Corporate Governance, Financial Performance, and Investor Confidence: The Mediating Role of Going Concern among Retail Investors in Ghana

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Abstract

Investor confidence is central to capital market stability, yet limited research explores how firm-level attributes shape the perceptions of retail investors in emerging economies. This study offers a novel, integrative framework linking corporate governance, corporate financial performance, and going concern to investor confidence—drawing from Agency Theory, Signalling Theory, and the Resource-Based View. Using data from 1,662 retail investors in Ghana and analysed through Partial Least Squares Structural Equation Modelling (PLS-SEM), the findings reveal that corporate governance and financial performance each exert significant direct effects on investor confidence, while governance also positively influences financial performance. Both governance and performance significantly enhance going concern prospects, which in turn, strongly predicts investor confidence. Mediation analyses confirm that going concern mediates the relationship between governance/performance and confidence, while financial performance also mediates the governance–confidence link. A sequential mediation from governance through performance and going concern to investor confidence is also significant. This study is among the first to empirically model these pathways from the retail investor's perspective in a Sub-Saharan African context, offering critical insights for institutional reforms, investor protection, and capital market development.

Keywords: Corporate governance, corporate financial performance, going concern, investor confidence, retail investors

Introduction

The aftermath of global financial crises and recent corporate collapses has reignited scholarly interest in understanding the determinants of investor confidence, particularly among retail investors in developing economies (Hammond & Opoku, 2023; Hammond et al., 2022). In an investment climate marked by volatility, governance failures, and regulatory lapses, confidence in financial institutions is no longer shaped solely by profitability but is increasingly influenced by perceptions of corporate governance, financial resilience, and long-term viability (Musah et al., 2024; Musah et al., 2022). In Ghana, the revocation of licenses of several investment institutions between 2017 and 2020 by the Securities and Exchange Commission (SEC) due to corporate governance lapses and insolvency has deeply shaken retail investor trust (Hammond & Opoku, 2023; Torku & Laryea, 2021). Despite numerous regulatory interventions, the rebuilding of investor confidence remains elusive, particularly in the absence of comprehensive empirical studies that connect governance quality, financial performance, going concern, and investor behaviour in a unified framework.

Empirical literature on investor confidence has often focused on macroeconomic indicators, market volatility, and behavioural finance factors (e.g., trust, risk aversion), with less attention paid to firm-level determinants such as corporate governance practices and financial sustainability (Gottesman & Morey, 2024; Li et al., 2024). Furthermore, existing studies tend to privilege institutional investors (Azad & Devi, 2025; Nguyen et al., 2018), leaving retail investor perceptions under-theorized and under-measured—especially in Sub-Saharan Africa where informal information flows and governance opacity may disproportionately influence retail behaviour. While a few Ghana-focused studies explore governance and firm performance (e.g., Ronoowah & Seetanah, 2025; Musah et al., 2022), none simultaneously assess how governance translates into financial outcomes, assures going concern, and ultimately shapes investor sentiment. This constitutes a significant gap in both academic literature and policymaking.

Theoretically, research often applies Agency Theory to governance and performance (e.g., Pandey et al., 2025; Khan et al., 2025), or Signalling Theory to market behaviour (Nguyen et al., 2018), but rarely integrates these frameworks to explain investor confidence as an outcome of interconnected firm-level indicators. Existing models tend to assume that corporate governance and financial performance affect investor sentiment independently. However, the premise that corporate governance enhances financial performance, which in turn improves going concern prospects and thereby strengthens investor confidence, remains underexplored (Saleh et al., 2025). The potential mediating and direct roles of going concern and financial performance in this pathway are not well-articulated in the literature, thus necessitating a multi-theoretical, multi-pathway empirical model.

This study proposes an integrated conceptual framework where retail investors perceive sound corporate governance to enhance corporate financial performance, and together these variables positively influence the firm's going concern prospects. All three factors—governance, performance, and going concern—are hypothesized to directly and indirectly affect investor confidence. This framework is grounded in Agency Theory (to explain governance-performance linkages), Resource-Based View (to understand financial sustainability as a strategic capability), and Signalling Theory (to explain how observable firm characteristics influence investor behaviour). By applying this framework in the Ghanaian context using retail investors as key informants, the study offers a novel contribution that blends theory and practice in explaining the determinants of investor confidence in emerging markets.

Ultimately, this research addresses three critical gaps: (1) the empirical neglect of retail investor perspectives in governance and finance literature; (2) the fragmented application of theory to explain how firm-level characteristics influence investor confidence; and (3) the lack of integrated, data-driven models that link governance, financial performance, and going concern to retail investment behaviour in Africa. The findings of this study are expected to inform regulatory policy, institutional reform, and investor education initiatives aimed at restoring confidence and promoting financial system resilience in Ghana and other similar markets.

This study makes significant theoretical and empirical contributions by developing and validating a comprehensive model that connects corporate governance, corporate financial performance, and going concern to investor confidence—an area that has remained largely underexplored, particularly from the perspective of retail investors in emerging markets. By integrating Agency Theory, Signalling Theory, and the Resource-Based View, the study moves beyond conventional bivariate relationships to capture multi-layered mediating mechanisms that explain how governance structures influence investor sentiment. The confirmation of sequential mediation paths—such as corporate governance influencing investor confidence through financial performance and going concern—provides robust empirical support for a multidimensional understanding of firm credibility. This unique approach contributes to the literature by offering a more dynamic theoretical lens through which investor behaviour in high-risk, low-transparency contexts like Ghana can be better understood.

From a policy and practical standpoint, the findings offer actionable insights for regulatory bodies, corporate managers, and investor advocacy groups. The results underscore the critical importance of strengthening corporate governance frameworks not only as a tool for enhancing financial performance but also for safeguarding firms' going concern status—both of which directly boost retail investor confidence. Regulators such as the Securities and Exchange Commission (SEC) in Ghana can use these insights to inform corporate disclosure requirements and governance codes that place greater emphasis on financial sustainability and transparency. Investment institutions should prioritize clear governance communication and performance reporting to restore and maintain trust among retail investors, particularly in the wake of recent financial sector reforms. Overall, the study provides a timely and evidence-based foundation for policy interventions aimed at rebuilding investor confidence and promoting resilient financial markets in developing economies.

Theoretical Review

This study is grounded in the Agency Theory, Stakeholder Theory, and Resource-Based View (RBV), which offers a robust lens through which to examine the complex interplay among corporate governance, corporate financial performance, going concern, and investor confidence. Agency Theory, originally articulated by Jensen and Meckling (1976), focuses on the conflict of interest between principals (shareholders) and agents (managers). In the context of this study, robust corporate governance mechanisms—such as independent boards, effective audit committees, and transparent disclosure practices—are theorized to mitigate agency problems by aligning managerial behaviour with shareholder interests (Ronoowah & Seetanah,2025; Musah et al.,2022). This alignment enhances financial performance and signals a credible going concern posture to retail investors, who in turn gain confidence in the firm's long-term viability (Pandey et al., 2025). The theory, therefore, offers foundational support for the direct link between corporate governance and both corporate financial performance and investor confidence, as well as the mediating role of going concern in this relationship.

Stakeholder Theory, developed by Freeman (1984), broadens the traditional firm-centric view by positing that firms must consider the interests of all stakeholders—including employees, customers, regulators, and investors—in decision-making processes (Khan et al., 2025). In this study, stakeholder theory underpins the rationale for linking going concern and investor confidence, arguing that firms that maintain a strong going concern status signal reliability and accountability to diverse stakeholders, especially retail investors (Li et al., 2024; Hammond & Opoku, 2024). Moreover, sound corporate governance frameworks, which often promote stakeholder inclusivity and transparency, directly enhance investor trust (Hammond et al., 2022). The study viewing of corporate financial performance not merely as an end but as a reflection of how well firms manage stakeholder relationships, substantiates the conceptual framework's interconnected pathways and reinforces the relevance of governance practices in strengthening investor confidence.

The Resource-Based View (RBV), articulated by Barney (1991), complements the other two theories by framing corporate governance and financial performance as strategic, internal resources that contribute to sustainable competitive advantage (Musah et al., 2024). From this perspective, effective governance is a rare, valuable, and inimitable asset that enhances the firm's decision-making quality, operational efficiency, and financial resilience (Donnir et al.,2023). Similarly, corporate financial performance—manifested in profitability, return on assets, and earnings growth—functions as a tangible reflection of how well the firm mobilizes and leverages its internal capabilities (Gottesman & Morey, 2024). The going concern assumption, in this context, can be viewed as the firm's capacity to deploy its resources to adapt and sustain value creation over time (Hammond et al., 2022). Consequently, investor confidence becomes an outcome of the firm's demonstrable resource stewardship and financial strength, thereby supporting the mediating role of corporate financial performance and going concern.

Together, these theories offer a multidimensional foundation for understanding how internal governance structures, performance metrics, and perceptions of firm viability coalesce to shape retail investor behaviour. Agency theory justifies the need for stringent governance to minimize opportunism and enhance transparency. Stakeholder theory emphasizes the relational and reputational aspects that sustain trust among investors, while RBV highlights the strategic value of governance and performance as internal capabilities. By triangulating these perspectives, the study builds a comprehensive and theoretically rigorous framework that explains not only the direct relationships among the constructs but also the mediating mechanisms through which investor confidence is cultivated in the investment ecosystem of Ghana.

Hypothesis Development

Corporate governance and corporate financial performance

Empirical evidence underscores the significant influence of retail investors' perceptions of corporate governance on their assessment of corporate financial performance, particularly within investment institutions in Ghana (Musah et al.,2024). In the Ghanaian context, Tannor et al. (2024) found that retail investors are increasingly scrutinizing governance attributes such as board independence, audit committee effectiveness, and transparency when forming perceptions about financial soundness. Their study showed that investment firms with visibly strong governance structures were more likely to be viewed as financially robust, even in the absence of superior market performance. Similarly, Torku and Laryea (2021) and supported by Ofori et al. (2025) observed that post-financial sector clean-up in Ghana, investors' confidence was markedly tied to perceptions of corporate governance compliance and financial disclosure practices. These findings align with broader African studies such as Hammond et al. (2022) in Sub-Saharan Africa and Ayoola et al. (2023) in Nigeria, which confirm that in markets where institutional enforcement is relatively weak, investors rely heavily on perceived governance quality as a proxy for financial viability. However, contrasting patterns emerge in developed markets. For instance, Healy and Palepu (2001) in the US and Mallin (2019) in the UK demonstrated that while governance perception influences investor trust, its effect on perceived financial performance is often mediated by robust regulatory mechanisms and extensive third-party analysis. This suggests that in emerging economies like Ghana, retail investors' perceptions play a more immediate and direct role in linking governance to financial performance due to limited access to formal performance analytics. The implication is that perceived governance quality in Ghana may serve not only as a signalling mechanism (Ofori et al., 2025) but also as a cognitive shortcut influencing retail investment decisions—an empirical linkage that warrants deeper exploration. On the basis of the above arguments, the study hypothesis that;

H1: Retail investors' perception of corporate governance is positively associated with their perception of the corporate financial performance of investment institutions in Ghana

Corporate Governance and Going Concern

Empirical studies have increasingly explored the link between corporate governance and going concern, particularly in contexts characterized by weak regulatory enforcement and investor protection, such as many emerging and developing markets. In Ghana, where financial market failures and corporate collapses have raised concerns about managerial accountability, effective corporate governance is perceived as a safeguard against financial distress and premature business failure (Ofori et al., 2025; Musah et al., 2022). For instance, Atugeba and Acquah-Sam (2024) found that governance mechanisms such as board independence, audit committee effectiveness, and disclosure practices significantly enhanced stakeholders' confidence in firms' ability to continue as going concerns. Similarly, Hammond et al. (2022) highlighted that retail investors in Ghana perceive firms with strong governance structures as more stable and resilient during economic shocks, which aligns with international evidence from countries such as Nigeria, South Africa, and Malaysia. In contrast, studies from more developed markets (e.g., Canada, the UK) often reveal that while governance still matters, going concern assessments are more strongly influenced by audited financial statements and macroeconomic outlooks than by governance alone (Yousaf et al., 2024; Tron et al., 2023). This suggests that in Ghana and similar jurisdictions, where transparency and market confidence are still evolving, governance plays a more central signalling role in shaping perceptions of sustainability. Theoretical perspectives such as agency theory and legitimacy theory further support this linkage by positing that governance structures reduce managerial opportunism and signal long-term viability to stakeholders, especially in opaque market environments. On the basis of these arguments, we hypothesize that;

H2: Retail investors' perception of corporate governance is positively associated with their perception of the going concern status of investment institutions in Ghana.

Corporate governance and investor confidence

The relationship between corporate governance and investor confidence has been extensively examined in both developed and emerging markets, with consistent evidence suggesting that strong governance frameworks enhance trust among investors, particularly retail investors (Musah et al., 2024; Hammond et al., 2022). In the Ghanaian context, recent financial sector crises—such as the collapse of multiple investment and microfinance institutions—have heightened retail investors' sensitivity to governance indicators. Empirical studies by Donnir et al. (2023) and Hammond & Opoku (2023) demonstrate that board independence, transparency in reporting, and ethical leadership significantly influence investor perceptions and willingness to invest. These findings are echoed in broader African markets, such as Nigeria and Kenya, where weak governance structures have been linked to declining investor confidence and market participation (Hammond et al.,2022). Conversely, in more regulated markets like the UK and Canada, investor confidence is often shaped by institutional safeguards such as enforcement of securities law and the role of independent regulators (Gottesman & Morey, 2024). These comparative insights highlight that in jurisdictions like Ghana, where institutional voids exist, corporate governance serves not only as a management mechanism but also as a critical tool for restoring and sustaining retail investor confidence. From a theoretical perspective, agency theory and signalling theory both underscore that good governance minimizes agency conflicts and communicates stability and integrity to external stakeholders, thereby fostering investor assurance in firm operations and disclosures. On the basis of the above results, the study hypothesizes that;

H3: Retail investors' perception of corporate governance is positively associated with their confidence in investment institutions in Ghana.

Corporate financial performance and going concern

Corporate financial performance is a critical predictor of a firm's ability to remain a going concern, particularly in the financial services industry where investor trust hinges on fiscal stability and sustainability (Hammond & Opoku, 2024). In Ghana, the aftermath of the financial sector clean-up revealed that institutions with consistently weak financial performance were more likely to face regulatory sanctions, liquidation, or loss of operating licenses (Torku & Laryea, 2021). Empirical studies, such as those by Hammond et al. (2022) and Ofori et al. (2025), provide evidence that robust profitability, strong liquidity, and sound capital adequacy are associated with lower default risk and greater operational continuity in financial institutions. This relationship is similarly validated in other African markets; for instance, Ayoola et al. (2023) in Nigeria found that consistent financial underperformance was a significant predictor of going concern uncertainties, particularly among listed firms in the financial sector. In more developed markets, such as South Africa and the United Kingdom, regulatory oversight and mandatory disclosures have strengthened the link between financial performance metrics and the likelihood of continued operations, as evidenced in the work of Pandey et al. (2025). Theoretically, signalling theory asserts that strong financial performance sends positive signals to stakeholders regarding the viability and long-term orientation of the firm, which reinforces going concern assumptions. Resource-based view (RBV) further emphasizes that financial strength is a strategic internal resource necessary to navigate volatility and sustain competitive advantage. In the Ghanaian context, where financial fragility has recently shaken investor trust, this relationship becomes particularly salient for evaluating the sustainability of investment institutions.

H4: Retail investors' perception of corporate financial performance is positively associated with their perception of investment institutions as a going concern in Ghana.

Corporate financial performance and Investor confidence

Corporate financial performance is a key determinant of investor confidence, especially in emerging markets where information asymmetry and weak regulatory enforcement heighten perceived investment risks (Hammond et al., 2022). In Ghana, the collapse of several investment institutions between 2017 and 2019 eroded retail investor trust, with post-event analysis revealing chronic underperformance and liquidity mismanagement as common precursors (Torku & Laryea, 2021). When financial institutions demonstrate consistent profitability, solvency, and return on investment, they signal operational competence and fiscal prudence—factors that retail investors perceive as indicators of safety and reliability. Empirical findings from the Ghanaian context (Azad & Devi, 2025; Li et al., 2024) affirm that firms with better earnings and capital adequacy ratios are more likely to attract and retain retail investors. Comparatively, studies from Sub-Saharan Africa also indicate that strong financial performance positively influences investor sentiment and market participation (Hammond & Opoku, 2023; Ayoola et al., 2023). These results are consistent with Signalling Theory, which holds that credible financial performance serves as a signal to reduce uncertainty and information opacity in investor decision-making (Khan et al., 2025). From the perspective of Resource-Based View (RBV), financial strength reflects a firm's ability to marshal internal capabilities for sustained competitiveness, which further enhances investor perception of stability and growth potential. In Ghana's post-reform investment climate—where investor protection mechanisms are still evolving—retail investors are increasingly relying on perceived financial health as a proxy for trustworthiness and security.

H5: Retail investors' perception of corporate financial performance is positively associated with their level of confidence in investment institutions in Ghana.

Going concern and investor confidence

Retail investors' perception of an investment institution's going concern status—its ability to continue operations into the foreseeable future—is a critical factor influencing their investment confidence (Hammond & Opoku, 2024). In Ghana, where financial market shocks have historically led to the collapse of several licensed investment firms (Musah et al., 2022), retail investors have become increasingly sensitive to indicators of institutional sustainability. A company perceived to have strong going concern prospects signals sound internal controls, prudent financial management, and risk mitigation strategies, all of which are essential for investor reassurance (Musah et al., 2022). Empirical evidence from Ghana shows that going concern indicators, such as audit opinions and uninterrupted service continuity, strongly affect investor trust and behaviour (Donnir et al., 2023). Studies from other African economies, such as Nigeria and Kenya, also confirm that when investors perceive a firm to be financially viable and strategically oriented toward long-term survival, their confidence in investing increases (Hammond & Opoku, 2024). This view aligns with Signalling Theory, which posits that firms communicate their future prospects through observable actions and financial signals—assuring investors of their operational stability (Nguyen et al., 2018).

Additionally, under the lens of Prospect Theory, risk-averse retail investors in less mature capital markets tend to prioritize institutional survival over high returns, reinforcing the importance of perceived going concern in shaping confidence (Musah et al., 2025). Given the high-profile collapses in Ghana's financial sector, going concern perceptions now function as a psychological anchor for retail investors assessing investment safety.

H6: Retail investors' perception of the going concern status of investment institutions is positively associated with their level of confidence in those institutions.

Corporate financial performance mediates the relationship between corporate governance and going concern

Retail investors increasingly assess the quality of corporate governance as a signal of financial stewardship and long-term sustainability, especially in markets like Ghana, where regulatory lapses and corporate scandals have eroded trust in financial institutions (Azad & Devi, 2025). Robust governance practices—such as board independence, transparency, and accountability—are widely recognized as mechanisms that enhance financial performance by curbing managerial opportunism and aligning decision-making with stakeholder interests (Khan et al.,2025). In the Ghanaian context, institutions with strong governance frameworks are more likely to exhibit stable earnings, efficient asset management, and prudent financial disclosures, reinforcing perceptions of operational competence (Ofori et al., 2025). Empirical studies have consistently shown that good governance leads to improved financial performance, which in turn boosts firms' ability to meet their obligations and remain viable over time (Hammond et al., 2022; Musah et al., 2022). Globally, evidence from emerging markets supports this chain of influence. For example, Ronoowah, R. K., & Seetanah (2025) in Mauritius and Li et al. (2024) in China found that the relationship between governance and firm sustainability is fully or partially mediated by financial performance. These findings support Resource-Based View (RBV) theory, which emphasizes that governance capabilities generate superior firm resources—such as financial strength—that sustain competitive advantage and institutional continuity. Applying this perspective to the Ghanaian investment landscape, it is expected that financial performance acts as a crucial explanatory pathway through which governance enhances perceptions of going concern, particularly among risk-sensitive retail investors.

H7: Corporate financial performance mediates the relationship between corporate governance and the perceived going concern of investment institutions.

Going Concern mediates the relationship between corporate governance and investor confidence

Retail investors often rely on signals of institutional viability—such as going concern assurances—when forming confidence judgments, especially in markets characterized by information asymmetry and weak enforcement mechanisms like Ghana (Murphy & Fu, 2019; Nguyen et al., 2018). Corporate governance, through mechanisms such as board oversight, internal controls, and ethical leadership, plays a pivotal role in safeguarding a firm's long-term sustainability, which directly impacts its going concern status (Hammond et al.,2022). When investors perceive that an investment institution adheres to sound governance principles, they are more likely to believe in its continued operation and resilience against financial shocks, thereby reinforcing their confidence in the institution (Gottesman &Morey, 2024). In Ghana's financial sector, where past collapses of regulated entities have heightened investor caution, going concern status becomes a critical intermediary in translating governance efforts into investor trust (Torku & Laryea, 2021). Theoretically, this mediation is underpinned by Legitimacy Theory, which suggests that organizations earn investor confidence by conforming to normative expectations such as transparency, sustainability, and continuity. Empirical studies in emerging economies, such as those by Yousaf et al. (2024) and Hammond & Opoku (2023) support this pathway, revealing that firms with strong governance structures indirectly enhance investor confidence via improved perceptions of sustainability. Thus, the study proposes that going concern serves as a crucial mediating mechanism linking corporate governance with investor confidence in Ghana's investment landscape.

H8: Going concern mediates the relationship between corporate governance and investor confidence.

Corporate financial performance mediates the relationship between corporate governance and investor confidence

Retail investors often interpret strong corporate financial performance as a tangible outcome of effective governance structures, especially in markets where direct access to internal operations is limited (Hammond & Opoku, 2023). Corporate governance, through transparent reporting, ethical oversight, and prudent resource allocation, contributes to sustained financial performance, which in turn builds investor trust (Musah et al., 2024; Ayoola et al., 2023). In Ghana's investment ecosystem—where past scandals and institutional failures have eroded confidence—retail investors are more inclined to base their investment decisions on observable financial outcomes, perceiving them as indicators of management competence and institutional stability (Adenutsi et al., 2024). From a signalling theory perspective, financial performance acts as a credible signal of managerial quality and institutional soundness, thus bridging the gap between governance practices and investor confidence (Hammond et al., 2022). Empirical studies across African and Asian emerging markets (Hammond & Opoku, 2024; Li et al., 2024; Khan et al., 2024) reinforce this link, showing that firms with superior governance mechanisms often achieve stronger financial results, which subsequently lead to enhanced investor trust and market valuation. This mediation is particularly relevant in contexts where governance practices are often symbolic, but their true credibility is evaluated through performance metrics. Accordingly, this study posits that corporate financial performance mediates the relationship between corporate governance and investor confidence.

H9: Corporate financial performance mediates the relationship between corporate governance and investor confidence.

Going concern mediates the relationship between corporate financial performance and investor confidence

The sustainability of an investment institution's operations, often captured through its going concern status, serves as a critical interpretive lens through which retail investors assess the credibility of financial performance (Hammond & Opoku, 2023). While strong corporate financial performance signals profitability and efficiency, it is the perceived continuity and operational stability—i.e., going concern—that reinforces long-term investor confidence (Hammond et al., 2022). In Ghana's financial sector, retail investors have grown increasingly cautious following high-profile collapses of financial institutions despite reports of short-term profitability, underscoring a disconnection between performance and sustainable operations

(Tannor et al., 2024). As such, retail investors are now more likely to evaluate whether reported financial strength translates into long-term viability. From the perspective of legitimacy theory, the going concern status acts as a mediating credibility mechanism through which performance outcomes gain acceptance and trust among external stakeholders (Khan et al., 2025). Prior research from emerging markets, including Mauritius and China, confirms that firms with positive financial performance but questionable continuity prospects face diminished investor confidence compared to firms with both financial strength and perceived operational longevity (Saleh et al., 2025; Shakri et al., 2025). Therefore, in the Ghanaian context, going concern bridges the gap between corporate financial performance and retail investor confidence by converting short-term outcomes into signals of long-term security.

H10: Going concern mediates the relationship between corporate financial performance and investor confidence.

Corporate governance through corporate financial performance through going concern to investor confidence

Corporate governance, as a system of structures, principles, and processes by which institutions are directed and controlled, plays a foundational role in shaping corporate financial outcomes and ensuring organizational sustainability (Hammond et al., 2022). In the context of investment institutions, robust corporate governance mechanisms—such as board independence, transparency, and internal controls—not only enhance financial discipline and accountability but also improve financial performance by reducing agency costs and aligning managerial decisions with stakeholder interests (Musah et al.,2022; Nguyen et al., 2018). However, strong financial performance alone may not suffice to build investor confidence if the institution's long-term viability remains uncertain (Hammond & Opoku, 2023). This brings into focus the role of going concern as an essential evaluative lens. When sound corporate governance translates into healthy financial performance, which in turn signals operational continuity (i.e., going concern), retail investors are more likely to perceive the institution as stable and trustworthy (Shakri et al., 2025). This sequential pathway suggests that the impact of corporate governance on investor confidence may be channelled through both financial results and the perceived ability of the institution to continue as a going concern (Hammond et al., 2022). While studies in other markets have documented this triple linkage (e.g., Gottesman & Morey, 2024), the evidence remains sparse in the Ghanaian context. Given the heightened sensitivity of retail investors in Ghana following financial sector reforms, this multi-stage mediation provides a more nuanced framework for understanding how investor confidence is built in fragile market environments.

H11: Corporate financial performance and going concern sequentially mediate the relationship between corporate governance and investor confidence.

Research Methods

This study adopts a quantitative research approach using a cross-sectional survey design to empirically examine the relationships among corporate governance, corporate financial performance, going concern, and investor confidence from the perspective of retail investors in Ghana. The choice of a quantitative design is justified by the study's objective to test a multi-theoretical framework and evaluate the direct and indirect relationships among clearly defined latent variables using statistical techniques. Quantitative methods enable the measurement of perceptions across a large, diverse respondent base, allowing for generalizability of findings and objective analysis of patterns and associations. Furthermore, the use of Partial Least Squares Structural Equation Modelling (PLS-SEM) aligns with the study's emphasis on prediction, model testing, and exploring mediation effects, which require robust numerical data. Given the nature of the constructs—such as perceptions of corporate governance, financial performance, and investor confidence—quantitative survey techniques provide a structured means of capturing these variables with reliability and validity, making this design the most appropriate for achieving the research objectives.

Population and Sample

The population for this study comprised retail investors actively participating in Ghana's capital market ecosystem, including those who invest in mutual funds, pension products, unit trusts, and listed securities managed by licensed investment institutions. Due to the absence of a comprehensive, centralized registry of all retail investors in Ghana, a multi-stage sampling technique was employed to ensure both geographical and institutional representation. First, five major investment hubs—Accra, Kumasi, Takoradi, Tamale, and Cape Coast—were purposively selected to reflect the country's regional diversity and concentration of financial market activity. Within these cities, a list of registered investment firms, brokerage houses, and fund managers was compiled, and proportionate stratified sampling was used to select participants across various institutional categories, including banks, insurance-based investment arms, pension fund custodians, and mutual fund companies. To ensure data quality and construct validity, only retail investors with at least one year of active investment experience and basic financial literacy were included in the final sample.

To determine an appropriate sample size, Cochran's (1977) formula was used for estimating the minimum sample required for large and unknown populations, assuming a 95% confidence level and a 5% margin of error. In line with best practices for Partial Least Squares Structural Equation Modelling (PLS-SEM) (Hair et al., 2021), the study aimed for a robust sample size that could accommodate a model involving multiple paths, mediators, and moderators. Although a minimum of 400 responses would suffice for a model with five or more predictors, a larger sample was deemed necessary to ensure adequate statistical power and model stability. Consequently, 1,800 questionnaires were distributed, and 1,662 valid responses were received, reflecting a high response rate of 92.3%. This final sample exceeds the recommended thresholds for SEM and enhances the generalizability of findings across the diverse spectrum of Ghanaian retail investors, thereby ensuring methodological rigor and empirical robustness.

Questionnaire Design

The questionnaire employed in this study was meticulously designed based on extensive review of both empirical studies and theoretical models underpinning the constructs of corporate governance, corporate financial performance, going concern, and investor confidence. To ensure content validity and theoretical alignment, items for each construct were drawn from validated instruments in high-impact academic literature. For corporate governance, the questionnaire incorporated items reflecting board structure, transparency, regulatory compliance, and accountability, guided by the OECD Principles of Corporate Governance and studies such as Musah et al. (2022) and Musah et al. (2025b). Corporate financial performance was measured using both subjective and objective financial indicators, including profitability, return on investment, liquidity, and operational efficiency, following frameworks by Hammond et al. (2022) and Tron et al. (2023). Going concern was assessed using questions adapted from studies in audit and financial sustainability literature (e.g., Hammond & Opoku, 2024; Hammond et al., 2022), focusing on continuity assumptions, debt service ability, and long-term financial health. Investor confidence items were developed based on constructs from trust literature and behavioural finance studies (e.g., Gottesman & Morey, 2024; Murphy & Fu, 2019), emphasizing perceived institutional stability, governance assurance, and willingness to invest.

Each item was framed using a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree), ensuring respondents could express varying levels of agreement. The instrument was pre-tested with a pilot group of 50 retail investors to assess clarity, construct relevance, and reliability. Minor revisions were made based on feedback to enhance linguistic clarity and contextual relevance, especially considering local financial literacy and terminologies familiar to Ghanaian retail investors. To ensure internal consistency, Cronbach's alpha and composite reliability values were computed, and all scales exceeded the 0.70 threshold, confirming reliability. The questionnaire was also reviewed by academic experts and practitioners in finance and corporate governance to confirm face and content validity. By integrating validated items from prior research and tailoring them to Ghana's retail investment context, the questionnaire achieved high construct validity and was deemed suitable for robust empirical analysis using PLS-SEM. The details of the questions used to measure each construct and their standard deviations are shown in Table 1 below

Table 1: Measurement of Construct

Code	Item	Mean	SD
	Corporate Governance		
CPG1	The board of directors of my investment institution is independent and free from management influence	4.397	0.941
CPG2	My investment institution regularly discloses accurate and timely financial and operational information to investors	4.413	0.962
CPG3	There are clear accountability mechanisms in place to hold executives responsible for their decisions	4.366	0.964
CPG4	The company operates in compliance with relevant laws, regulations, and ethical standards	4.357	0.999
CPG5	Investor rights, such as access to information and ability to raise concerns, are respected by the institution	4.471	0.85
CPG6	My institution has effective internal controls and risk management systems	4.489	0.859
CPG7	The governance structure of my investment institution gives me confidence in its long-term sustainability	4.43	0.933
	Corporate Financial Performance		
FINPF1	My investment institution consistently reports strong profitability over time	4.426	0.961
FINPF2	The institution demonstrates strong revenue growth in its financial reports	4.415	0.964
FINPF3	The company maintains good liquidity and is able to meet its short-term obligations	4.444	0.928

FINPF4	The firm's return on investment (ROI) or returns to investors are satisfactory	4.462	0.907
FINPF5	My investment institution has a sound financial structure with low risk of insolvency	4.439	0.92
FINPF6	I believe the company uses its resources efficiently to generate profit	4.433	0.864
FINPF7	The institution's performance compares favourably with other similar companies in the industry	4.448	0.888
FINPF8	I trust the financial statements and disclosures provided by the company	4.453	0.857
FINPF9	The company's financial performance gives me confidence in its long-term success	4.404	0.936
	Going Concern		
GC1	My investment institution has a strong reputation for long-term operational sustainability	4.44	0.941
GC2	The firm is financially stable enough to continue operating for the foreseeable future	4.52	0.85
GC3	I believe the institution has effective strategies for dealing with financial risks and market shocks	4.469	0.885
GC4	The management demonstrates long-term planning and vision for the future of the company	4.413	0.947
GC5	The company has consistently met its financial and operational obligations	4.451	0.908
GC6	There are no signs that the firm is likely to be liquidated or closed in the near future	4.491	0.884
GC7	I am confident that the institution can generate future income and returns for its investors	4.484	0.885
GC8	The firm's leadership regularly communicates plans and strategies to ensure long-term continuity	4.426	0.928
GC9	Audited reports or disclosures indicate that the firm has no going concern risk	4.466	0.889
GC10	The company has a diversified portfolio or business model that supports long-term survival	4.473	0.806
GC11	I believe this firm is less likely to collapse compared to others in the industry	4.433	0.917
	Investor Confidence		
INCONF1	I have confidence in the leadership and strategic direction of my investment institution	4.388	0.899
INCONF2	I believe my investment institution is financially sound and well-managed	4.428	0.839
INCONF3	I am likely to recommend this institution to other potential investors	4.502	0.761
INCONF4	The transparency and governance practices of the institution strengthen my trust in them	4.545	0.792

INCONF5	I am confident in the institution's ability to protect my investment in the long term	4.462	0.832
INCONF6	Past and current performance of the institution increases my confidence to continue investing	4.471	0.941
INCONF7	Even in uncertain market conditions, I trust this firm to manage my investments effectively	4.551	0.88
INCONF8	The institution's long-term survival prospects influence my willingness to invest more in it	4.603	0.853

Instrument validity and Reliability

To ensure the reliability of the questionnaire, several rigorous statistical and methodological procedures were undertaken. First, a pilot test involving 50 retail investors was conducted to evaluate item clarity, wording, and internal consistency, allowing for refinement prior to the main survey. Subsequently, exploratory factor analysis (EFA) was used to assess the underlying structure of the constructs and ensure that items loaded appropriately on their respective latent variables, with factor loadings exceeding the 0.60 threshold. To further assess internal reliability, Cronbach's alpha coefficients and composite reliability (CR) values were computed for each construct, all exceeding the recommended minimum of 0.70, indicating acceptable consistency. Additionally, item-total correlations were examined to confirm that each item meaningfully contributed to its respective scale. During the main analysis, confirmatory factor analysis (CFA) within the PLS-SEM framework was conducted to evaluate the measurement model, including convergent validity (assessed via AVE) and discriminant validity (assessed using the Fornell-Larcker criterion). These multi-layered procedures ensured that the questionnaire reliably captured the constructs of corporate governance, corporate financial performance, going concern, and investor confidence in the Ghanaian context.

Data Analysis

Partial Least Squares Structural Equation Modelling (PLS-SEM) was selected as the primary analytical technique for this study due to its robust capability to handle complex, multi-path models involving both direct and indirect relationships among latent constructs, particularly in exploratory and predictive research contexts. While SPSS was employed for initial confirmatory factor analysis (CFA) to validate the measurement model and assess item-level reliability and validity, PLS-SEM was preferred for the main analysis because of its superior ability to estimate models with multiple mediators and hierarchical constructs, even under non-normal data distributions and relatively large sample sizes. The technique is particularly suited for research aimed at theory development and prediction—as in this case, where the study examines the predictive pathways between corporate governance, corporate financial performance, going concern, and investor confidence among retail investors. Additionally, PLS-SEM offers robust assessments of path coefficients, effect sizes (f^2), predictive relevance (Q^2), and variance explained (R^2), which are critical for evaluating the strength and practical significance of the hypothesized relationships. Its ability to model complex causal relationships with both reflective and formative indicators made it the ideal methodological fit for this study's conceptual and empirical goals.

Results and Discussion

Table 2: Respondents Demographics

Variable	Measurement	Frequency	Percent
	Male	1084	65.22
Gender	Female	578	34.78
	18-25	76	4.57
	20-35	484	29.12
	36-45	702	42.24
	46-55	308	18.53
Age	56+	92	5.54
	Basic school education	8	0.48
	Secondary education	96	5.78
	HND/Diploma	438	26.35
	First Degree	684	41.16
Education	Post-Graduate	436	26.23
	Less than 1 year	16	0.96
	1-3 years	136	8.18
	4-6 years	496	29.84
Investment Experience	Over 6 years	1014	61.01

The demographic profile of the 1,662 retail investors surveyed in Table 2 reveals a diverse yet educated and experienced investor population. A majority of respondents were male (65.22%), with females comprising 34.78%, reflecting a common gender skew in investment participation across developing economies. The age distribution is heavily weighted toward the economically active segment, with the largest group being 36–45 years (42.24%), followed by 20–35 years (29.12%) and 46–55 years (18.53%). This age structure suggests that the study captures perceptions from a mature and economically engaged group. In terms of education, the majority hold a first degree (41.16%), followed closely by HND/Diploma (26.35%) and postgraduate degrees (26.23%), indicating a highly literate sample likely capable of making informed investment decisions and assessing firm-level governance and financial performance. Investment experience also skews towards the seasoned, with over 61% having more than six years of experience and nearly 30% with 4–6 years, highlighting a sample well-positioned to evaluate long-term perceptions of corporate governance, financial performance, going concern, and investor confidence. These characteristics enhance the reliability and external validity of the study's findings, particularly within Ghana's growing retail investment landscape.

Indicator Reliability

The study measured the indicator reliability using the outer loadings as contained in the graphical path diagram showing the relationships among the construct. The results of the outer loadings of each of the items used to measure all the constructs are contained in Figure 1 below.

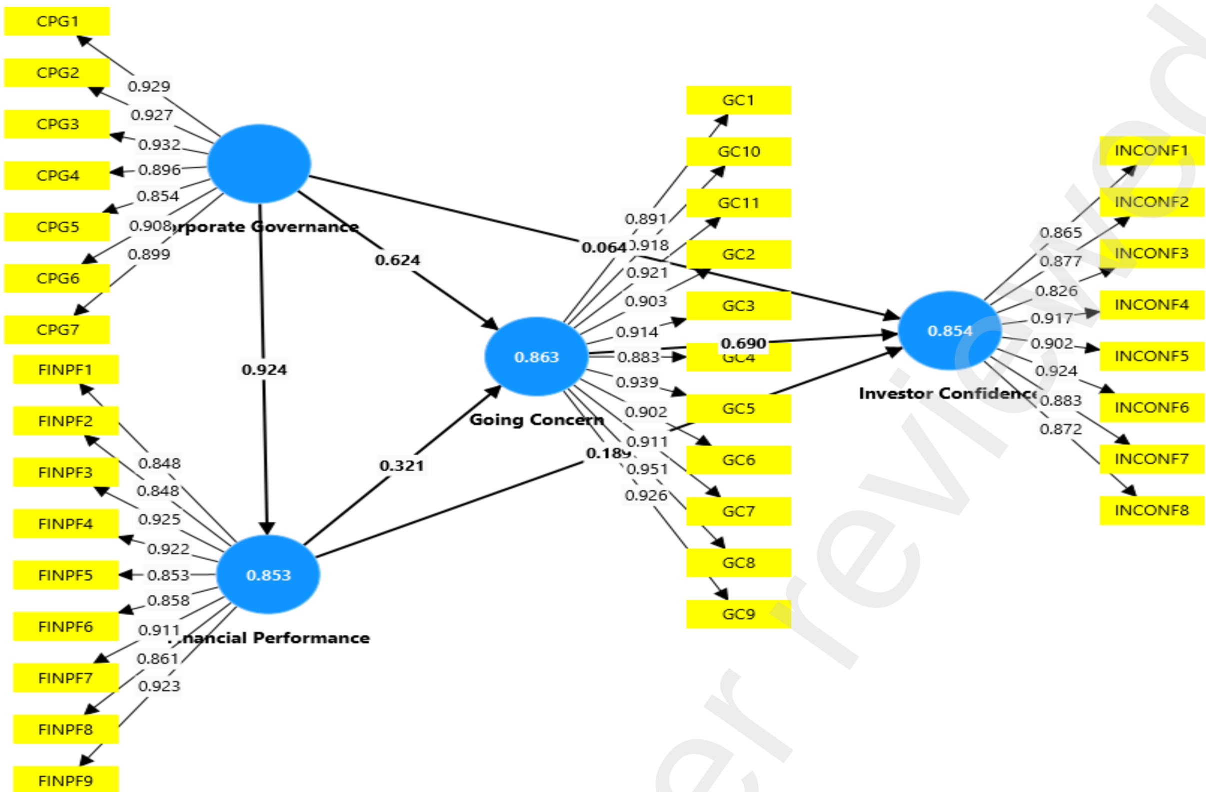

Figure 1: Path analysis of constructs

The results in Figure 1 shows that all the items had an outer loading of 0.7 and above which suggest the presence of indicator reliability consistent with Hair et al. (2019)

Construct reliability and validity

The study assessed construct reliability and validity using a combination of Cronbach alpha, composite reliability and average variance extracted. The results of the above test are shown in Table 3 below

Table 3: Results of Construct reliability and validity

Constructs	CA	CR	CR	AVE
Corporate Governance	0.964	0.965	0.970	0.822
Financial Performance	0.965	0.967	0.970	0.781
Going Concern	0.980	0.981	0.983	0.836
Investor Confidence	0.960	0.962	0.966	0.781

The results of the construct reliability and validity test in Table 3 demonstrate excellent internal consistency and convergent validity across all constructs in the model. The Cronbach's Alpha (CA) values for all four constructs—Corporate Governance (0.964), Financial Performance (0.965), Going Concern (0.980), and Investor Confidence (0.960)—exceed the widely accepted threshold of 0.70, indicating strong internal reliability (Hair et al., 2019). Similarly, the Composite Reliability (CR) values, ranging from 0.962 to 0.981, further affirm the internal consistency and stability of the constructs, as all are well above the 0.70 benchmark suggested by Hair et al. (2019). Furthermore, Average Variance Extracted (AVE) for each construct is significantly above the minimum acceptable threshold of 0.50, with Corporate Governance at 0.822, Financial Performance at 0.781, Going Concern at 0.836, and Investor Confidence at 0.781. These high AVE scores confirm that the indicators explain a substantial proportion of the variance in their respective constructs, thereby establishing strong convergent validity. Collectively, these results demonstrate that the measurement model is both statistically sound and conceptually coherent, making it suitable for further structural equation modelling. The robustness of the reliability and validity metrics provides confidence in the empirical findings and supports the theoretical rigor of the study.

Discriminant validity

The study tested for discriminant validity using the Fornell-Larcker criterion. The results of the test are shown in Table 4 below.

Table 4: Results of Fornell-Larcker test

	CPG	FINPF	GC	INCONF
Corporate Governance	0.907			
Financial Performance	0.824	0.884		
Going Concern	0.821	0.797	0.915	
Investor Confidence	0.874	0.768	0.819	0.884

The Fornell-Larcker results in Table 4 confirm discriminant validity, as each construct's AVE square root exceeds its correlations with other constructs. This indicates that Corporate Governance, Financial Performance, Going Concern, and Investor Confidence are conceptually distinct and reliably measured, supporting the robustness of the study's measurement model.

Collinearity

The study also tested for collinearity using the variance inflation factor. The results of the collinearity test are shown in Table 5 below

	VIF
Corporate Governance -> Financial Performance	1.000
Corporate Governance -> Going Concern	4.797
Corporate Governance -> Investor Confidence	4.633
Financial Performance -> Going Concern	3.797
Financial Performance -> Investor Confidence	4.549
Going Concern -> Investor Confidence	4.284

The VIF values in Table 5, all below the critical threshold of 5, indicate no severe multicollinearity among predictors. While Corporate Governance exhibits moderate collinearity with Going Concern and Investor Confidence, the results remain within acceptable limits, affirming the stability and reliability of path coefficient estimations in the structural model.

Table 6: Results of model fit

	Saturated model	Estimated model
SRMR	0.028	0.028
d_ULS	1.479	1.479

d_G	4.018	4.018
Chi-square	2226.142	2226.142
NFI	0.935	0.935

The model fit indices in Table 6 indicate an excellent model fit. The SRMR value of 0.028 is well below the 0.08 threshold, reflecting a low discrepancy between observed and predicted correlations. The identical values for d_ULS and d_G in both models suggest consistency. The NFI value of 0.935 exceeds the 0.90 benchmark, further confirming strong model adequacy and structural validity.

Table 6: Hypothesis Testing- Direct Effect

Hyp	Association	Coefficient	T-value	P-value	Decision	F2
1	CPG -> FINPF	0.923	84.331	0.000	Accept	5.797
2	CPG -> GC	0.920	74.237	0.000	Accept	0.417
3	CPG -> INCONF	0.873	47.728	0.000	Accept	0.203
4	FINPF -> GC	0.320	4.894	0.000	Accept	0.111
5	FINPF -> INCONF	0.410	6.413	0.000	Accept	0.232
6	GC -> INCONF	0.696	9.921	0.000	Accept	0.449

The hypothesis testing results presented in the Table 6 provide strong empirical support for the structural relationships hypothesized in the study. Each of the six hypotheses is statistically significant at the 1% level, indicating robust relationships between corporate governance, financial performance, going concern, and investor confidence.

Hypothesis 1: Corporate Governance → Financial Performance ($\beta = 0.923$, $t = 84.331$, $p < 0.001$)

This result provides compelling evidence that strong corporate governance (CPG) significantly enhances corporate financial performance (FINPF). The exceptionally high path coefficient ($\beta = 0.923$) and large effect size ($f^2 = 5.797$) indicate that corporate governance is not just a supportive factor but a primary driver of financial success in investment institutions. This finding resonates with the principles of the Agency Theory, which posits that sound governance mechanisms reduce agency costs by aligning the interests of managers and shareholders. Empirically, this result is in line with studies by Hammond et al. (2022) and Khan (2025), which found that governance structures such as board independence, internal control systems, and transparency lead to superior financial outcomes. In Ghana's context—where financial institutions have faced public scrutiny following sector-wide clean-ups—this finding reinforces the need for regulatory emphasis on governance compliance as a pathway to restoring investor trust and financial resilience.

Hypothesis 2: Corporate Governance → Going Concern ($\beta = 0.920$, $t = 74.237$, $p < 0.001$)

The path from CPG to Going Concern (GC) reveals that well-governed institutions are significantly more likely to maintain business continuity. The high coefficient ($\beta = 0.920$) and moderate effect size ($f^2 = 0.417$) highlight the importance of governance not just for performance but for long-term survival. From a Resource-Based View (RBV) perspective, governance acts as an intangible, strategic resource that enables firms to adapt, survive, and remain operational in uncertain environments. The result corroborates prior findings by Hammond & Opoku (2023), who reported a positive impact of internal governance quality on an entity's perceived going concern status. In the Ghanaian investment landscape, where market volatility and regulatory reforms have threatened firm stability, strong governance signals both managerial competence and risk management capability, assuring stakeholders of the firm's ability to continue operating.

Hypothesis 3: Corporate Governance → Investor Confidence ($\beta = 0.873$, $t = 47.728$, $p < 0.001$)
This finding shows that retail investors closely associate strong governance with institutional credibility and are more likely to trust firms that demonstrate transparency, accountability, and ethical leadership. The coefficient ($\beta = 0.873$) and substantial effect size ($f^2 = 0.203$) support the Signalling Theory, where corporate governance acts as a credible signal to investors, mitigating information asymmetry. Previous studies such as those by Gottesman and Morey (2024) and Hammond et al. (2022) confirm that strong governance mechanisms increase investor trust and capital inflow. In Ghana, where public confidence in investment institutions has been shaken by financial scandals and collapsed funds, governance serves as a visible assurance of compliance and financial prudence.

Hypothesis 4: Financial Performance → Going Concern ($\beta = 0.320$, $t = 4.894$, $p < 0.001$)
This relationship confirms that firms with strong financial performance are more likely to sustain their operations into the foreseeable future. While the coefficient is moderate ($\beta = 0.320$), the statistical significance and effect size ($f^2 = 0.111$) show that financial stability contributes to perceptions of operational continuity. This aligns with the Going Concern Principle in accounting, which assumes an entity will continue to operate unless there is evidence to the contrary. Studies by Adenutsi et al (2024) support this finding by noting that weak financials are a key red flag for going concern doubts. Within the Ghanaian financial sector, this underscores the dual importance of profitability and governance in sustaining investor and regulatory confidence.

Hypothesis 5: Financial Performance → Investor Confidence ($\beta = 0.410$, $t = 6.413$, $p < 0.001$)
Investors evidently view financial performance as a key determinant of institutional credibility. The path coefficient ($\beta = 0.410$) and moderate effect size ($f^2 = 0.232$) demonstrate that when firms post strong financial results, retail investors are more likely to invest and remain confident in the institution. This is consistent with empirical studies such as those by Murphy and Fu (2019), who established that firms with superior financial metrics tend to enjoy stronger investor backing. In Ghana's recovering investment sector, where scepticism still lingers, demonstrable financial health is a critical lever for rebuilding trust and attracting capital from retail investors.

Hypothesis 6: Going Concern → Investor Confidence ($\beta = 0.696$, $t = 9.921$, $p < 0.001$)
The final hypothesis reveals that the perception of a firm's continued existence significantly enhances investor confidence. The strong coefficient ($\beta = 0.696$) and large effect size ($f^2 = 0.449$) suggest that investors closely monitor going concern indicators such as sustainability reports, audit opinions, and business continuity practices. This supports Stakeholder Theory, which emphasizes the firm's obligation to assure its various stakeholders—including investors—of its long-term viability. The finding is aligned with prior works like that of Hammond et al. (2022), who observed that going concern assurance significantly influences investor decision-making. In Ghana's case, after episodes of sudden fund collapses, the going concern status now plays a more prominent role in investor sentiment than ever before.

Table 7: Results of mediation Analysis

Hyp	Association	Coefficient	T-value	P-value	Decision
7	CPG -> FINPF -> GC	0.295	4.897	0.000	Accept
8	CPG -> GC -> INCONF	0.435	6.803	0.000	Accept
9	CPG -> FINPF-> INCONF	0.174	2.822	0.005	Accept
10	FINPF -> GC -> INCONF	0.222	4.373	0.000	Accept
11	CPG -> FINPF -> GC -> INCONF	0.205	4.372	0.000	Accept

The mediation analysis in Table 7 provides nuanced insights into the indirect pathways through which corporate governance (CPG) and financial performance (FINPF) shape investor confidence (INCONF) via the going concern (GC) construct. All five hypothesized mediation effects (H7–H11) are statistically significant, confirming the robustness of the study's conceptual model. These findings underscore the complex interdependence among corporate governance, financial performance, business continuity, and retail investor confidence in Ghana's investment landscape.

Hypothesis 7 (CPG → FINPF → GC: $\beta = 0.295$, $t = 4.897$, $p < 0.001$) confirms that financial performance partially mediates the relationship between corporate governance and going concern. This implies that good governance contributes to a firm's operational continuity not only directly, but also indirectly by first enhancing financial performance. This aligns with Resource-Based View (RBV) and Agency Theory, where strong governance mitigates opportunistic behaviour, improves financial efficiency, and ensures sustainable resource utilization, which in turn secures the firm's going concern. The finding supports empirical evidence from studies like Hammond et al. (2022) and Ayoola et al (2023), who show that governance-driven performance improvements lead to enhanced corporate survival.

Hypothesis 8 (CPG → GC → INCONF: $\beta = 0.435$, $t = 6.803$, $p < 0.001$) highlights that going concern significantly mediates the effect of corporate governance on investor confidence. In effect, investors are more likely to place confidence in institutions that not only exhibit good governance but also demonstrate sustained business continuity. This supports signalling theory, whereby a stable going concern signals institutional soundness, thereby increasing investor trust. The result is consistent with works by Hammond and Opoku et al. (2023), affirming that audit-assured going concern status enhances investor perceptions, particularly in environments recovering from financial instability like Ghana.

Hypothesis 9 (CPG → FINPF → INCONF: $\beta = 0.174$, $t = 2.822$, $p = 0.005$) provides evidence of a partial mediation pathway through financial performance. Retail investors interpret strong financial results as a reflection of effective governance, reinforcing their confidence. This affirms prior research by Li et al. (2024), suggesting that investors reward governance with increased confidence when it results in observable financial outcomes. The mediation illustrates that governance alone is not sufficient—its translation into measurable financial success is critical in building investor trust.

Hypothesis 10 (FINPF → GC → INCONF: $\beta = 0.222$, $t = 4.373$, $p < 0.001$) demonstrates that the effect of financial performance on investor confidence is partially channelled through going concern. This means that investors perceive financial strength as valuable to the extent that it assures future operational stability. It reflects findings from Hammond and Opoku (2023), who argue that strong financial performance reduces going concern uncertainties, thereby enhancing stakeholder assurance.

Hypothesis 11 (CPG → FINPF → GC → INCONF: $\beta = 0.205$, $t = 4.372$, $p < 0.001$) integrates all three mediators into a sequential path, showing that corporate governance enhances financial performance, which strengthens going concern, and ultimately increases investor confidence. This full-chain mediation affirms the interconnectedness of strategic governance, operational results, and market perceptions. It validates the study's holistic model and emphasizes that investor confidence in Ghana's financial institutions is shaped by a cascade of internal governance and performance dynamics.

Conclusion and implications

This study offers a comprehensive empirical investigation into how corporate governance, corporate financial performance, and going concern collectively shape investor confidence among retail investors in Ghana's capital market. Drawing on a robust sample of 1,662 retail investors and grounded in agency theory, signalling theory, and the resource-based view, the study confirms that corporate governance significantly influences investor confidence both directly and indirectly through financial performance and going concern. Financial performance also emerged as a crucial mediating mechanism through which good governance enhances institutional viability and market perception, while going concern acts as a strategic signal of stability that boosts investor trust. Notably, the sequential pathway from corporate governance through financial performance to going concern and ultimately to investor confidence reinforces the importance of integrated governance and performance systems in building long-term market credibility.

These findings advance theoretical discourse by empirically validating the interdependence between firm-level governance practices and investor behaviour within an emerging market context. The study is among the first in Ghana to link these constructs in a unified structural model, offering novel insights into the layered mechanisms through which retail investors interpret institutional quality. From a practical standpoint, the results underscore the need for investment institutions to strengthen their governance frameworks not merely as a compliance exercise but as a value-generating strategy that enhances performance, sustains continuity, and builds investor trust. For policymakers, the findings suggest that regulatory reforms aimed at improving transparency, accountability, and financial reporting standards are vital to fostering a more confident and active retail investor base. In sum, the study provides a timely and policy-relevant contribution to the understanding of investor confidence dynamics in Ghana and offers a replicable framework for similar studies across other emerging economies.

Limitations and Recommendations

Despite its significant contributions, this study has certain limitations that should be acknowledged. First, the research relied exclusively on cross-sectional data collected from retail investors at a single point in time. While this design provides useful insights into perceptions and associations, it limits the ability to draw causal inferences. Future studies could adopt longitudinal designs to track changes in investor confidence over time, especially in response to fluctuations in financial performance or governance reforms. Second, the study focused solely on the perceptions of retail investors, excluding institutional investors, fund managers, and regulatory stakeholders whose perspectives could provide a more holistic view of the governance-performance-confidence nexus. Future research should consider a multi-stakeholder approach to deepen understanding of how different actors interpret and respond to governance structures and financial signals within the capital market. Third, while Partial Least Squares Structural Equation Modelling (PLS-SEM) was appropriate for the study's complex model and large sample size, future studies could complement this approach with qualitative methods such as interviews or case studies. This would enable deeper exploration of the contextual and behavioural factors influencing investor confidence, particularly in high-risk or volatile financial environments. Lastly, the study was conducted within the Ghanaian context, which may limit the generalizability of the findings to other emerging markets with different regulatory environments, cultural dynamics, or levels of financial literacy. Comparative studies across different African or developing countries are recommended to validate and extend the applicability of the theoretical model used in this research. Such comparative research could also help uncover country-specific institutional features that enhance or constrain the effects of corporate governance on investor confidence.

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