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Political Interference in Working Capital Management (WCM) Decision-making of Firms in Ghana

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Abstract

This paper assess the prevalence of political interference in WCM decision-making of firms and whether there is any difference in the extent to which WCM decisions of SOEs and PPOEs are susceptible to political interference. Data collected for this study is survey responses from senior executives of firms in Ghana on whether WCM decisions of their firms are influence by political interference, fully controlled by management or influence by regulations of government. Survey questionnaire were administered to a sample of 120 firms consisting of SOEs and PPOEs. It is found that as a whole, there is less low prevalence of political interference and high incidence of managerial control over WCM decisions of firms. However, the evidence suggest that ownership status of a firm (SOE or PPOE) significantly influence the level of political interference in firms WCM decision-making. SOEs appear more susceptible to political interference and government regulations with less managerial control over WCM decision-making as compared to non-state-owned firms. Intuitively, these findings reflect the fact that WCM is key to the survival of the firm and hence both SOEs and politically influential firms in the sample protects their WCM decisions from external interference. The key implication of these results, inefficient WCM in both SOEs and PPOEs might not be due to external influence from political power and government regulations but other factors identified in the literature such as managerial incompetency, agency problem among others.

Keywords: working capital management, political interference, SOEs, Ghana

1. Introduction

A significant number of less developed countries, including Ghana, have embraced the World Bank/IMF led economic reforms. Ghana has been implementing these reforms since the early 1988. One of the key components of the reforms was the privatization of state-owned enterprises (SOEs). At the peak of its intervention in economic activities, the government of Ghana controlled more than 350 state own enterprises (SOEs). By the end of 2006, 320 of these firms had been privatized because many of these SOEs had performed inadequately over the years.

Proponents of privatization of state owned enterprises (SOEs) generally attribute the inefficiency in operations and performance of SOEs to political influence and control of SOEs management decisions and argue that privatization is the only way to bring about SOEs management independence and changes in managerial goals (Boubakri & Cosset, 1998; Dewenter & Malatesta, 2001; Megginson, 2005; Shleifer & Vishny, 1997). Shleifer and Vishny (1997) for instance, argue that bureaucrats ultimately controls SOEs, and the major objective of bureaucrats is most often political rather than worth creation through efficient operations and profit maximization. Consequently, management of SOEs have little incentive to pursue competitive objectives, rather, as Cragg and Dyck (2003) indicated, bureaucrats provide incentives for managers of SOEs to achieve their political objectives.

The issue of political interference and over regulation of the decision-making process of both state- owned enterprises (SOEs) and privatized/privately-owned enterprises (PPOEs) is both theoretically and empirically expounds in the literature. Generally, it is asserted that political interference and interventions in firms' decision making is the key channel for politicians and government to control the actions of firms towards their political and personal goals(Chang & wong, 2002) and, according to Vining and Boardman (1992), this undermines the pursuit of shareholder worth maximization. In general, the literature holds that there is political interference in the governance of both SOEs and PPOEs.

Evidence from the existing literature indicate that political interference in firms is often inferred from the comparatively poor performance of SOEs relative to PPOEs. Researchers use possibly high level of political control of decision-making of SOEs to explaining the low performance in SOEs compared with PPOEs (see Chang & Wong, 2002; Kikeri, Nellis & Shirley, 1992; Megginson, Nash & Van Randenborgh, 1994; Megginson and Netter, 2000). Intuitively, corporate governance structures of SOEs are disposed to higher degree of political interference and their poor performance thus supports the idea that political interference undermines firm performance.

However, it is also documented that besides political interference, a host of other factors such as agency problem, managerial incompetency and inadequate monitoring may also account for the performance challenges of SOEs relative to PPOEs. Thus, there might be limited political interference in the decision-making process of SOEs compared to the general notion. Again political interference is not limited to state ownership hence there might not be differences in political influence on decision making of SOEs and PPOEs. Another debatable and challenging issue in the discourse of political interference in firms' management decision-making is the measurement of political interference. Most often, political interference is measured as the proportion of state-ownership in the firm and in some cases it is measured as the proportion of political representation in the board of directors of the firm (see Chen et al., 2014; Cull et al., 2015; Lu, 2011; Kumar, 2014; Salleh, 2009). Surveys of management views of political interference in their decision making process is an alternative measure of political interference yet to explored in the literature.

Again, studies on political interference on governance of firms have shown that some of the management functions such as human resource management decisions, investment decisions and social responsibility decisions are more prone to political interference (Kornai, 2001; Roe, 2003); Salley, 2009; Wong, 2004). A key facet of the management functions of a firm is working capital management (WCM). Working capital is widely viewed as the life blood of every firm and WCM decision-making is therefore an important management function of a firm. Logically it is expected that, as a key facet of the decision-making process of a firm, WCM decisions of firms are not immune to political interference and political control of politicians in pursuit of their political and personal objectives. Yet little is known about the prevalence of political influence in WCM decisions of firms. In the context of Ghana little is known about political influence on cooperate governance of firms.

This paper contribute to better understanding of the issue of political interference in firms management decision-making by probing the prevalence of political interference in WCM decision-making of both SOEs and PPOEs in the context of Ghana. As a substitute to the widely used proxies of political influence such as government ownership or politicians serving on corporate boards, golden shares, this study used survey responses from senior executives on the whether WCM decisions of their firms are influence by politicians, fully controlled by management or influence by regulations of government. Hence, the purpose of this paper is to assess the extent to which WCM decisions of firms are influenced by politicians and whether there is any difference in the extent to which SOEs and PPOEs are susceptible to political interference in their WCM decision-making.

1.1 Objective of the Study

1. Examine the prevalence of political interference in WCM decision-making of firms in Ghana.
2. Establish whether there is significant difference in the prevalence of political interference in WCM decision-making of SOOEs and PPOEs.

2. Theoretical Framework of Political Interference in Firms Management Decision-Making

Managers of firms are agents managing the firms on behalf of the owners, the principals, who could be individuals, institutions, or government (Jensen & Meckling, 1976; Hill & Jones, 1992). The agency theory of Jensen and Meckling (1976) explains that agents (managers) may exercise the delegated authority of principals to the agents' interests that may be contrary to the interest of the principal resulting in a conflict of interest known as agency problem. Owners, the principals, usually put in place various different measures to monitor and control the decisions of management as well as provide incentives for management to act in the interest of the owners.

On the bases of agency theory, political interference in state-owned enterprises (SOEs), rationally, may be desirable to ensure that managers of SOEs make decisions in the interest of government and, in principle, the interest of the public. However, it is argued that the government and leaders of political institutions are agents of the public (Ernst 2004). The government and the political actors, like any other agent, may pursue self-interest rather than the public interest (Downs, 1957). Salley (2009) indicated that most government interfere in SOEs management decisions to ensure that the SOEs management decisions are in consonance with their political interest as against public interest. Similarly, Chen (2004) noted that in pursuit of public interest or political objectives, government may use political power to interfere in management decisions of the firm.

Political interference in operational decision-making of of SOEs may done through direct control, political representation in firms boards (Salley, 2009), appointment of board members and managers (Wong, 2004). Management decisions that are prone to political interference include employment decisions (Salley, 2009), goals and objectives (Kornai, 2001; Roe, 2003), investment planning, pricing of products and services and work force levels (Kumar, 2014; Wong, 2004). Like SOEs, political interference in management decision-making is common in privatised firms (Bortolotti & Faccio, 2006).

Political interference is not limited to SOEs, and privitised firms and may occur in private firms (McGregor, 2001; Salley, 2009). All firms are susceptible to political interference since the government is a key factor in the business environment of the firm. Firms and the government are interdependent, firms are key to the achievement of government political and social objectives and the government is also very relevant for firms to operate efficiently. Management of firms operates within a framework of networking and interdependent relationship with quite a number of entities and according to Hillman (2005), the government is a key source of interdependency that creates significant levels of uncertainty to the firms. Given that no firm is immune from the inestimable effects of the actions of government in the business environment, most managers seek links and connections with government and political institutions in their quest to influence political and government actions to their advantage (Hillman, 2005). Salley (2009) observed that this behavior of managers, where they engage in influential relationship with government for the purpose of managing the effects of government actions on their business, is consistent with the resource dependency theory. According to the resource dependence theory, firms tend to seek influential links with external environmental players likely to create uncertainties to their operations (Pfeffer & Salancik, 1978; Hillman, 2005; Salleh, 2009).

Political connections with firms may be both beneficial and problematic to firms (Sokolov & Solanko, 2017). Business may need government support to enhance competitive edge or win contracts, and government may also need support from firms to achieve social and political objectives such as provision of employment and wealth transfer to its devotees. Politically influential firms (firms with influential links with government) appoint politicians, who connects the firm to the government, in their boards (Hillman, 2005) and in return they may enjoy benefits such as reduced uncertainty, low transaction cost, government bailouts, low taxation, high market value and high goodwill among others (Hillman, 2005: Fisman 2001; Facci, Masulis & McConnel, 2006). The Government allows firms to influence their policies and actions so that the government may also influence management decisions in the interest of the politicians, political or social, which usually is in conflict with shareholder interest (Wong, 2004). For example, management may make politically motivated decisions such as replacing professional on their boards with political cronies (Fan et al., 2007) and draining much needed liquid assets out of the firm to finance political projects (Mironov & Zhuravskaya, 2016; Sokolov & Solanko, 2017) such as given scholarships, sponsoring programmes of the state among others. Political interference may therefore influence the amount of cash to hold, financing of supplies and debt management. Political customers may enjoy longer debt period and political supplier may give longer payables days.

2.1 Political Interference and Regulation of Firms' Decision-making

Political interference in firms' decision-making is a phenomenon that is common in most developing countries and in some cases developed economies. Researchers explain that politicians interfere in decision-making of firms to ensure a balance between social goals of the nation and shareholder worth objective of the firm. For example it is argued that political interference and regulation is necessary to correct market anomalies such as natural monopolies and externalities of firm activities (Shleifer & Vishny, 1994; Shleifer, 1998) as well as promote capital formation and technology transfer (Labra, 1980; Sacristan, 1980). Other justifications for political interference are the need to maintain economic stability (Millward, 1976), to reduce income inequality (Willner, 1996), and to address issues of information asymmetry and incomplete contracts between firms and government (Hart, Shleifer & Vishny, 1997).

Shirley and Walsh (2000) argue that instead of interfering in the decision-making of firms, government can use taxation, subsidies and contracting to achieve their social and economic goals. They argue that it is unnecessary for politicians to be involved in the corporate decision making of firms. Following this line of thought, some authors asserts that rather than social and economic goals, political interference in firm decision making is for the personal interest of politicians. In this vein Jones (1985) recounted a couple of cases indicating that politicians in many countries use SOEs as conduit to transfer wealth and favour from a political group to another. Following suit Shapiro and Willig (1990) indicated that politicians' objective of interfering in corporate governance of firms is a weighted average of social welfare and their personal objectives.

2.2 Political Interference and Firm Type (SOEs, PPOEs)

Jones (1985), Shleifer and Vishny (1994) and Shleifer (1998) observed that SOEs encounter higher levels of political interference than PPOEs and hence political interference in firm decision-making is relatively more common in SOEs than PPOEs. Shleifer and Vishny (1997) argue that political bureaucrats ultimately controls SOEs, and the major objective of bureaucrats is most often political rather than worth creation through efficient operations and profit maximization. Buchanan & Tullock (1968) indicated that politicians are self-interest actors who seek to maximize their personal interest which could conflict with shareholder or public interest. Consequently, management of SOEs have little incentive to pursue competitive objectives, rather, as Cragg and Dyck (2003) indicated, bureaucrats provide incentives for managers of SOEs to achieve their political objectives. Jones (1985) contends that one of the reasons for high political interference in the decision making of SOEs is that interference in SOEs as a means of transferring wealth is opaque and less transparent than other traditional means of transferring worth such as taxation and subsidies. Politicians and government in power can therefore use SOEs to transfer worth to their patriots with less political cost. Another factor accounting for the expected high political interference in SOEs compared with PPOEs, according to Sappington and Stiglitz (1987), is that politicians usually reserve a residual rights to control the activities of SOEs being the owners. Sappington and Stiglitz (1987) note that the residual right to control SOEs reduces the cost of interfering in the activities and decisions of SOEs.

Intuitively, from the literature reviewed, state ownership is associated with political interference in firms' decision-making. However, state ownership alone may not explain political interference in firms. Different levels of political interference in found in fully state owned firms and this is attributed to factors such as size, relative contribution to social objectives and governance structure of the SOEs (Lioukas, Bourantas & Papadakis, 1993).

However, in the developing countries like Ghana where institutional and regulatory capacities are inadequate both SOEs and PPOEs are predisposed to to political interference because of non-existence of sound economic conditions, efficient capital markets, competitive goods and services markets, and efficient regulatory capacity (World Bank, 2002). Due to the weak nature of institutional and regulatory environment in developing countries, government policies and behaviour play a key role in shaping investment decisions through the opportunities and incentives that are provided for firms – small and large, domestic and foreign – to operate (Huang & Wang 2011; Megginson & Netter, 2001). Both categories of firms, SOEs and non-SOEs are intuitively likely to encounter political interference in management decision-making and hence WCM decision making. Moreover, McGregor (2001) as well as Shirley and Walsh (2000) indicated that non-SOEs also encounter significant levels of political interference in management decision making. It is expected that, given the fragile institutional and regulatory environment in Ghana, the state is more likely to provide firms with financial and political resources through a "helping hand" (Shleifer & Vishny, 1998), thus possibly exercise some control and regulation in their activities especially, in WCM decision making.

2.3 Political Interference and WCM in SOEs and PPOEs

Efficient management of working capital of a firm among other factors depend on the existence of relevance policies, techniques and procedures put in place by management as part of the working capital management practices. The policies and practices of WCM are the main determinants of the nature of WCM of a firm. Notwithstanding the fact that WCM decision making of a firm is a management function and hence is fully controlled by management, it is also speculated and opined that the extent to which managers are empowered to make decisions on WCM policies and practices of a firm largely depend on factors such as type of ownership, government regulation, managerial empowerment and cultural factors among others (Shirley & Walsh, 2000; Williamson, 1985). To this end, Tewolde (2002) noted that in addition to the proper approach of WCM, there are other factors that prove to be important when dealing with working capital decision making and these factors include ownership, government regulation, managerial empowerment and cultural factors. Williamson (1985) indicated that cultural practices, believes and norms determine practical management approaches, and Shirley and Walsh (2000) argued that the operational activities and decisions in government firms can be hindered by political interference from the government. Shirley and Walsh (2000) in their study of the comparative influence of ownership, government regulation and competition on operational efficiency of firms found inconclusive results. They rather throw a debate: thus, is it ownership - publicly or privately owned (government versus private) or competition - competitive structure of the industry that the firm is in (monopoly versus competition) or regulation – legal constraint that the firm faces that influences their operational efficiency?

Intuitively, inter-firm transaction relations can be influenced by the ownership status firms and firms with similar ownership status may also have similar objectives and control patterns (Tewolde, 2002). Similarly, Shirley and Walsh (2000) indicated that ownership status have an effect on the sort of objectives a firm may pursue and the sort of control systems under which the firm may operate. For instance, SOEs may enhance political, and social objectives, privatized firms may opt for operational efficiency with a firm's value creation as the ultimate objective. The more regulations and laws prohibit the development of value chains, the less likely that the firm will use the value chain linkages approach to manage transaction costs of working capital operations and levels (Hailemariam, 2001). In this regard, this paper holds that general factors such as political interference which may be influenced by ownership-type and, government regulations may influence how WC is managed especially in firms in Ghana.

3. Methodology

3.1 Research Design

The purpose of this study is to describe the prevalence of political influence and regulatory hitches in WCM decision-making of firms and assess whether firm-type is related to the nature of political influence and regulatory hitches in WCM decision-making of firms. Hence, this study is both descriptive and explanatory in terms of purpose.

3.2 Population and Sample Size

The population of the study is finance officers and management of firms in Ghana and a sample size is 120 firms, comprising of SOEs and PPOEs were selected. The sample was selected using a combination of stratified sampling technique and quota sampling technique. Firms were categorized as either SOEs or POEs into two (2) stratums. SOEs were assigned a quota of 30% and POEs 70% to reflect the population of SOEs and PPOEs in the country. From each stratum the required number of firms was conveniently and purposively selected.

3.3 Instrument for Data Collection

Questionnaire items were designed and used to collect data on respondents' experiences of political interference and regulatory hitches in WCM decisions of their firms.The questionnaire items are made up of two sections. The items in the first section contain items on firm-type and respondent profile. The items in the second section contained items meant to collect data on the respondents' experiences of political interference, regulatory hitches and management control in six facets of WCM decisions of their firms. The six facets of WCM decisions considered in this study are purchasing decisions, inventory decisions, sales decisions, receivables decisions, cash decisions and short-term financing decisions. In all the items in the second section of the questionnaire items are 18. These I8 items are categorized into three (3) sub-scales, one sub-scale each, on political interference, regulatory hitches and management control in WCM decisions of firms. Each sub-scale consist of six, five-point likert scale items with responses ranging from 1(strongly disagree) to 5(strongly agree), one item each, on the six facets of WCM decisions.

3.4 Measurement of Variables

Political interference, government-regulatory hitches and management control in WCM decisions of the firms are measured as the average responds of the political interference sub-scale, government-regulatory hitches sub-scale, and management control subscale respectively. As already indicated, each of the three sub-scales contained six items, one each for the six facets of WCM decisions of firms considered in this paper. For instance, extent to which WCM decisions are fully controlled by management is measured as the average responds on extent to which purchasing decisions, inventory decisions, sales decisions, receivable decisions, cash decisions, and short-term financing decisions are respectively fully controlled by management.

3.5 Data Analysis

Ch-square test for independence and independent sample t-test are employed to assess the relationship between political interference, regulatory hitches as well as management control in WCM decisions of firms and firm-type (SOEs, POEs). These statistical methods of data analysis are selected taking into consideration the statistical characteristics of the data.

4. Results and Discussions

4.1 Quality of Data

The reliability of the data collected is tested using Crombach alpha and the test yielded a Crombach alpha of 0.792. To decide on the kind of analysis to be carried out (parametric or non-parametric), a normality test is carried out to check if the data is approximately normally distributed. Table 1 shows the results of the normality test.

Table 1. Tests of Normality

Variable	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
PIOWCM	0.136	68	0.003	0.902	68	0.000
MFCIWCM2	0.115	68	0.026	0.932	68	0.001
GRDIWCM	0.119	68	0.019	0.943	68	0.004

[a.] *Lilliefors Significance Correction*

From Table 1, it is observed that Kolmogorov-Smirnov and Shapiro-Wilk test of normality show that the null hypothesis that the data is normally distributed in all the three (3) variables is rejected at significant level of 0.05. Therefore, the data set for the three (3) variables may not be normally distributed. Hence, both non-parametric and parametric analysis is carried out to complement each other.

4.2 Political and Regulatory Influence on WCM Decisions-making of Firms

One of the questions this study attempts to address is whether there is political interference in WCM decisions of firms in Ghana. Table 1 presents a summary of the data collected in this respect.

Table 2. Political and Regulatory Interference in WCM Decisions of Firms

Statements of political influence WCM decisions	Mean	FDA*	FA*	Total
		Freq.	Freq.	Freq.
WCM decisions are interfered by GR	2.3725	51(75.0%)	17(25.0%)	68(100%)
WCM decisions are fully controlled by Management	3.7279	27(39.7%)	41(60.3%)	68(100%)
WCM decisions are interfered by politics	2.0882	53(77.9%)	15(22.1%)	68(100%)

Note: *the figures in parenthesis are percentages of total frequency,*
** FAD denotes frequency of respondents who disagree and FA denotes frequency of respondents who agree*

The results presented in Table 2 show that majority of the firms (75%) disagree that there is political interference in the WCM decision-making of firms, about 77.9% disagree that there are government-regulatory hitches in the WCM decisions of firms and majority, about 60%, agree that WCM decisions of firms are fully under the control of management. Thus, there low prevalence of political interference and regulatory hitches in WCM decisions of firms. The mean responds for the statement management are in full control of WCM decisions is are 3.7279 on a scale of 1(strongly disagree to 5(strongly agree). This implies that, on average firms management clearly indicated that management is in full control of WCM decisions. Mean responds of (2.0882) on whether WCM decisions are influenced by political interference indicates that firm's management generally disagree that there political interference in WCM decision-making of firms. On whether WCM decisions of the firms are influenced by government regulations, the mean score of (2.3725) indicates that management of firms clearly disagree that government regulations influence WCM decisions. Therefore, without controlling for ownership type of the firms, evidence of political interference and government regulatory hitches in firms WCM decisions is weak. However, there is strong evidence in support of managerial control of WCM decisions.

4.3 Firm-Type and the Extent of Political/Regulatory Interference in WCM Decision of Firms

The next concern of this study is to find out the effect of firm-type (SOEs, PPOEs) on political or regulatory interference in WCM decisions of firms. Table 2 and Table 3 present the summary of the data collected in this regard. Table 3 presents chi-square test of independence and Table 3 presents independent sample test for equality of means.

Table 3. Chi-square Test of Independence of Firm-Type and Prevalence of Political and Regulatory Interference on WCM Decisions of Firms

Statements of political influence WCM decisions	Firm type	Total	FDA*	FA*	X^2	DF	Sig.
WCM decisions are fully controlled by Management	SOEs	26(100%)	14(53.8%)	12(46.2%)	3.516	1	0.061
	POEs	42(100%)	13(31.0%)	29(69.0%)			
WCM decisions are interfered by politics	SOEs	26(100%)	17(65.4%)	9(34.6%)	3.860	1	0.049
	POEs	42(100%)	36(85.7%)	6(14.3%)			
WCM decisions are dictated by GR	SOEs	26(100%)	14(53.8%)	12(46.2%)	10.046	1	0.002
	POEs	42(100%)	37(88.1%)	5(11.9%)			

Note: *the figures in parenthesis are percentages of total frequency,*
** FAD denotes frequency of respondents who disagree and FA denotes frequency of respondents who agree*

The results as presented in Table 3 indicate that firms in general, about 77.9%, disagreed that their WCM decisions are interfered by government machinery and politicians. However, proportionally, more privately owned enterprises (PPOEs) disagreed than state owned enterprises (SOEs). The chi-square test (χ^2 = 3.860, p = 0.049) indicates a relationship between the possibility of occurrence political interference in firms WCM decisions and firm-type (SOE, PPOE). Hence, given the fact that a higher percentage of PPOEs disagree relative to SOEs, it may be concluded that SOEs are more prone to political influence in their WCM decisions. Secondly, the results show that firms in general (60.3%) agreed that WCM decisions are fully controlled by management. Taken firm-type into account, the results show that only majority of PPPOEs (69.0%) agree that WCM decisions are fully under the control of management, majority of SOEs (53.8%) disagree that WCM decisions are fully under the control of management. The chi-square test for independence results (χ^2= 3.516, p = 0.061) indicates that firm-type (SOE, POE) is related to the possibility that WCM decisions are entirely under the control of management. Hence, the results indicate that WCM decisions may not be fully under the control of management of SOEs but are most likely fully under the in the control of management of PPOEs. Finally, Table 1 shows that, in majority of the firms (75%) WCM decisions are not largely influenced by government regulation. The results is the same irrespective of the firm-type as shown in Table 3, however, proportionally more PPOEs disagreed that WCM decisions of the firms are largely influenced by government regulations than SOEs. The chi-square test for independence results (χ^2= 10.046, p = 0.002) indicate that firm-type (SOE, POE) is related to the possibility that WCM decisions are influenced by government regulations. This implies that WCM decisions of SOEs are more prone to regulatory influence in their WCM decisions than PPPOES.

Table 4. Independent Sample Test of Firm-Type and Prevalence of Political and Regulatory Interference in WCM Decision of Firms

Statements of political influence WCM decisions	Firm type	Mean	Std. Dev.	t-test for Equality of Means	
				t-statistic	Sig.
Management are in full control of WCM decisions	SOEs	3.2692	1.01223	-3.092[a]	0.003**
	POEs	4.0119	0.93080		
WCM decisions are dictated by GR	SOEs	3.0128	1.04661	4.453[b]	0.001**
	POEs	1.9762	0.71147		
WCM decisions are interfered by politics	SOEs	2.6026	1.09654	3.387[b]	0.002**
	POEs	1.7698	0.77210		

[a] *denotes that equal variance is assumed base on Levine's test*

[b] *denotes equal variance not assumed base on Levine's test*

* *denotes significance at 0.05 level of significance*

The test results as presented in Table 4 indicate that the p-values of test of equal mean scores of SOEs and PPOEs for all the three statements, namely: WCM decisions are fully under the control of management, WCM decisions are influenced by government regulations WCM decisions are interfered by politicians, are significant at 0.05 level. This indicate that the mean score of SOEs are significantly different from the mean score of PPOEs for These results imply that firm-type is related to political and regulatory influence on WCM decision of firms. Thus, it could be said that WCM decisions are more likely to be under the control of management in PPOEs (mean score = 4.0119) than in SOEs (mean score = 3.2692), that WCM decisions are more likely to be influence by politicians in SOEs (mean score = 2.6026) than in POEs (mean score = 1.7698) and that WCM decisions are more likely to be influence by government regulations in SOEs (mean score = 3.0128) than in POEs (mean score = 1.9762).

5. Conclusion and Implications

The purpose of this study is to assess the prevalence of political interference and government regulations in WCM decisions of firms in the context of Ghana and established whether state ownership of a firm is associated with political interference and government regulatory hitches in WCM of firms. In doing this, direct survey of management perception of political interference, regulatory hitches in and managerial control of WCM decision-making was employed.

Whiles acknowledging the limitations of this study in terms of representativeness of sample, objectivity of sample techniques and sample size, it is one of the few studies on political interference and management decision making in in the context of Ghana. It is therefore makes a humble contribution towards understanding the concept of political and government influence on firms' management decision-making in general and firms' WCM decision-making in particular.

The results suggest that as a whole, management of firms encounter little or no political interference and government regulatory hitches in WCM decision-making and that WCM decision-making is, more likely, duly under the control of management of the firms. Examining SOEs and PPOEs separately, the general picture is that there is low prevalence of political interference and high incidence of managerial control over WCM decisions of firms in both SOEs and PPOEs as found in the analysis of firms as a whole. However, the results provide evidence that ownership status of a firm (SOE or PPOE) influence management perception of political interference, government regulatory interference, and managerial control in firms' WCM decision-making. SOEs appear more susceptible to political interference and government regulations with less managerial control over WCM decision-making as compared to non-state-owned firms.

The implication of these findings is that WCM decisions of PPOEs are quite immune to political interference and government regulations relative to SOEs. Intuitively, this findings reflect the fact that WCM is key to the survival of the firm and hence both SOEs and politically influential firms in the sample protects their WCM decisions from external interference. However, previous studies suggested that there is political interference in firms' cash management through financial tunneling. The findings of this study however does not mean that there is no political influence in other management decision making of firms such as human resource management decisions, strategic decision making, among others. This implies that more research of the sort of this paper on the other facets of management decision-making is required.

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