent meetings, appropriate tenure, and effective leadership structures enhance the firm's governance capability, enabling better oversight of management and more efficient utilization of organizational resources (Barney, 1991; Peteraf, 1993). The theory therefore suggests that agribusiness firms with stronger governance capabilities are better positioned to exploit market opportunities, respond to external uncertainties such as climate variability and price fluctuations, attract investment, and sustain superior performance over time.

Empirical studies lend considerable support to these theoretical propositions. Hillman and Dalziel (2003) found that boards create value by providing firms with strategic resources while simultaneously performing effective monitoring functions, thereby enhancing organizational performance. Korutaro Nkundabanyanga, Ntayi, Ahiauzu, and Sejjaaka (2014) similarly demonstrated that board governance positively influences firm performance among Ugandan service firms through the development and effective utilization of intellectual capital, an important strategic resource consistent with RBV assumptions. In a review of financial institutions in Uganda, Wakaisuka-Isingoma, Aduda, Wainaina, and Musyoki (2016) concluded that corporate governance constitutes an important internal organizational capability that significantly influences firm performance alongside other firm-specific resources. Consequently, the RBV is highly relevant to this study because it explains how board composition and board characteristics represent valuable organizational capabilities that enable Ugandan agribusiness firms to mobilize strategic resources, strengthen competitive advantage, and improve overall firm performance.

Empirical Literature Review

Roudaki (2018) carried out a study examining the relationship between corporate governance structures and the performance of large agricultural firms in New Zealand.The research aimed to investigate how different aspects of corporate governance, such as external auditor pay and board features like ownership, compensation, independence, and gender diversity, affect the financial outcomes of these companies.The study applied agency theory to analyze these factors within the context of New Zealand's agricultural sector.To conduct the analysis, the paper used a balanced panel data approach with generalised least squares regression, based on 80 firm-years of data collected between 2012 and 2015.The findings showed that external auditor remuneration and board characteristics, except for board ownership and gender diversity, did not significantly influence the performance of agricultural companies.However, board ownership and gender diversity were found to have a negative and significant impact on firm performance, with these effects being more pronounced in listed agricultural companies compared to non-listed ones.

Noja, Cristea, Sîrghi, Gurişă, Vădăsan & Cîrciumaru (2023) carried out a study examining corporate governance, ownership concentration, and performance of European agricultural companies, offering new empirical evidence.The research seeks to explore the relationships between key stakeholders in corporate governance such as directors, managers, advisers, and shareholders as well as employees and the level of independence, and how these factors relate to the performance and size of European companies in agriculture, fishing, and aquaculture.The study makes use of a newly created and extensive dataset consisting of 3,184 active companies in Europe, sourced from the ORBIS database.Advanced analytical methods, including robust regression (RREG) and Gaussian Graphical Model (GGM), were applied to analyze the data.The main results indicate that directors, managers, and advisers have a significant positive effect on company size, contributing to higher turnover and shareholder funds.Advisers also have a positive impact on corporate liquidity.The number of employees was found to positively influence both company size and performance.However, a higher level of independence was associated with a negative effect on company size and performance.The study concludes that specific actions should be taken to reevaluate the number of directors and managers, as well as the level of shareholder involvement, given their potentially adverse impacts on company performance.

Bekpayeva, Nikiforova, Zhanbyrbayeva & Zhakypbek, (2025) did a study on Corporate governance in agricultural holdings: Ensuring transparency and efficiency in management decisions. The purpose of the study was to develop recommendations for improving the transparency and efficiency of corporate governance in agricultural holdings, consideirng the specifics of their activities and existing business challenges. To achieve this goal, a comprehensive analysis of corporate governance in the agricultural sector of Kazakhstan for 2018-2024 was carried out, which included an assessment of the effectiveness of management practices, the introduction of the latest technologies and environmental initiatives, and a comparison of the financial results of large agricultural holdings such as Olzha Agro, Atameken-Agro, Agrofirma TNK. It was established that corporate governance in the agricultural sector of Kazakhstan is critical for ensuring the efficiency, transparency and sustainable development of companies. It was determined that the introduction of the latest technologies, environmentally friendly practices and social responsibility contributed to improving financial performance and increasing investor confidence.

Aluoch,(2021) studied Corporate governance, financial characteristics, macroeconomic factors and financial performance of agricultural firms listed at the Nairobi securities exchange, Kenya. This study sought to examine the relationships between corporate governance, financial characteristics, macroeconomic factors and financial performance of agricultural firms listed at the Nairobi Securities Exchange, Kenya. The specific objectives were to establish the effect of corporate governance on financial performance; to determine the intervening effect of financial characteristics on corporate governance and financial performance; to establish the moderating effect of macroeconomic factors on corporate governance and financial performance of listed agricultural firms; and to establish the joint effect of corporate governance, financial characteristics, macroeconomic factors and financial performance of listed agricultural firms in Kenya. The results showed that Corporate governance had significant effect on financial performance of listed agricultural firms in Kenya; the intervening effect of financial characteristics on the relationship between corporate governance and financial performance was not determined; the moderating effect of macroeconomic factors on the relationship between corporate governance and financial performance was confirmed; and the joint relationship between corporate governance, financial characteristics and macroeconomic factors on financial performance was established.

Idagiju, Ene & Lateef (2024) examined Corporate governance and the financial performance of quoted agricultural firms in Nigeria. The population of the study consisted of five (5) quoted agricultural firms in Nigeria while the sample size consisted of five (5) agricultural firms that are listed on the Nigerian Exchange Group (NXG). The study concluded that corporate governance has a significant and positive effect on financial performance of quoted agricultural firms in Nigeria. The study recommended that management of agricultural firms should ensure that enough attention is given to the size and independence of audit committee.

Elenov (2026) explored the theoretical elements of corporate governance and its impact on creating value within agribusiness firms.The study focused on the theoretical foundation of corporate governance and its function in generating value in the agribusiness industry.Particular attention was given to the role of boards of directors as a vital tool for strategic direction, oversight, and monitoring in agribusiness organizations. The research investigated key ideas related to corporate governance, such as its features, structure, and the relationships among shareholders, management, and the board. The paper also assessed the role of internal and external control systems, along with how the institutional environment affects the effectiveness of management strategies. The agribusiness sector was given special focus, as corporate governance plays a critical role in promoting sustainable growth, financial security, and raising investor trust.It was highlighted that well-functioning boards of directors help in improving strategic decision-making, minimizing risks, and boosting shareholder value. The study relied on a review of existing academic sources and adopted a descriptive and comparative methodology. The findings indicated that corporate governance is a crucial element in achieving the long-term competitiveness and sustainability of agribusiness companies.

The reviewed studies generally indicate that corporate governance, particularly board composition and board characteristics, influences the performance of agricultural firms, although the effects differ across countries and governance contexts. Roudaki (2018) found that most board characteristics did not significantly affect firm performance in New Zealand, except board ownership and gender diversity, which had negative effects. In contrast, Noja *et al*. (2023), Aluoch (2021), Idagiju *et al*. (2024), and Bekpayeva *et al*. (2025) reported that effective corporate governance practices, including board structure, directors' roles, audit committee characteristics, and governance transparency, positively contributed to firm performance, financial outcomes, and investor confidence. Elenov (2026) further supported these findings by emphasizing, from a theoretical perspective, that effective boards strengthen strategic decision-making, risk management, and long-term value creation in agribusiness firms.

Despite these contributions, the findings are not entirely consistent, particularly regarding the effects of board ownership, independence, and gender diversity, suggesting that governance outcomes are influenced by institutional and country-specific factors. Most studies are limited to single-country settings and primarily examine traditional board characteristics while giving limited attention to other dimensions such as board expertise, tenure, board effectiveness, and meeting frequency. In addition, some studies rely on small samples or theoretical approaches without empirical validation, highlighting the need for broader comparative studies that incorporate diverse board characteristics and contextual factors to better explain the relationship between corporate governance and firm performance in agricultural firms.

MATERIALS AND METHODS

Research Philosophy and Design

The study adopted a positivist research philosophy and a correlational research design to objectively examine the relationships among supply chain management practices, corporate governance, and firm performance. The quantitative approach enabled the testing of hypotheses and the analysis of causal relationships using statistical techniques.

Target Population and Sampling

The target population comprised 38,528 registered agribusiness firms in Uganda. A sample of 396 firms was determined using Yamane's (1967) formula. Stratified random sampling was used to ensure proportional representation of the manufacturing, trade, services, and agriculture subsectors, after which simple random sampling was employed to select firms within each stratum.

Data Collection

Primary data were collected from agribusiness managers using a structured self-administered questionnaire adapted from validated scales. The questionnaire was pre-tested and administered electronically through Kobo Collect, email, and physical follow-up visits by trained research assistants to maximize the response rate.

Validity and Reliability

The research instrument was subjected to content and construct validity assessments through expert review, Average Variance Extracted (AVE), the Fornell-Larcker criterion, and HTMT ratios. Reliability was established using Cronbach's alpha and Composite Reliability (CR), with all coefficients exceeding the recommended threshold of 0.70, confirming that the instrument was both valid and reliable.

Data Analysis

The collected data were analyzed using quantitative statistical techniques. Descriptive statistics summarized respondent characteristics and study variables, while Pearson correlation analysis examined the relationships among variables. Hierarchical regression analysis was employed to test the study hypotheses and assess the moderating effect of corporate governance on the relationship between supply chain management practices and agribusiness firm performance.

RESULTS AND DISCUSSION

Effect of Corporate Governance Elements on performance of Agribusiness Firms.

Model Summary									
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Change Statistics**				
					R Square Change	**F Change**	**df1**	**df2**	**Sig. F Change**
1	**.654[a]**	**.427**	**.424**	**.87630**	**.427**	**137.185**	**2**	**368**	**.000**
a. Predictors: (Constant), Board Characteristics, Board Composition									

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.742	.102		7.275	.000
	Board Composition	.407	.053	.374	7.679	.000
	Board Characteristics	.402	.054	.360	7.444	.000
a. Dependent Variable: Performance of Agribusiness Firms						

The model summary indicates a strong positive relationship between the corporate governance constructs and firm performance, with a multiple correlation coefficient of $R = 0.654$. The coefficient of determination ($R^2 = 0.427$) suggests that 42.7% of the variability in firm performance is collectively explained by board composition and board characteristics. The adjusted R^2 of 0.424, which accounts for the number of predictors in the model, confirms the significance and reliability of the model. The standard error of the estimate (0.87630) reflects the average deviation of predicted performance values from observed outcomes, indicating reasonably precise predictions. The R^2 change and associated F-change statistic ($F = 137.185$, $p < .05$) confirm that including these predictors significantly improves the explanation of performance.

The standardized coefficients indicate the relative contribution of each sub-construct to firm performance. Board composition had a slightly higher effect ($\beta = 0.374$, $p < .05$) than board characteristics ($\beta = 0.360$, $p < .05$), suggesting that having an appropriate mix of directors, gender balance, and relevant expertise slightly outweighs structural and procedural board practices in influencing performance. Both constructs, however, exert strong and statistically significant impacts, demonstrating the importance of comprehensive corporate governance in driving firm efficiency and market responsiveness.

The unstandardized regression coefficients also provide practical interpretation in real terms as illustrated in the following model equation;

$$Y = 0.742 + 0.407M_{bcomp} + 0.402M_{bchar}$$

from which the constant (intercept) of 0.742 represents the expected baseline firm performance when both board composition and characteristics are at zero. A one-unit increase in board composition is associated with a predicted 0.407-unit increase in performance, holding board characteristics constant. Similarly, a one-unit increase in board characteristics predicts a 0.402-unit increase in performance when board composition is held constant. These findings illustrate that improvements in either dimension of corporate governance translate into tangible enhancements in operational and market outcomes.

The t-values further support the statistical significance of each predictor. Board composition had a t-value of 7.669 ($p < .05$) and board characteristics 7.385 ($p < .05$), indicating that both sub-constructs are highly significant contributors to firm performance. The similarity of the coefficients and t-values suggests that both the structural composition and functional characteristics of boards are equally critical in shaping effective governance outcomes.

Composite Effect of Corporate Governance on Performance of Agribusiness Firms

Model Summary									
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Change Statistics**				
					R Square Change	**F Change**	**df1**	**df2**	**Sig. F Change**
1	.654[a]	.427	.426	.87512	.427	275.112	1	369	.000
a. Predictors: (Constant), Corporate Governance									

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.741	.102		7.264	.000
	Corporate Governance	.809	.049	.654	16.587	.000
a. Dependent Variable: Agribusiness firms Performance						

Source: Field data

The model summary indicates a strong positive relationship, with an R value of 0.654 and an R^2 of 0.427, suggesting that approximately 42.7% of the variance in agribusiness firm performance is explained by corporate governance practices. The adjusted R^2 of 0.426 confirms the strength of the model after accounting for sample size, and the standard error of 0.875 reflects the average distance of the observed values from the regression line.

The regression coefficients provide additional insights into the nature and magnitude of the relationship. The unstandardized coefficient for corporate governance (B = 0.809, SE =

0.049, $p < .001$) indicates that for every one-unit increase in corporate governance practices, agribusiness firm performance increases by 0.809 units, holding other factors constant. The positive standardized coefficient (Beta = 0.654) confirms that corporate governance has a strong and positive effect on firm performance, highlighting its practical and strategic importance for improving organizational outcomes. The constant term (B = 0.741, $p < .001$) suggests that even in the absence of corporate governance practices, the baseline performance of agribusiness firms remains positive, albeit at a lower level.

These findings are consistent with several empirical studies reviewed in the literature that demonstrate the importance of effective corporate governance in enhancing organizational performance. The results closely agree with Aluoch (2021), who found that corporate governance significantly improves the financial performance of agricultural firms listed on the Nairobi Securities Exchange. Similarly, the present findings support Idagiju *et al*. (2024), who established that corporate governance positively and significantly influences the financial performance of quoted agricultural firms in Nigeria. The positive relationship observed in the current study also aligns with Bekpayeva *et al*. (2025), who concluded that effective corporate governance, transparency, technological adoption, and responsible management practices strengthen financial performance and investor confidence among agricultural holdings in Kazakhstan. Likewise, the findings corroborate Noja *et al*. (2023), whose study of European agricultural firms found that directors, managers, advisers, and employees positively contributed to company size, turnover, liquidity, and overall performance. Collectively, these studies and the present findings reinforce the proposition that effective governance structures enhance strategic decision-making, improve accountability, strengthen oversight, and ultimately contribute to superior organizational performance.

The findings also provide empirical support for the theoretical assertions presented by Elenov (2026), who argued that corporate governance is fundamental to value creation, strategic direction, risk management, and long-term sustainability in agribusiness firms. The positive influence of both board composition and board characteristics observed in this study demonstrates that boards perform not only monitoring functions but also strategic leadership roles that contribute directly to organizational success. Effective board structures appear to facilitate better governance practices that enable firms to respond more effectively to market uncertainties, allocate resources efficiently, and pursue sustainable growth strategies. This confirms the argument that governance mechanisms constitute an essential organizational capability for enhancing competitiveness in the agribusiness sector.

However, the current findings contrast with those reported by Roudaki (2018), who found that most board characteristics did not significantly influence the performance of large agricultural firms in New Zealand, while board ownership and gender diversity exhibited significant negative effects. In contrast, the present study demonstrates that board composition and board characteristics both have significant positive effects on agribusiness firm performance. The divergence in findings may be attributed to differences in institutional environments, regulatory frameworks, governance maturity, ownership structures, and the socioeconomic contexts within which agribusiness firms operate. Whereas New Zealand's corporate governance environment is relatively mature with well-established governance regulations, firms operating in developing economies may derive greater benefits from improvements in governance because governance mechanisms compensate for weaker institutional controls and information asymmetries. Differences in the measurement of governance variables, sample characteristics, analytical approaches, and periods of study may also explain the observed inconsistencies.

The present study therefore contributes important new knowledge to the existing literature. First, it provides empirical evidence that both board composition and board characteristics independently and jointly influence agribusiness firm performance, demonstrating that governance effectiveness is multidimensional rather than dependent on a single governance attribute. Second, the findings quantify the relative importance of governance by showing that corporate governance explains approximately 42.7% of the variation in agribusiness firm performance, highlighting governance as one of the major internal determinants of organizational success. Third, unlike several previous studies that focused primarily on listed firms or single governance indicators, this study demonstrates that combining board composition and board characteristics into a composite governance construct offers a more comprehensive understanding of governance effectiveness in agribusiness firms. Fourth, the findings provide evidence from the agribusiness context that extends knowledge beyond developed economies by showing that strong governance practices remain a critical driver of performance in emerging market settings. Finally, the results suggest that board composition has a slightly stronger influence than board characteristics, implying that the quality, diversity, expertise, and independence of board members may be more influential in improving organizational performance than structural board attributes alone.

The findings also extend the Resource-Based View (RBV) theory by providing empirical evidence that corporate governance functions as a valuable strategic organizational capability that contributes directly to competitive advantage and superior firm performance. While RBV traditionally conceptualizes organizational resources as valuable, rare, inimitable, and non-substitutable assets (Barney, 1991), the current findings demonstrate that governance capabilities embodied in board composition and board characteristics constitute intangible strategic resources that significantly enhance organizational outcomes. Specifically, the positive and significant effects of board composition and board characteristics suggest that governance capabilities facilitate superior resource allocation, effective strategic decision-making, stronger managerial oversight, improved organizational learning, and better adaptation to environmental challenges. The findings therefore extend RBV by showing that governance capabilities should not merely be viewed as mechanisms for monitoring management but also as strategic organizational resources that create value through the effective mobilization and deployment of other organizational assets. Furthermore, the substantial explanatory power of corporate governance ($R^2 = 0.427$) indicates that governance capabilities represent a major source of organizational performance in agribusiness firms. The study thus broadens the application of RBV from its traditional emphasis on operational resources to include governance quality as a critical intangible capability that strengthens competitive advantage, organizational resilience, and long-term sustainability in agribusiness firms operating in dynamic and resource-constrained environments.

CONCLUSIONS

Based on the findings, the study concludes that corporate governance is a significant determinant of the performance of agribusiness firms. Both board composition and board characteristics have positive and statistically significant effects on firm performance, indicating that improvements in the quality and effectiveness of governance structures enhance organizational outcomes. The study therefore concludes that effective corporate governance is an essential internal capability for improving the competitiveness and sustainability of agribusiness firms.

The study further concludes that board composition and board characteristics make complementary contributions to organizational performance. Strengthening both dimensions enables firms to improve resource utilization, strategic leadership, and organizational resilience in an increasingly competitive business environment.The study also concludes that corporate governance, when considered as a composite construct, exerts a strong positive influence on agribusiness firm performance. This finding underscores the importance of integrating different governance elements into a coherent governance framework rather than implementing isolated governance practices. Consequently, firms that invest in comprehensive governance reforms are more likely to realize sustained improvements in performance than those that adopt fragmented governance initiatives.

Finally, the study concludes that corporate governance constitutes a valuable organizational capability that contributes to sustained competitive advantage. Effective board composition and board characteristics represent strategic intangible resources that enable agribusiness firms to allocate resources efficiently, strengthen strategic decision-making, enhance managerial oversight, and respond effectively to environmental challenges. The study therefore concludes that corporate governance should be regarded not merely as a compliance mechanism but as a strategic resource that supports long-term value creation, organizational sustainability, and improved performance in agribusiness firms.

RECOMMENDATIONS

The study recommends that agribusiness firms should strengthen their corporate governance frameworks by improving both board composition and board characteristics, since these governance elements were found to have a significant positive influence on firm performance. Firms should appoint board members based on competence, professional expertise, industry knowledge, integrity, diversity, and independence to ensure that boards possess the necessary skills to provide strategic direction and effective oversight. In addition, organizations should establish governance practices that promote optimal board size, regular and productive board meetings, continuous director training, transparent decision-making, and effective board evaluation mechanisms. These measures will enhance accountability, improve resource allocation, strengthen risk management, and support sound strategic decisions that contribute to sustainable organizational performance.

The study further recommends that policymakers, regulators, and industry associations should develop and enforce governance guidelines that encourage the adoption of best corporate governance practices across agribusiness firms. Such guidelines should emphasize board effectiveness, transparency, accountability, and continuous governance improvement while providing capacity-building programmes for directors and senior managers to enhance governance competencies. Furthermore, agribusiness firms should view corporate governance as a strategic organizational resource rather than merely a regulatory compliance requirement by embedding governance principles into their long-term strategic planning, investment decisions, and performance management systems. Future researchers are encouraged to extend this study by incorporating additional governance dimensions such as board expertise, board tenure, board meeting frequency, ownership structure, and audit committee effectiveness, as well as examining the moderating influence of institutional, financial, and macroeconomic factors using longitudinal and comparative research designs across different countries and agribusiness contexts.

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